

SSANGYONG MOTOR COMPANY

Separate Interim Financial Statements

(Unaudited)

June 30, 2021 and 2020

(With Independent Auditors' Review Report Thereon)

Contents

	Page
Independent Auditors' Review Report	1
Separate Interim Statements of Financial Position	4
Separate Interim Statements of Comprehensive Income (loss)	6
Separate Interim Statements of Changes in Equity	8
Separate Interim Statements of Cash Flows	10
Notes to the Separate Interim Financial Statements	11

Independent Auditors' Review Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders
Ssangyong Motor Company

Reviewed financial statements

We have reviewed the accompanying separate interim financial statements of Ssangyong Motor Company (the "Company"), which comprise the separate interim statement of financial position as of June 30, 2021, the separate interim statements of comprehensive income (loss) for the three-month and six-month periods ended June 30, 2021 and 2020, the separate interim statements of changes in equity and cash flows for the six-month periods ended June 30, 2021 and 2020 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

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

Auditors' review responsibility

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

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

Basis for Disclaimer of Opinion

The accompanying separate interim financial statements have been prepared assuming that the Company will continue as a going concern and therefore the Company's assets and liabilities are accounted for on the assumption that they can be recovered or repaid at their carrying amount through the normal course of business activities. As discussed in note 34 to the separate interim financial statements, the Company has incurred operating loss of ₩ 178,147 million and a net loss of ₩ 180,336 million during the period ended June 30, 2021 and, as of that date, the Company's current liabilities exceed its current assets by ₩ 932,544 million.

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

Whether the Company to continue as a going concern or not includes a material uncertainty that depends on whether the court approves the Company's rehabilitation plan and the final result of M&A deal and the final results of the capital reorganization plan and business improvement plan of the Company including the implementation of the rehabilitation plan after the court approval. However, we have not been able to obtain sufficient appropriate review evidence to reasonably estimate any adjustment of assets, liabilities and related profit or loss items including the tangible and intangible assets amounting to ₩1,418,952 million and related impairment losses that might be resulted from the outcome of this uncertainty.



Disclaimer of Opinion

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

Emphasis of matters

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

(1) Criteria for delisting met

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

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

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

Other matters

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

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

The accompanying separate interim financial statements as of and for the three-month and six-month periods ended June 30, 2021 and 2020 have been translated into US dollars solely for the convenience of the reader and such translation does not comply with K-IFRS. We have reviewed the translation and nothing came to our attention that cause us to believe that the separate interim financial statements expressed in Korean won have not been translated into US dollars on the basis set forth in note 2.(1) to the separate interim financial statements.



KPMG Samjong Accounting Corp.

Seoul, Korea
August 13, 2021

This report is effective as of August 13, 2021, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the separate interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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

As of June 30, 2021 and December 31, 2020

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

	Note	Korean won		US dollar	
		2021	2020	2021	2020
Assets					
Cash and cash equivalents	4,5,33 ₩	50,139,183	165,339,311	\$ 44,371	146,318
Trade and other receivables, net	7,31,32,33	165,524,063	151,516,671	146,482	134,086
Loans and others	7,13,33	25,366,714	18,608,480	22,448	16,468
Inventories, net	8,25	154,008,390	177,972,127	136,291	157,497
Other current assets	10	63,202,704	37,425,262	55,931	33,120
Total current assets		<u>458,241,054</u>	<u>550,861,851</u>	<u>405,523</u>	<u>487,489</u>
Long-term financial instruments	5,33	4,000	4,000	4	4
Non-current other receivables, net	7,13,31,32,33	37,041,522	46,177,976	32,780	40,865
Non-current financial assets	6,33	560,000	560,000	496	496
Property, plant and equipment, net	11,14	1,217,598,362	938,275,635	1,077,520	830,332
Intangible assets, net	12	201,353,634	209,684,403	178,189	185,561
Investments in subsidiaries	9	-	-	-	-
Investments in joint venture	9	10,200,000	10,200,000	9,027	9,027
Other non-current assets	10	275,957	275,957	244	244
Right-of-use assets	13	7,503,881	8,654,468	6,640	7,659
Total non-current assets		<u>1,474,537,356</u>	<u>1,213,832,439</u>	<u>1,304,900</u>	<u>1,074,188</u>
Total assets		₩ <u>1,932,778,410</u>	<u>1,764,694,290</u>	\$ <u>1,710,423</u>	<u>1,561,677</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, 2021 and December 31, 2020

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

	Note	Korean won		US dollar	
		2021	2020	2021	2020
Liabilities					
Trade payables	32,33	₩ 505,299,498	531,345,654 \$	447,168	470,217
Other payables	11,19,32,33	392,000,227	324,826,146	346,903	287,457
Short-term borrowings	11,14,19,30, 32,33	314,998,021	314,999,838	278,759	278,761
Other financial liabilities	15,33	93,377,552	54,904,748	82,635	48,588
Provision of warranty for sale - current	16	45,324,700	50,043,567	40,110	44,286
Other long-term employee benefits liabilities- current		1,985,709	1,985,708	1,757	1,757
Other current liabilities	17,31,32	32,005,914	39,042,928	28,324	34,551
Current lease liabilities	13,30,33	5,793,822	5,477,728	5,127	4,848
Total current liabilities		<u>1,390,785,443</u>	<u>1,322,626,317</u>	<u>1,230,783</u>	<u>1,170,465</u>
Long-term borrowings	14,19,30,32, 33	40,000,000	40,000,000	35,398	35,398
Non-current other payables	33	535,149	646,636	474	572
Other non-current liabilities	17,31	16,669,864	17,418,732	14,752	15,415
Defined benefit liabilities	18	389,584,567	382,379,014	344,765	338,389
Other long-term employee benefits liabilities		15,143,903	14,587,395	13,402	12,909
Non-current provision of warranty for sale	16	62,575,555	69,272,223	55,377	61,303
Non-current Lease liabilities	13,30,33	4,276,295	2,086,565	3,784	1,847
Total non-current liabilities		<u>528,785,333</u>	<u>526,390,565</u>	<u>467,952</u>	<u>465,833</u>
Total liabilities		<u>1,919,570,776</u>	<u>1,849,016,882</u>	<u>1,698,735</u>	<u>1,636,298</u>
Equity					
Capital stock	20	749,200,010	749,200,010	663,009	663,009
Other capital surplus	21	77,231,312	78,162,820	68,346	69,171
Other equity	11,22	278,800,357	-	246,726	-
Accumulated deficit	23	(1,092,024,045)	(911,685,422)	(966,393)	(806,801)
Total equity		<u>13,207,634</u>	<u>(84,322,592)</u>	<u>11,688</u>	<u>(74,621)</u>
Total liabilities and equity		<u>₩ 1,932,778,410</u>	<u>1,764,694,290 \$</u>	<u>1,710,423</u>	<u>1,561,677</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, 2021 and 2020

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

	Note	2021		2020	
		Three-month period	Six-month period	Three-month period	Six-month period
Sales	31,32 ₩	609,688,629	1,142,577,910	698,438,490	1,340,597,594
Cost of sales	25,32	614,712,678	1,150,607,881	695,110,025	1,330,217,020
Gross profit (loss)		<u>(5,024,049)</u>	<u>(8,029,971)</u>	<u>3,328,465</u>	<u>10,380,574</u>
Selling, general and administrative expenses	25,26	87,705,756	170,116,632	119,447,462	224,250,705
Operating loss		<u>(92,729,805)</u>	<u>(178,146,603)</u>	<u>(116,118,997)</u>	<u>(213,870,131)</u>
Other income	27,32	2,597,376	8,205,678	115,773,197	119,601,389
Other expenses	27,32	(1,336,507)	(4,198,219)	(6,748,127)	(98,554,556)
Finance income	28	899,218	2,641,826	975,042	2,584,296
Finance costs	28	(3,653,388)	(8,839,098)	(3,480,994)	(12,257,266)
Loss before income taxes		<u>(94,223,106)</u>	<u>(180,336,416)</u>	<u>(9,599,879)</u>	<u>(202,496,268)</u>
Income tax expenses	24	-	-	-	-
Loss for the period		<u>(94,223,106)</u>	<u>(180,336,416)</u>	<u>(9,599,879)</u>	<u>(202,496,268)</u>
Other comprehensive income (loss) for the period		(1,124)	278,798,150	(131,197)	(1,598)
Items that will never be reclassified to profit or loss:					
Defined benefit plan re-measurements	18,23	(1,124)	(2,207)	(807)	(1,598)
Gains on revaluation on land	11,22	-	278,800,357	-	-
Items that are or may be reclassified subsequently to profit or loss:					
Changes in fair value of cash flow hedge	22	-	-	(130,390)	-
Total comprehensive income (loss) for the period	₩	<u>(94,224,230)</u>	<u>98,461,734</u>	<u>(9,731,076)</u>	<u>(202,497,866)</u>
Losses per share					
Basic and diluted losses per share (in won)	29 ₩	(629)	(1,204)	(64)	(1,351)

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, 2021 and 2020

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

	Note	2021		2020	
		Three-month period	Six-month period	Three-month period	Six-month period
Sales	31,33	\$ 539,547	1,011,131	618,087	1,186,370
Cost of sales	25,32	543,994	1,018,237	615,142	1,177,183
Gross profit (loss)		<u>(4,447)</u>	<u>(7,106)</u>	<u>2,945</u>	<u>9,187</u>
Selling, general and administrative expenses	25,26	77,616	150,547	105,706	198,453
Operating loss		<u>(82,063)</u>	<u>(157,653)</u>	<u>(102,761)</u>	<u>(189,266)</u>
Other income	27,32	2,299	7,262	102,454	105,842
Other expenses	27,32	(1,183)	(3,715)	(5,972)	(87,216)
Finance income	28	796	2,338	863	2,287
Finance costs	28	(3,233)	(7,822)	(3,081)	(10,847)
Loss before income taxes		<u>(83,384)</u>	<u>(159,590)</u>	<u>(8,497)</u>	<u>(179,200)</u>
Income tax expenses	24	-	-	-	-
Loss for the period		<u>(83,384)</u>	<u>(159,590)</u>	<u>(8,497)</u>	<u>(179,200)</u>
Other comprehensive income(loss) for the period		(1)	246,724	(116)	(1)
Items that will never be reclassified to profit or loss:					
Defined benefit plan re-measurements	18,23	(1)	(2)	(1)	(1)
Gains on revaluation on land	11,22	-	246,726	-	-
Items that are or may be reclassified subsequently to profit or loss:					
Changes in fair value of cash flow hedge	22	-	-	(115)	-
Total comprehensive income (loss) for the period		<u>\$ (83,385)</u>	<u>87,134</u>	<u>(8,613)</u>	<u>(179,201)</u>
Losses per share					
Basic and diluted losses per share (in US dollar)	29	\$ (0.56)	(1.07)	(0.06)	(1.20)

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, 2021 and 2020

(In thousands of won)

	Korean won							
	Capital stock	Other capital surplus			Debt to be swapped for equity	Other equity	Accumulated deficit	Total
		Paid-in capital in excess of par value	Gain on capital reduction					
Balance at January 1, 2020	₩ 749,200,010	3,169,615	74,061,697	931,508	-	(421,823,237)	405,539,593	
Total comprehensive income (loss) for the period:								
Loss for the period	-	-	-	-	-	(202,496,268)	(202,496,268)	
Defined benefit plan re-measurements	-	-	-	-	-	(1,598)	(1,598)	
Balance at June 30, 2020	₩ 749,200,010	3,169,615	74,061,697	931,508	-	(624,321,103)	203,041,727	
Balance at January 1, 2021	₩ 749,200,010	3,169,615	74,061,697	931,508	-	(911,685,422)	(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 equity swap	-	-	-	(931,508)	-	-	(931,508)	
Gains on revaluation on land	-	-	-	-	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)	13,207,634	

∞

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, 2021 and 2020

(In thousands of US dollar)

	US dollar								
	Capital stock	Paid-in capital in excess of par value	Other capital surplus			Debt to be swapped for equity	Other equity	Accumulated deficit	Total
			Gain on capital reduction						
Balance at January 1, 2020	\$ 663,009	2,805	65,541	-	825	-	(373,295)	358,885	
Total comprehensive income (loss) for the period:									
Loss for the period	-	-	-	-	-	-	(179,200)	(179,200)	
Defined benefit plan re-measurements	-	-	-	-	-	-	(1)	(1)	
Balance at June 30, 2020	\$ 663,009	2,805	65,541	-	825	-	(552,496)	179,684	
Balance at January 1, 2021	\$ 663,009	2,805	65,541	-	825	-	(806,801)	(74,621)	
Total comprehensive income (loss) for the period:									
Loss for the period	-	-	-	-	-	-	(159,590)	(159,590)	
Defined benefit plan re-measurements	-	-	-	-	-	-	(2)	(2)	
Debt equity swap	-	-	-	-	(825)	-	-	(825)	
Gains on revaluation on land	-	-	-	-	-	246,726	-	246,726	
Balance at June 30, 2021	\$ 663,009	2,805	65,541	-	-	246,726	(966,393)	11,688	

☉

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, 2021 and 2020

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

	Korean won		US dollar	
	2021	2020	2021	2020
Cash flows from operating activities				
Loss for the period	₩ (180,336,416)	(202,496,268)	\$ (159,590)	(179,200)
Adjustment	142,366,420	144,061,678	125,989	127,488
Changes in assets and liabilities	(11,762,815)	(81,216,326)	(10,410)	(71,873)
Cash generated from operations (note 30)	<u>(49,732,811)</u>	<u>(139,650,916)</u>	<u>(44,011)</u>	<u>(123,585)</u>
Interest received	727,939	1,104,947	644	978
Interest paid	(447,536)	(6,593,888)	(395)	(5,835)
Dividends received	6,000	6,000	5	5
Net cash used in operating activities	<u>(49,446,408)</u>	<u>(145,133,857)</u>	<u>(43,757)</u>	<u>(128,437)</u>
Cash flows from investing activities				
Proceed from disposal of property, plant and equipment	330,232	185,472,701	292	164,135
Acquisition of property, plant and equipment	(41,762,212)	(14,579,101)	(36,958)	(12,902)
Acquisition of intangible assets	(23,321,620)	(20,860,305)	(20,639)	(18,460)
Cash flow used in other investing activities	3,226,042	71,254	2,855	63
Net cash provided by (used in) investing activities	<u>(61,527,558)</u>	<u>150,104,549</u>	<u>(54,450)</u>	<u>132,836</u>
Cash flows from financing activities				
Proceeds from borrowings	-	157,000,000	-	138,938
Receipts of government grants	-	108,688	-	96
Repayment of borrowings	(1,817)	(111,328,300)	(2)	(98,521)
Payment of lease liabilities	(4,224,345)	(4,493,383)	(3,738)	(3,976)
Net cash provided by (used in) financing activities(note 30)	<u>(4,226,162)</u>	<u>41,287,005</u>	<u>(3,740)</u>	<u>36,537</u>
Net increase (decrease) in cash and cash equivalents	<u>(115,200,128)</u>	<u>46,257,697</u>	<u>(101,947)</u>	<u>40,936</u>
Cash and cash equivalents at January 1	<u>165,339,311</u>	<u>119,130,707</u>	<u>146,318</u>	<u>105,425</u>
Cash and cash equivalents at June 30	₩ <u>50,139,183</u>	<u>165,388,404</u>	\$ <u>44,371</u>	<u>146,361</u>

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, 2021 and 2020

1. General Description of the Company

(1) Organization and description of business of the Company

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

(2) Major shareholders

As of June 30, 2021, the Company's shareholders are as follows:

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

2. Basis of Preparation and Accounting Policies

(1) Basis of translating separate financial statements

The separate interim financial statements are expressed in Korean won and have been translated into US dollars at the rate of \$1,130.00 to ₩1 on June 30, 2021, solely for the convenience of the reader. These translations should not be construed as a representation that any or all of the amounts shown could be converted into US dollars at this or any other rate.

(2) Statement of compliance

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

These separate interim financial statements were prepared in accordance with K-IFRS No.1034, 'Interim Financial Reporting' as part of the period covered by the Company's K-IFRS annual financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual separate financial statements as of and for the year ended December 31, 2020. These separate interim financial statements do not include all of the disclosures required for full annual financial statements.

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

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

For the six-month periods ended June 30, 2021 and 2020

2. Basis of Preparation and Accounting Policies, Continued

(3) Use of estimates and judgments

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

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

3. Changes in accounting policies

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

K-IFRS No. 1109 'Financial Instruments', K-IFRS No. 1107 'Financial Instruments: Disclosures', K-IFRS No. 1104 'Insurance Contracts', K-IFRS No. 1116 'Leases' – Interest Rate Benchmark Reform-Phase 2

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

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

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

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

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

For the six-month periods ended June 30, 2021 and 2020

4. Cash and Cash Equivalents

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

5. Restricted Financial Instruments

Restricted financial Instruments as of June 30, 2021 and December 31, 2020 are as follows:

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

	Financial institution	Korean won		US dollar		Description
		2021	2020	2021	2020	
Cash and cash equivalents	Shinhan Bank	₩ 13	36,488	\$ -	32	Government grants Unconfirmed
	Woori Bank and others	8,014,538	8,121,902	7,093	7,188	reorganization debt pledged as collateral
Long-term financial instruments	Shinhan Bank and others	4,000	4,000	4	4	Bank account deposit
		₩ <u>8,018,551</u>	<u>8,162,390</u>	\$ <u>7,097</u>	<u>7,224</u>	

6. Non-current Financial Assets

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

(In thousands of won)

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

(In thousands of US dollar)

	Ownership (%)		2021		2020	
			Acquisition cost	Net asset value	Book value	Book value
Korea Business Finance Loan(*)	1.72	\$	443	667	443	443
Korea Management Consultants Association(*)	1.50		53	919	53	53
		\$	<u>496</u>	<u>1,586</u>	<u>496</u>	<u>496</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, 2021 and 2020

7. Trade and Other Receivables

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

(In thousands of won)

	2021		2020	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 160,446,647	5,417,776	141,018,129	4,733,010
Less: Allowance for doubtful accounts	(511,275)	(2,233)	(227,395)	(951)
Other receivables	9,543,769	-	14,516,306	85,550
Less: Allowance for doubtful accounts	(3,955,078)	-	(3,790,368)	(44,250)
Loans and others(*)	25,366,714	31,626,335	18,608,479	41,404,974
Less: Allowance for doubtful accounts	-	(356)	-	(357)
	<u>₩ 190,890,777</u>	<u>37,041,522</u>	<u>170,125,151</u>	<u>46,177,976</u>

(*) The Loans and others listed above include ₩6,088,889 thousand and ₩4,346,501 thousand for sub lease receivables as of June 30, 2021 and December 31, 2020, respectively. The interest revenue received by the sub lease contract are ₩300,662 thousand and ₩295,493 thousand for the six-month periods ended June 30, 2021 and 2020, respectively.

(In thousands of US dollar)

	2021		2020	
	Current	Non-current	Current	Non-current
Trade receivables	\$ 141,988	4,794	124,795	4,188
Less: Allowance for doubtful accounts	(452)	(2)	(201)	(1)
Other receivables	8,446	-	12,846	76
Less: Allowance for doubtful accounts	(3,500)	-	(3,354)	(39)
Loans and others(*)	22,448	27,988	16,468	36,641
Less: Allowance for doubtful accounts	-	-	-	-
	<u>\$ 168,930</u>	<u>32,780</u>	<u>150,554</u>	<u>40,865</u>

(*) The Loans and others listed above include \$5,388 thousand and \$3,846 thousand for sub lease receivables as of June 30, 2021 and December 31, 2020, respectively. The interest revenue received by the sub lease contract are \$266 thousand and \$261 thousand for the six-month periods ended June 30, 2021 and 2020, respectively.

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

For the six-month periods ended June 30, 2021 and 2020

7. Trade and Other Receivables, Continued

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

(In thousands of won)

	2021		2020	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	₩ 65,491,454	61,003,138	120,502,439	69,146,700
Less than 180 days	78,169,875	797,790	10,939,798	716,835
Less than 270 days	18,504,453	105,228	7,594,498	602,574
Less than 365 days	2,551,629	614,408	3,183,546	172,684
More than 366 days	1,147,012	4,016,254	3,530,858	3,976,516
	₩ 165,864,423	66,536,818	145,751,139	74,615,309
Impaired receivables	513,508	3,955,434	228,346	3,834,975

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

(In thousands of US dollar)

	2021		2020	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	\$ 57,956	53,985	106,639	61,192
Less than 180 days	69,177	706	9,681	634
Less than 270 days	16,376	93	6,721	533
Less than 365 days	2,258	544	2,817	153
More than 366 days	1,015	3,554	3,125	3,519
	\$ 146,782	58,882	128,983	66,031
Impaired receivables	454	3,500	202	3,393

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

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

For the six-month periods ended June 30, 2021 and 2020

7. Trade and Other Receivables, Continued

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

(In thousands of won)

	2021		2020	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	₩ 228,346	3,834,975	332,804	4,487,248
Bad debt expense	285,162	164,709	-	160,849
Reversal of allowance for bad debts	-	(44,250)	(126,875)	(96)
Write-off	-	-	-	(4,433)
Ending balance	₩ 513,508	3,955,434	205,929	4,643,568

(In thousands of US dollar)

	2021		2020	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	\$ 202	3,393	294	3,971
Bad debt expense	252	146	-	142
Reversal of allowance for bad debts	-	(39)	(112)	-
Write-off	-	-	-	(4)
Ending balance	\$ 454	3,500	182	4,109

8. Inventories

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

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

	Korean won		US dollar	
	2021	2020	2021	2020
Merchandises	₩ 36,047,262	37,082,595	\$ 31,900	32,816
Finished goods	32,900,022	61,554,992	29,115	54,473
Work-in-process	22,905,758	23,460,664	20,271	20,762
Raw materials	40,190,529	31,948,093	35,567	28,273
Sub-materials	387,529	397,082	343	351
Supplies	3,362,191	3,253,034	2,975	2,879
Goods in transit	18,215,099	20,275,667	16,120	17,943
	₩ 154,008,390	177,972,127	\$ 136,291	157,497

The Company has measured inventories at the lower of cost or net realizable value. The loss on valuation of inventories amounted to ₩1,329,338 thousand (\$1,176 thousand) for the six-month period ended June 30, 2021 and the reversal of loss on valuation of inventories amounted to ₩180,822 thousand (\$160 thousand) for the six-month period ended June 30, 2020.

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

For the six-month periods ended June 30, 2021 and 2020

9. Investments in Subsidiaries and a Joint venture

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

(In thousands of won)

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

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

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

(In thousands of US dollar)

	Company	Location	Owner ship	Closing month	2021		2020
					Acquisition cost	Book value	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd(*1)	China	-	December	\$ -	-	-
	Ssangyong European Parts Center B.V.	Netherlands	100%	December	739	-	-
	Ssangyong Australia Pty Ltd.	Australia	100%	December	3,600	-	-
					<u>4,339</u>	-	-
Joint venture	SY Auto Capital Co., Ltd.(*2)	Korea	51%	December	9,027	9,027	9,027
					<u>\$ 13,366</u>	<u>9,027</u>	<u>9,027</u>

(*1) Due to the Ssangyong Motor (Shanghai) Co., Ltd. were expected a lack of continuing cash-generating abilities, impairment loss on investments in subsidiaries of \$263 thousand was recognized for the year ended December 31, 2020. The Ssangyong Motor (Shanghai) Co., Ltd. was excluded from subsidiaries as the Company sold the whole shares of Ssangyong Motor (Shanghai) Co., Ltd for the six-month period ended June 30, 2021.

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

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

For the six-month periods ended June 30, 2021 and 2020

10. Other Assets

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

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

	Korean won		US dollar	
	2021	2020	2021	2020
Other current assets				
Advanced payments	₩ 55,291,241	29,863,745	\$ 48,930	26,428
Prepaid expenses	7,828,427	7,370,813	6,928	6,523
Current tax assets	83,036	190,703	73	169
	₩ <u>63,202,704</u>	<u>37,425,261</u>	\$ <u>55,931</u>	<u>33,120</u>
Other non-current assets				
Other non-current assets	₩ 275,957	275,957	\$ 244	244

11. Property, Plant and Equipment

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

(In thousands of won)

	2021					
	Acquisition cost	Revaluation (*)	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 428,195,619	278,800,357	(7,354)	-	-	706,988,622
Buildings	536,073,483	-	(3,531,667)	(241,514,996)	(156,914,544)	134,112,276
Structures	112,063,396	-	(45,221)	(68,950,558)	(31,193,432)	11,874,185
Machinery	1,310,556,616	-	(146,945)	(1,090,107,592)	(112,778,537)	107,523,542
Vehicles	6,732,660	-	(2,044)	(5,101,877)	(360,742)	1,267,997
Tools and molds	1,440,056,631	-	(63,455)	(1,022,342,903)	(194,293,990)	223,356,283
Equipment	65,578,815	-	(79,724)	(55,825,696)	(3,644,924)	6,028,471
Construction in progress	27,453,196	-	-	-	(1,326,043)	26,127,153
Machinery in transit	319,833	-	-	-	-	319,833
	₩ <u>3,927,030,249</u>	<u>278,800,357</u>	<u>(3,876,410)</u>	<u>(2,483,843,622)</u>	<u>(500,512,212)</u>	<u>1,217,598,362</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 Company.

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

For the six-month periods ended June 30, 2021 and 2020

11. Property, Plant and Equipment, Continued

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

(In thousands of won)

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

(In thousands of US dollar)

	2021					
	Acquisition cost	Revaluation (*)	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	\$ 378,935	246,726	(7)	-	-	625,654
Buildings	474,401	-	(3,124)	(213,731)	(138,862)	118,684
Structures	99,171	-	(40)	(61,018)	(27,605)	10,508
Machinery	1,159,785	-	(130)	(964,697)	(99,804)	95,154
Vehicles	5,958	-	(2)	(4,515)	(319)	1,122
Tools and molds	1,274,386	-	(56)	(904,729)	(171,942)	197,659
Equipment	58,035	-	(71)	(49,403)	(3,226)	5,335
Construction in progress	24,294	-	-	-	(1,173)	23,121
Machinery in transit	283	-	-	-	-	283
	\$ 3,475,248	246,726	(3,430)	(2,198,093)	(442,931)	1,077,520

(*) 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 Company.

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

For the six-month periods ended June 30, 2021 and 2020

11. Property, Plant and Equipment, Continued

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

(In thousands of US dollar)

	2020				
	Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	\$ 356,266	(7)	-	-	356,259
Buildings	474,101	(3,168)	(210,411)	(138,862)	121,660
Structures	99,190	(44)	(60,462)	(27,618)	11,066
Machinery	1,153,567	(142)	(953,919)	(99,745)	99,761
Vehicles	5,887	(2)	(4,588)	(350)	947
Tools and molds	1,248,096	(64)	(873,461)	(171,637)	202,934
Equipment	58,286	(82)	(48,451)	(3,245)	6,508
Construction in progress	33,751	-	-	(2,837)	30,914
Machinery in transit	283	-	-	-	283
	<u>\$ 3,429,427</u>	<u>(3,509)</u>	<u>(2,151,292)</u>	<u>(444,294)</u>	<u>830,332</u>

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

(In thousands of won)

	2021					
	Beginning balance	Acquisition	Disposal	Depreciation	Others (*1,2)	Ending balance
Land	₩ 402,572,795	-	-	-	304,415,827	706,988,622
Buildings	137,475,517	6,723	-	(3,702,964)	333,000	134,112,276
Structures	12,504,303	-	(109)	(630,009)	-	11,874,185
Machinery	112,730,372	-	(28)	(12,963,954)	7,757,152	107,523,542
Vehicles	1,069,622	104,157	(135,200)	(171,042)	400,460	1,267,997
Tools and molds	229,315,248	-	(98,870)	(40,932,937)	35,072,842	223,356,283
Equipment	7,355,233	115,519	(30,590)	(1,411,710)	19	6,028,471
Construction in progress	34,932,712	59,611,923	-	-	(68,417,482)	26,127,153
Machinery in transit	319,833	-	-	-	-	319,833
	<u>₩ 938,275,635</u>	<u>59,838,322</u>	<u>(264,797)</u>	<u>(59,812,616)</u>	<u>279,561,818</u>	<u>1,217,598,362</u>

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

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

For the six-month periods ended June 30, 2021 and 2020

11. Property, Plant and Equipment, Continued

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

(In thousands of won)

	2020						
	Beginning balance	Acquisition	Disposal (*1)	Depreciation	Impairment (*2)	Others (*3)	Ending balance
Land	₩ 474,747,900	-	(72,175,105)	-	-	-	402,572,795
Buildings	151,331,150	7,900	(4,421,222)	(5,246,347)	-	4,000	141,675,481
Structures	15,397,302	-	(102,561)	(724,950)	(1,467,288)	-	13,102,503
Machinery	153,337,727	26,568	(62,117)	(18,774,902)	(14,145,255)	1,255,544	121,637,565
Vehicles	2,070,289	3,806	(649,856)	(203,291)	-	22,348	1,243,296
Tools and molds	321,098,431	220,092	(177,740)	(51,262,411)	(28,911,604)	2,798,949	243,765,717
Equipment	11,152,985	197,439	(18,513)	(1,930,457)	(996,376)	5,249	8,410,327
Construction in progress	12,017,789	15,082,509	-	-	(1,648,990)	(3,471,225)	21,980,083
Machinery in transit	233,039	555,779	-	-	-	(394,017)	394,801
	<u>₩ 1,141,386,612</u>	<u>16,094,093</u>	<u>(77,607,114)</u>	<u>(78,142,358)</u>	<u>(47,169,513)</u>	<u>220,848</u>	<u>954,782,568</u>

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

(*2) The Company judged that there is an indication of impairment to the cash-generating unit due to continuous deterioration of competitiveness and the deterioration of the market due to the spread of COVID-19. Accordingly, the Company conducted an impairment assessment on the cash-generating unit and recognized impairment loss at ₩47,170 million for property, plant and equipment for the period ended June 30, 2020. The recoverable amount of the cash generating unit during the impairment assessment was determined on the basis of its fair value less costs to sell.

(*3) Capitalized borrowing costs in respect of construction in progress is ₩227,192 thousand and the amounts of ₩ 22,344 thousand replaced from inventories to vehicles and the government grants of ₩ 28,688 thousand used to acquire assets was adjusted from others for the period ended June 30, 2020.

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

For the six-month periods ended June 30, 2021 and 2020

11. Property, Plant and Equipment, Continued

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

(In thousands of US dollar)

	2021					
	Beginning balance	Acquisition	Disposal	Depreciation	Others (*1,2)	Ending balance
Land	\$ 356,259	-	-	-	269,395	625,654
Buildings	121,659	6	-	(3,277)	296	118,684
Structures	11,066	-	-	(558)	-	10,508
Machinery	99,762	-	-	(11,473)	6,865	95,154
Vehicles	947	92	(120)	(151)	354	1,122
Tools and molds	202,933	-	(87)	(36,224)	31,037	197,659
Equipment	6,509	102	(27)	(1,249)	-	5,335
Construction in progress	30,913	52,754	-	-	(60,546)	23,121
Machinery in transit	283	-	-	-	-	283
	<u>\$ 830,331</u>	<u>52,954</u>	<u>(234)</u>	<u>(52,932)</u>	<u>247,401</u>	<u>1,077,520</u>

(*1) The amounts of \$247 million increased as a result of a revaluation on lands and recognized as revaluation surplus(other equity) for the six-month period ended June 30, 2021.

(*2) Others were the amounts of \$319 thousand from capitalized borrowing costs and the amounts of \$354 thousand replaced from inventories to vehicles for the six-months periods ended June 30, 2021.

(In thousands of US dollar)

	2020						
	Beginning balance	Acquisition	Disposal (*1)	Depreciation	Impairment (*2)	Others (*3)	Ending balance
Land	\$ 420,131	-	(63,872)	-	-	-	356,259
Buildings	133,921	7	(3,913)	(4,642)	-	4	125,377
Structures	13,626	-	(91)	(642)	(1,298)	-	11,595
Machinery	135,697	24	(55)	(16,615)	(12,518)	1,111	107,644
Vehicles	1,832	3	(575)	(180)	-	20	1,100
Tools and molds	284,158	195	(157)	(45,365)	(25,585)	2,476	215,722
Equipment	9,870	175	(16)	(1,709)	(882)	5	7,443
Construction in progress	10,635	13,347	-	-	(1,459)	(3,072)	19,451
Machinery in transit	206	492	-	-	-	(349)	349
	<u>\$ 1,010,076</u>	<u>14,243</u>	<u>(68,679)</u>	<u>(69,153)</u>	<u>(41,742)</u>	<u>195</u>	<u>844,940</u>

(*1) The Company sold land, buildings and structures located in Guro-dong Guro-gu, Seoul and Gamjeon-dong Sasang-gu, Busan amounting to \$68 million(Selling price: \$183 million) and recognized gain on disposals of PP&E at \$96 million for the period ended June 30, 2020.

(*2) The Company judged that there is an indication of impairment to the cash-generating unit due to continuous deterioration of competitiveness and the deterioration of the market due to the spread of COVID-19. Accordingly, the Company conducted an impairment assessment on the cash-generating unit and recognized impairment loss at \$42 million for property, plant and equipment for the period ended June 30, 2020. The recoverable amount of the cash generating unit during the impairment assessment was determined on the basis of its fair value less costs to sell.

(*3) Capitalized borrowing costs in respect of construction in progress is \$201 thousand and the amounts of \$20 thousand replaced from inventories to vehicles and the government grants of \$25 thousand used to acquire assets was adjusted from others for the period ended June 30, 2020.

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

For the six-month periods ended June 30, 2021 and 2020

11. Property, Plant and Equipment, Continued

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

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

	Korean won		US dollar	
	Book value	Collateralized amount(*)	Book value	Collateralized amount(*)
Land	₩ 654,052,027		\$ 578,807	
Buildings and structures	103,689,159	403,890,112	91,760	357,425
Machinery and others	9,922		9	
	₩ <u>757,751,108</u>	<u>403,890,112</u>	\$ <u>670,576</u>	<u>357,425</u>

(*) ₩55,890,112 thousand (\$49,460 thousand) was included due to the Company's provision of tax collateral related to the extension of the special consumption tax and VAT payment deadline for the year ended December 31, 2020.

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

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

	Korean won		US dollar	
	2021	2020	2021	2020
Capitalized interest expenses(*)	₩ 1,158,737	1,546,860	\$ 1,025	1,369
Capitalization interest rate	2.50%	3.11%	2.50%	3.11%

(*) Capitalized borrowing costs for intangible assets are ₩797,754 thousand (\$706 thousand) and ₩1,319,668 thousand (\$1,168 thousand) for the six-month periods ended June 30, 2021 and 2020, respectively.

(5) Revaluation on Lands

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

The revaluation income of ₩278,800 million(\$247 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, 2021 and 2020

11. Property, Plant and Equipment, Continued

(5) Revaluation of Lands, continued:

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

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

	Korean won		US dollar	
	Revaluation Model	Cost Model	Revaluation Model	Cost Model
Lands	₩ 706,988,622	428,188,265	\$ 625,654	378,928

12. Intangible Assets

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

(In thousands of won)

	2021				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩ 582,795,578	-	(371,699,334)	(38,947,234)	172,149,010
Patents	5,142,806	(6,021)	(4,220,470)	(217,571)	698,744
Other intangible assets	133,001,587	(51,111)	(37,759,270)	(66,685,326)	28,505,880
	₩ 720,939,971	(57,132)	(413,679,074)	(105,850,131)	201,353,634

(In thousands of won)

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

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

For the six-month periods ended June 30, 2021 and 2020

12. Intangible Assets, Continued

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

(In thousands of US dollar)

	2021				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	\$ 515,748	-	(328,937)	(34,467)	152,344
Patents	4,551	(5)	(3,735)	(193)	618
Other intangible assets	117,701	(45)	(33,415)	(59,014)	25,227
	<u>\$ 638,000</u>	<u>(50)</u>	<u>(366,087)</u>	<u>(93,674)</u>	<u>178,189</u>

(In thousands of US dollar)

	2020				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	\$ 451,575	-	(301,386)	(29,080)	121,109
Patents	4,485	(8)	(3,557)	(182)	738
Other intangible assets	155,271	(71)	(32,473)	(59,013)	63,714
	<u>\$ 611,331</u>	<u>(79)</u>	<u>(337,416)</u>	<u>(88,275)</u>	<u>185,561</u>

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

(In thousands of won)

	2021						Ending balance
	Beginning balance	Acquisition	Disposal	Amortization	Impairment	Others (*)	
Internally created intangible assets:							
Development cost	₩ 136,853,007	-	-	(31,132,870)	-	66,428,873	172,149,010
Other intangible assets	67,409,197	22,751,019	-	-	-	(65,631,118)	24,529,098
	<u>204,262,204</u>	<u>22,751,019</u>	<u>-</u>	<u>(31,132,870)</u>	<u>-</u>	<u>797,755</u>	<u>196,678,108</u>
Individually acquired intangible assets:							
Patents	834,407	75,256	-	(197,559)	(13,360)	-	698,744
Other intangible assets	4,587,792	495,345	(70,120)	(1,036,235)	-	-	3,976,782
	<u>5,422,199</u>	<u>570,601</u>	<u>(70,120)</u>	<u>(1,233,794)</u>	<u>(13,360)</u>	<u>-</u>	<u>4,675,526</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>797,755</u>	<u>201,353,634</u>

(*) Capitalized borrowing costs in respect of other intangible assets was ₩797,754 thousand 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, 2021 and 2020

12. Intangible Assets, Continued

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

(In thousands of won)

	2020					
	Beginning balance	Acquisition	Amortization	Impairment(*1)	Others(*2)	Ending balance
Internally created intangible assets:						
Development cost	₩ 222,019,365	-	(34,355,906)	(19,931,846)	-	167,731,613
Other intangible assets	82,875,485	20,372,028	-	(9,312,502)	1,319,668	95,254,679
	<u>304,894,850</u>	<u>20,372,028</u>	<u>(34,355,906)</u>	<u>(29,244,348)</u>	<u>1,319,668</u>	<u>262,986,292</u>
Individually acquired intangible assets:						
Patents	1,157,589	121,062	(263,410)	(15,280)	-	999,961
Other intangible assets	6,803,160	367,215	(1,522,011)	(435,909)	(80,000)	5,132,455
	<u>7,960,749</u>	<u>488,277</u>	<u>(1,785,421)</u>	<u>(451,189)</u>	<u>(80,000)</u>	<u>6,132,416</u>
	<u>₩ 312,855,599</u>	<u>20,860,305</u>	<u>(36,141,327)</u>	<u>(29,695,537)</u>	<u>1,239,668</u>	<u>269,118,708</u>

(*1) The Company judged that there is an indication of impairment to the cash-generating unit due to continuous deterioration of competitiveness and the deterioration of the market due to the spread of COVID-19. Accordingly, the Company conducted an impairment assessment on the cash-generating unit and recognized impairment loss at ₩29,680 million for intangible assets for the period ended June 30, 2020. The recoverable amount of the cash generating unit during the impairment assessment was determined on the basis of its fair value less costs to sell.

(*2) Capitalized borrowing costs in respect of other intangible assets was ₩1,319,668 thousand for the six-month period ended June 30, 2020.

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

For the six-month periods ended June 30, 2021 and 2020

12. Intangible Assets, Continued

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

(In thousands of US dollar)

		2021						
		Beginning balance	Acquisition	Disposal	Amortization	Impairment	Others (*)	Ending balance
Internally created intangible assets:								
Development cost	\$	121,109	-	-	(27,551)	-	58,786	152,344
Other intangible assets		59,654	20,134	-	-	-	(58,080)	21,708
		<u>180,763</u>	<u>20,134</u>	<u>-</u>	<u>(27,551)</u>	<u>-</u>	<u>706</u>	<u>174,052</u>
Individually acquired intangible assets:								
Patents		738	67	-	(175)	(12)	-	618
Other intangible assets		4,060	438	(62)	(917)	-	-	3,519
		<u>4,798</u>	<u>505</u>	<u>(62)</u>	<u>(1,092)</u>	<u>(12)</u>	<u>-</u>	<u>4,137</u>
	\$	<u>185,561</u>	<u>20,639</u>	<u>(62)</u>	<u>(28,643)</u>	<u>(12)</u>	<u>706</u>	<u>178,189</u>

(*) Capitalized borrowing costs in respect of other intangible assets was \$706 thousand for the six-month period ended June 30, 2021.

(In thousands of US dollar)

		2020						
		Beginning balance	Acquisition	Amortization	Impairment(*1)	Others(*2)	Ending balance	
Internally created intangible assets:								
Development cost	\$	196,477	-	(30,403)	(17,639)	-	148,435	
Other intangible assets		73,341	18,028	-	(8,241)	1,168	84,296	
		<u>269,818</u>	<u>18,028</u>	<u>(30,403)</u>	<u>(25,880)</u>	<u>1,168</u>	<u>232,731</u>	
Individually acquired intangible assets:								
Patents		1,024	107	(233)	(14)	-	884	
Other intangible assets		6,020	325	(1,347)	(386)	(71)	4,541	
		<u>7,044</u>	<u>432</u>	<u>(1,580)</u>	<u>(400)</u>	<u>(71)</u>	<u>5,425</u>	
	\$	<u>276,862</u>	<u>18,460</u>	<u>(31,983)</u>	<u>(26,280)</u>	<u>1,097</u>	<u>238,156</u>	

(*1) The Company judged that there is an indication of impairment to the cash-generating unit due to continuous deterioration of competitiveness and the deterioration of the market due to the spread of COVID-19. Accordingly, the Company conducted an impairment assessment on the cash-generating unit and recognized impairment loss at \$26 million for intangible assets for the period ended June 30, 2020. The recoverable amount of the cash generating unit during the impairment assessment was determined on the basis of its fair value less costs to sell.

(*2) Capitalized borrowing costs in respect of other intangible assets was \$1,168 thousand for the six-month periods ended June 30, 2020.

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

For the six-month periods ended June 30, 2021 and 2020

12. Intangible Assets, Continued

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

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

	Project name		Korean won	US dollar	Remaining amortization period(*1)
Development costs	RV(*2)	₩	157,753,913	\$ 139,605	1~4 years
	Power train and others		14,395,097	12,739	1~4 years
Other intangible assets	RV(*3)		24,529,097	21,707	-
		₩	<u>196,678,107</u>	<u>\$ 174,051</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, 2021.

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

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

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

		Korean won		US dollar	
		2021	2020	2021	2020
Capitalization of intangible assets	₩	23,548,773	21,691,697	\$ 20,840	19,196
Manufacturing costs		26,686,918	46,991,862	23,617	41,586
Selling and administrative expenses		<u>5,845,271</u>	<u>8,275,132</u>	<u>5,173</u>	<u>7,323</u>
	₩	<u>56,080,962</u>	<u>76,958,691</u>	<u>\$ 49,630</u>	<u>68,105</u>

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

For the six-month periods ended June 30, 2021 and 2020

13. Lease

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

(In thousands of won)

		2021				
		Beginning balance	Increase (*)	Depreciation	Others	Ending balance
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 million was increased due to lease contract for Seoul office relocation during the six-month period ended June 30, 2021.

(In thousands of won)

		2020				
		Beginning balance	Increase (*)	Depreciation	Others	Ending balance
Land and building	₩	919,240	11,001,948	(519,150)		11,402,038
Vehicle		3,575,908	76,613	(923,303)		2,729,218
Equipment		1,356,006	415,756	(363,839)		1,407,923
	₩	<u>5,851,154</u>	<u>11,494,317</u>	<u>(1,806,292)</u>		<u>15,539,179</u>

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

(In thousands of US dollar)

		2021				
		Beginning balance	Increase (*)	Depreciation	Others	Ending balance
Land and building	\$	5,092	2,098	(1,981)	(6)	5,203
Vehicle		1,669	32	(823)	-	878
Equipment		898	-	(339)	-	559
	\$	<u>7,659</u>	<u>2,130</u>	<u>(3,143)</u>	<u>(6)</u>	<u>6,640</u>

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

(In thousands of US dollar)

		2020				
		Beginning balance	Increase (*)	Depreciation	Others	Ending balance
Land and building	\$	813	9,736	(459)		10,090
Vehicle		3,165	67	(817)		2,415
Equipment		1,200	368	(322)		1,246
	\$	<u>5,178</u>	<u>10,171</u>	<u>(1,598)</u>		<u>13,751</u>

(*) The amount of \$10 million was increased due to lease contract for Guro A/S Center during the six-month period ended June 30, 2020.

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

For the six-month periods ended June 30, 2021 and 2020

13. Lease, Continued

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

(In thousands of won)

	2021		2020	
	Current	Non-current	Current	Non-current
Lease liabilities(*)	₩ 5,793,822	4,276,295	5,477,728	2,086,565

(In thousands of US dollar)

	2021		2020	
	Current	Non-current	Current	Non-current
Lease liabilities(*)	\$ 5,127	3,784	4,848	1,847

(*) The total amounts of lease liabilities paid are ₩4,224,345 thousand (\$3,738 thousand) and ₩4,493,383 thousand (\$3,976 thousand) and interests expenses are ₩174,760 thousand (\$155 thousand) and ₩201,781 thousand (\$179 thousand) during the six-month periods ended June 30, 2021 and 2020, respectively.

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

(In thousands of won)

	Exemption of lease recognition	2021		2020	
Office equipment	Low cost	₩	243,913		463,054
	Short term		-		11,110
Building	Short term		7,500		15,000

(In thousands of US dollar)

	Exemption of lease recognition	2021		2020	
Office equipment	Low cost	\$	216		410
	Short term		-		10
Building	Short term		7		13

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

(In thousands of won)

	2021		2020	
Sub lease				
Less than 1 year	₩	3,774,200		3,041,499
1 year to 2 years		2,486,306		756,940
Lease to be received		6,260,506		3,798,439
Unrealized interests		(171,617)		(87,371)
Net investment in the lease		6,088,889		3,711,068
Interests from sublease for this period		90,120		81,239

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

For the six-month periods ended June 30, 2021 and 2020

13. Lease, Continued

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

(In thousands of US dollar)

	<u>2021</u>	<u>2020</u>
Sub lease		
Less than 1 year	\$ 3,340	2,692
1 year to 2 years	2,200	670
Lease to be received	5,540	3,361
Unrealized interests	(152)	(77)
Net investment in the lease	5,388	3,284
Interests from sublease for this period	80	72

(5) Sales and lease back

The Company has been liquidating the land and buildings of the factory in Guro-dong, Guro-gu, Seoul to enhance asset efficiency and financial stability for the year ended December 31, 2020. The main terms of sales and lease back transactions are as the following:

	<u>Main terms</u>
Type	Sales and lease back
Counterparty	PIA Guro-station PFV Co., Ltd.
Transaction amount	₩180 Billion (\$0.16 Billion)
Underlying assets	Factory land and building in Guro-dong, Guro-gu, Seoul
Lease term	2 years
Extension option	It is possible to extend the lease term up to a year (one time only) prior to 4 months by agreement between the parties.
Lessee's preemption preference	If the lessor intends to sell the lease object to a third party before the expiration of the lease term, the lessee may exercise the right to preferentially purchase the lease object (preemption preference).

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

- Right-of-use asset: ₩7,300 million (\$6 million) increased.
- Property, plant and equipment: ₩60,834 million (\$54 million) decreased.
- Gains on disposal of PPE: ₩104,866 million (\$93 million) increased.
- Lease deposit: ₩10,800 million (\$10 million) increased.

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

For the six-month periods ended June 30, 2021 and 2020

14. Borrowings

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

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

Creditor	Type	Interest rate (%)(*5)	Korean won		US dollar	
			2021	2020	2021	2020
Korea Development Bank	Operating fund(*1)	CD+5.10	₩ 20,000,000	20,000,000	\$ 17,699	17,699
	Facility fund(*1)	CD+4.57	70,000,000	70,000,000	61,947	61,947
	Facility fund(*2)	CD+4.60	100,000,000	100,000,000	88,496	88,496
Woori Bank	Loans(*2)	CD+5.00	24,998,183	25,000,000	22,121	22,123
JP Morgan(*6)	Facility Fund(*1)	CD+3.00	40,000,000	40,000,000	35,398	35,398
	Overdraft(*3)	CD+2.00	19,999,969	19,999,969	17,699	17,699
BNP PARIBAS(*6)	Overdraft(*3)	CD+2.00	10,000,000	10,000,000	8,850	8,850
Mahindra & Mahindra Ltd.	Overdraft(*4)	CD+2.00	29,999,869	29,999,869	26,549	26,549
			₩ 314,998,021	314,999,838	\$ 278,759	278,761

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

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

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

(*4) Mahindra & Mahindra, the largest shareholder of the Company repaid loans of ₩29,999,869 thousand (\$26,549 thousand) to the Bank of America (BOA) on behalf of the Company for the year ended December 31, 2020.

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

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

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

For the six-month periods ended June 30, 2021 and 2020

14. Borrowings, Continued

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

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

Creditor	Type	Interest rate(%)(*2)	Korean won		US dollar	
			2021	2020	2021	2020
Korea Development Bank	Facility fund	CD+4.57	₩ 70,000,000	70,000,000	\$ 61,947	61,947
	Facility fund	CD+4.60	100,000,000	100,000,000	88,496	88,496
JP Morgan(*3)	Facilities fund	CD+3.00	40,000,000	40,000,000	35,398	35,398
Woori Bank	Operating fund	CD+5.00	24,998,183	25,000,000	22,122	22,124
Mahindra & Mahindra Ltd(*1)	Operating fund	3.00	40,000,000	40,000,000	35,398	35,398
Less: Current portion			(234,998,183)	(235,000,000)	(207,963)	(207,965)
			₩ 40,000,000	40,000,000	\$ 35,398	35,398

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

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

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

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

(In thousands of won)

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

(In thousands of US dollar)

Creditor	Pledged assets	Borrowings amount	Maximum credit amount
Korea Development Bank	Land, buildings, structures and machinery	\$ 168,142	265,487
Woori Bank	Land and buildings	22,122	42,478
		\$ 190,264	307,965

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

For the six-month periods ended June 30, 2021 and 2020

15. Other Financial Liabilities

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

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

	Korean won		US dollar	
	2021	2020	2021	2020
Accrued expenses	₩ 93,377,552	54,904,748	\$ 82,635	48,588

16. Provision of Warranty for sale

The Company generally provides warranty for each product sold and accrues warranty expense at the time of sale based on the history of actual claims. Changes in provision of warranty for sale for the six-month periods ended June 30, 2021 and 2020 are as follows:

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

	Korean won		US dollar	
	2021	2020	2021	2020
Beginning balance	₩ 119,315,790	128,531,252	\$ 105,589	113,744
Increase	6,777,528	17,673,494	5,998	15,640
Decrease	(18,193,063)	(18,029,505)	(16,100)	(15,955)
Ending balance	₩ 107,900,255	128,175,241	\$ 95,487	113,429
Current	₩ 45,324,700	57,145,722	\$ 40,110	50,571
Non-current	62,575,555	71,029,519	55,377	62,858

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

For the six-month periods ended June 30, 2021 and 2020

17. Other Liabilities

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

(In thousands of won)

	2021		2020	
	Current	Non-current	Current	Non-current
Advances from customers	₩ 8,940,795	-	6,743,752	-
Deposits received	456,751	-	571,022	-
Withholdings	13,862,255	-	23,179,333	-
Unearned revenue	7,637,466	16,669,864	5,064,893	17,418,732
Refund liability(*)	1,108,647	-	3,483,928	-
	₩ <u>32,005,914</u>	<u>16,669,864</u>	<u>39,042,928</u>	<u>17,418,732</u>

(In thousands of US dollar)

	2021		2020	
	Current	Non-current	Current	Non-current
Advances from customers	\$ 7,912	-	5,968	-
Deposits received	404	-	505	-
Withholdings	12,268	-	20,513	-
Unearned revenue	6,759	14,752	4,482	15,415
Refund liability(*)	981	-	3,083	-
	\$ <u>28,324</u>	<u>14,752</u>	<u>34,551</u>	<u>15,415</u>

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

18. Employee Benefits

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

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

	Korean won		US dollar	
	2021	2020	2021	2020
Present value of defined benefit obligations	₩ 390,469,901	383,312,042	\$ 345,549	339,214
Fair value of plan assets	(885,334)	(933,028)	(784)	(825)
	₩ <u>389,584,567</u>	<u>382,379,014</u>	<u>\$ 344,765</u>	<u>338,389</u>

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

For the six-month periods ended June 30, 2021 and 2020

18. Employee Benefits, Continued

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

(In thousands of won)

Details	2021		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 383,312,042	(933,028)	382,379,014
Current service cost	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

(In thousands of won)

Details	2020		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 357,109,529	(954,268)	356,155,261
Current service cost	20,174,336	-	20,174,336
Interest expense (income)	4,053,852	(10,801)	4,043,051
Sub-total	381,337,717	(965,069)	380,372,648
Re-measurement factors:			
Re-measurements of plan assets	-	1,598	1,598
Sub-total	-	1,598	1,598
Benefit paid by plan	(28,198)	28,198	-
Benefit paid directly	(7,183,040)	-	(7,183,040)
Ending balance	₩ 374,126,479	(935,273)	373,191,206

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

For the six-month periods ended June 30, 2021 and 2020

18. Employee Benefits, Continued

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

(In thousands of US dollar)

Details	2021		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	\$ 339,214	(825)	338,389
Current service cost	17,166	-	17,166
Interest expense (income)	4,005	(11)	3,994
Sub-total	360,385	(836)	359,549
Re-measurement factors:			
Re-measurements of plan assets	-	2	2
Sub-total	-	2	2
Benefit paid by plan	(50)	50	-
Benefit paid directly	(14,786)	-	(14,786)
Ending balance	\$ 345,549	(784)	344,765

(In thousands of US dollar)

Details	2020		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	\$ 316,026	(844)	315,182
Current service cost	17,853	-	17,853
Interest expense (income)	3,588	(10)	3,578
Sub-total	337,467	(854)	336,613
Re-measurement factors:			
Re-measurements of plan assets	-	1	1
Sub-total	-	1	1
Benefit paid by plan	(25)	25	-
Benefit paid directly	(6,357)	-	(6,357)
Ending balance	\$ 331,085	(828)	330,257

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

For the six-month periods ended June 30, 2021 and 2020

18. Employee Benefits, Continued

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

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

	Korean won		US dollar	
	2021	2020	2021	2020
Insurance contracts	₩ 885,334	933,028	\$ 784	825

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

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

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

19. Commitments and Contingencies

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

- (1) The Company carries product liability insurance for all products that it sells.
- (2) As of June 30, 2021, the loan agreement with Korea Development Bank and others has been terminated due to the application for the commencement of court receivership, and the borrowing amounts was ₩354,998 million (\$314 million). In addition, there is a requirement to retain over 51% of the majority interest in Mahindra & Mahindra Ltd., in relation to JP Morgan, BNP PARIBAS's overdraft borrowings and JP Morgan facility fund borrowings.
- (3) As of June 30, 2021, 4 claims as a plaintiff were filed with the claim amount of ₩3,417 million (\$3 million) and 10 claims as a defendant were filed with the claims of ₩1,557 million (\$1 million). The provision amounting to ₩8,092 million (\$7 million) is recognized as other payable for the foregoing lawsuits and claims, since the amounts for potential loss can be estimated and management expect that it is probable that the Company will be required to incur an outflow.

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

For the six-month periods ended June 30, 2021 and 2020

19. Commitments and Contingencies, Continued

(4) Details of other payable recognized as provisions as of June 30, 2021 is as follows:

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

	Korean won		US dollar	
	2021		2021	
Beginning balance	₩	124,578,526	\$	110,246
Increase(*)		33,538,339		29,680
Decrease		<u>(20,358,024)</u>		<u>(18,016)</u>
Ending balance	₩	<u>137,758,841</u>	\$	<u>121,910</u>

(*) In relation to *CO2 emission regulations in Korea/EU(the Act on Allocation and Trading of Greenhouse Gas Emission)*, the Company estimates the expenses based on the expected quantity of emission in excess of free allocated emission right comparing standard fuel efficiency. As a result of additional recognition of ₩7,840,664 thousand(\$6,939 thousand) for the six-month period ended June 30, 2021, the Company has recognized a provision of ₩76,263,201 thousand(\$67,490 thousand) as of June 30, 2021. And the Company recognized expected costs as a provision with regard to foregoing lawsuits and sales incentive, etc.

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

20. Capital Stock

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

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

	Korean won		US dollar	
	2021	2020	2021	2020
Number of shares authorized (in shares)	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Shares outstanding (in shares)	149,840,002	149,840,002	149,840,002	149,840,002
Par value (in won and US dollar) ₩	5,000	5,000	\$ 4.42	4.42
Capital stock	749,200,010	749,200,010	663,009	663,009

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

For the six-month periods ended June 30, 2021 and 2020

21. Other Capital Surplus

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

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

	Korean won		US dollar	
	2021	2020	2021	2020
Paid-up capital in excess of par value	₩ 3,169,615	3,169,615	\$ 2,805	2,805
Gain on capital reduction	74,061,697	74,061,697	65,541	65,541
Debt to be swapped for equity	-	931,508	-	825
	₩ 77,231,312	78,162,820	\$ 68,346	69,171

22. Other Equity

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

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

	Korean won		US dollar	
	2021	2020	2021	2020
Accumulated revaluation surplus from revaluation on land	₩ 278,800,357	-	\$ 246,726	-

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

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

	Korean won		US dollar	
	2021	2020	2021	2020
Beginning balance	₩ -	-	\$ -	-
Gains on valuation of derivatives	-	130,390	-	115
Reclassified to net income (losses)	-	(130,390)	-	(115)
Ending balance	₩ -	-	\$ -	-

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

For the six-month periods ended June 30, 2021 and 2020

23. Deficit

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

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

	Korean won		US dollar	
	2021	2020	2021	2020
Deficit	₩ (1,092,024,045)	(911,685,422)	\$ (966,393)	(806,801)

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

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

	Korean won		US dollar	
	2021	2020	2021	2020
Beginning balance	₩ (911,685,422)	(421,823,237)	\$ (806,801)	(373,295)
Loss for the period	(180,336,416)	(202,496,268)	(159,590)	(179,200)
Defined benefit plan re-measurement	(2,207)	(1,598)	(2)	(1)
Ending balance	₩ (1,092,024,045)	(624,321,103)	\$ (966,393)	(552,496)

24. Income Tax Expense

Income tax expense and deferred income tax assets related to the temporary differences, deficit carried forward and tax credit carried forward are not recognized as of June 30, 2021.

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

For the six-month periods ended June 30, 2021 and 2020

25. Nature of Expenses

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

(In thousands of won)

	2021		2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Changes in inventories	₩ 18,758,545	30,245,210	27,969,959	16,023,696
Raw materials consumed and purchase of merchandise	425,074,750	783,950,150	485,935,342	960,666,955
Employee benefits	116,147,685	236,129,269	109,485,198	219,899,583
Depreciation	30,056,397	59,812,616	37,129,044	78,142,358
Amortization	16,628,019	32,366,664	16,957,483	36,141,327
Others	95,753,038	178,220,604	137,080,461	243,593,806
	<u>₩ 702,418,434</u>	<u>1,320,724,513</u>	<u>814,557,487</u>	<u>1,554,467,725</u>

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

(In thousands of US dollar)

	2021		2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Changes in inventories	\$ 16,600	26,766	24,752	14,180
Raw materials consumed and purchase of merchandise	376,172	693,761	430,031	850,148
Employee benefits	102,786	208,964	96,890	194,601
Depreciation	26,599	52,932	32,858	69,153
Amortization	14,715	28,643	15,007	31,983
Others	84,738	157,718	121,310	215,571
	<u>\$ 621,610</u>	<u>1,168,784</u>	<u>720,848</u>	<u>1,375,636</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, 2021 and 2020

26. Selling, General and Administrative Expenses

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

(In thousands of won)

	2021		2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Warranty expenses	₩ 8,015,069	14,263,238	9,813,597	25,641,901
Commissions	33,975,600	62,175,881	60,457,271	100,103,258
Advertising	2,648,246	3,023,745	5,184,916	7,078,016
Export expenses	2,578,599	4,530,193	1,240,592	2,898,996
Sales promotion expenses	4,220,760	10,787,230	2,564,555	4,603,692
Others	2,245,467	4,460,811	1,312,384	2,755,660
	₩ <u>53,683,741</u>	<u>99,241,098</u>	<u>80,573,315</u>	<u>143,081,503</u>

(In thousands of US dollar)

	2021		2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Warranty expenses	\$ 7,093	12,622	8,685	22,692
Commissions	30,067	55,023	53,502	88,587
Advertising	2,344	2,676	4,588	6,264
Export expenses	2,282	4,009	1,098	2,565
Sales promotion expenses	3,735	9,546	2,270	4,074
Others	1,986	3,949	1,161	2,439
	\$ <u>47,507</u>	<u>87,825</u>	<u>71,304</u>	<u>126,621</u>

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

For the six-month periods ended June 30, 2021 and 2020

26. 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, 2021 and 2020 are as follows:

(In thousands of won)

	2021		2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Salaries	₩ 11,590,193	23,483,387	10,261,009	21,011,581
Retirement benefit costs	1,537,781	3,037,762	1,567,483	3,127,991
Employee welfare	1,523,977	3,415,145	2,283,399	4,690,756
Rent expense	2,563,632	5,136,393	2,448,518	4,881,026
Service fees	3,501,446	6,903,335	3,997,715	8,682,272
Depreciation	3,615,181	7,343,437	6,027,743	12,884,726
R&D expenses	3,461,966	5,845,271	2,980,652	8,275,132
Amortization	611,804	1,233,792	840,858	1,785,420
(Reversal of) bad debt expense	195,215	285,161	45,898	(126,875)
Others	5,420,820	14,191,851	8,420,872	15,957,173
	₩ <u>34,022,015</u>	<u>70,875,534</u>	<u>38,874,147</u>	<u>81,169,202</u>

(In thousands of US dollar)

	2021		2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Salaries	\$ 10,257	20,782	9,081	18,594
Retirement benefit costs	1,361	2,688	1,387	2,768
Employee welfare	1,349	3,022	2,021	4,151
Rent expense	2,269	4,545	2,167	4,319
Service fees	3,099	6,109	3,538	7,683
Depreciation	3,199	6,499	5,334	11,402
R&D expenses	3,064	5,173	2,638	7,323
Amortization	541	1,092	744	1,580
(Reversal of) bad debt expense	173	252	41	(112)
Others	4,797	12,560	7,451	14,124
	\$ <u>30,109</u>	<u>62,722</u>	<u>34,402</u>	<u>71,832</u>

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

For the six-month periods ended June 30, 2021 and 2020

27. Other Income and Expenses

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

(In thousands of won)

	2021		2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction gain	₩ 1,110,684	1,957,188	898,085	1,990,394
Foreign exchange translation gain	(677,110)	609,666	282,154	1,365,688
Gain on disposal of property, plant and equipment	8,944	181,903	110,625,160	110,845,341
Gain on sale of investments in subsidiaries	-	27,441	-	-
Others	2,154,858	5,429,480	3,967,798	5,399,966
	<u>₩ 2,597,376</u>	<u>8,205,678</u>	<u>115,773,197</u>	<u>119,601,389</u>

(In thousands of US dollar)

	2021		2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction gain	\$ 983	1,732	795	1,761
Foreign exchange translation gain	(599)	540	250	1,209
Gain on disposal of property, plant and equipment	8	161	97,898	98,093
Gain on sale of investments in subsidiaries	-	24	-	-
Others	1,907	4,805	3,511	4,779
	<u>\$ 2,299</u>	<u>7,262</u>	<u>102,454</u>	<u>105,842</u>

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

For the six-month periods ended June 30, 2021 and 2020

27. Other Income and Expenses, Continued

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

(In thousands of won)

	2021		2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction loss	₩ 1,270,263	3,253,087	1,090,480	3,616,606
Foreign exchange translation loss	(85,490)	513,243	(1,457,687)	385,193
Loss on disposal of property, plant and equipment	73,234	116,468	2,544,876	2,785,168
Impairment loss on property, plant and equipment	-	-	-	47,169,513
Impairment loss on Intangible assets	13,360	13,360	6,053	29,695,537
Loss on sale of account receivables	8,510	14,346	14,321	45,103
Other bad-debt expense	(911)	164,709	(80,685)	160,849
Others	57,541	123,006	4,630,769	14,696,587
	₩ <u>1,336,507</u>	<u>4,198,219</u>	<u>6,748,127</u>	<u>98,554,556</u>

(In thousands of US dollar)

	2021		2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction loss	\$ 1,124	2,879	965	3,201
Foreign exchange translation loss	(76)	454	(1,290)	341
Loss on disposal of property, plant and equipment	65	103	2,252	2,465
Impairment loss on property, plant and equipment	-	-	-	41,743
Impairment loss on Intangible assets	12	12	5	26,279
Loss on sale of account receivables	8	13	13	40
Other bad-debt expense	(1)	146	(71)	142
Others	51	108	4,098	13,005
	\$ <u>1,183</u>	<u>3,715</u>	<u>5,972</u>	<u>87,216</u>

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

For the six-month periods ended June 30, 2021 and 2020

28. Finance Income and Costs

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

(In thousands of won)

	2021		2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Interest income	₩ 301,727	679,489	447,877	1,134,055
Dividend income	-	6,000	-	6,000
Foreign exchange transaction gain	597,491	1,956,337	383,563	1,127,821
Foreign exchange translation gain	-	-	173,762	316,420
Unrealized gain of financial derivatives	-	-	(30,160)	-
	<u>₩ 899,218</u>	<u>2,641,826</u>	<u>975,042</u>	<u>2,584,296</u>

(In thousands of US dollar)

	2021		2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Interest income	\$ 267	601	396	1,004
Dividend income	-	5	-	5
Foreign exchange transaction gain	529	1,732	340	998
Foreign exchange translation gain	-	-	154	280
Unrealized gain of financial derivatives	-	-	(27)	-
	<u>\$ 796</u>	<u>2,338</u>	<u>863</u>	<u>2,287</u>

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

For the six-month periods ended June 30, 2021 and 2020

28. Finance Income and Costs, Continued

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

(In thousands of won)

	2021		2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Interest expense	₩ 3,511,846	8,122,407	2,508,335	4,989,863
Foreign exchange transaction loss	141,542	716,691	4,439,314	6,072,575
Foreign exchange translation loss	-	-	(3,449,175)	1,194,828
Unrealized loss of financial derivatives	-	-	(17,480)	-
	<u>₩ 3,653,388</u>	<u>8,839,098</u>	<u>3,480,994</u>	<u>12,257,266</u>

(In thousands of US dollar)

	2021		2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Interest expense	\$ 3,108	7,188	2,220	4,416
Foreign exchange transaction loss	125	634	3,928	5,374
Foreign exchange translation loss	-	-	(3,052)	1,057
Unrealized loss of financial derivatives	-	-	(15)	-
	<u>\$ 3,233</u>	<u>7,822</u>	<u>3,081</u>	<u>10,847</u>

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

For the six-month periods ended June 30, 2021 and 2020

28. Finance Income and Costs, Continued

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

(In thousands of won)

	2021		2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Financial assets/ liabilities at amortized cost	₩ (2,754,170)	(6,203,272)	(2,493,272)	(9,678,970)
Financial assets at FVTPL	-	6,000	-	6,000
Derivatives financial assets (liabilities)	-	-	(12,680)	-
	<u>₩ (2,754,170)</u>	<u>(6,197,272)</u>	<u>(2,505,952)</u>	<u>(9,672,970)</u>

(In thousands of US dollar)

	2021		2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Financial assets/ liabilities at amortized cost	\$ (2,437)	(5,489)	(2,207)	(8,565)
Financial assets at FVTPL	-	5	-	5
Derivatives financial assets (liabilities)	-	-	(11)	-
	<u>\$ (2,437)</u>	<u>(5,484)</u>	<u>(2,218)</u>	<u>(8,560)</u>

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

For the six-month periods ended June 30, 2021 and 2020

29. Losses per Share

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

(In thousands of won except per share information)

		2021		2020	
		Three-month period	Six-month period	Three-month period	Six-month period
Loss for the period	₩	(94,223,106)	(180,336,416)	(9,599,879)	(202,496,268)
Loss contributed to common stocks		(94,223,106)	(180,336,416)	(9,599,879)	(202,496,268)
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)		(629)	(1,204)	(64)	(1,351)

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

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

		2021		2020	
		Three-month period	Six-month period	Three-month period	Six-month period
Loss for the period	\$	(83,384)	(159,590)	(8,497)	(179,200)
Loss contributed to common stocks		(83,384)	(159,590)	(8,497)	(179,200)
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)		(0.56)	(1.07)	(0.06)	(1.20)

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

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

(In shares)

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

(In shares)

	Outstanding period	2020		Common shares outstanding
		Common shares issued	Weighted-average	
Beginning	2020-01-01~2020-06-30	149,840,002	182/182	149,840,002

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

For the six-month periods ended June 30, 2021 and 2020

30. Cash Flows

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

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

	Korean won		US dollar	
	2021	2020	2021	2020
Loss for the period	₩ (180,336,416)	(202,496,268)	\$ (159,590)	(179,200)
Adjustments for:				
Retirement benefit costs	23,911,647	24,217,387	21,160	21,431
Depreciation	59,812,616	78,142,358	52,932	69,153
Amortization	32,366,664	36,141,327	28,643	31,983
Depreciation of right-of-use asset	3,551,136	-	3,143	-
Impairment loss on property, plant and equipment	-	47,169,513	-	41,743
Impairment loss on Intangible assets	13,360	29,695,537	12	26,279
Losses on disposal of trade receivables	14,346	45,103	13	40
Foreign exchange translation gain and loss, net	(96,423)	(102,087)	(85)	(90)
Losses (Gains) on disposal of property, plant and equipment	(65,435)	(108,060,173)	(58)	(95,628)
Interest expense and income, net	7,442,918	3,855,808	6,587	3,412
Dividends income	(6,000)	(6,000)	(5)	(5)
(Reversal of) losses on valuation of inventories	1,329,338	(180,822)	1,176	(160)
Increase in provision of warranty for sale	6,777,527	17,673,494	5,998	15,640
(Reversal of) bad debt expense	285,162	(126,875)	252	(112)
Other bad-debt expense	120,459	160,753	107	142
Others	6,909,105	15,436,355	6,114	13,660
	<u>142,366,420</u>	<u>144,061,678</u>	<u>125,989</u>	<u>127,488</u>
Changes in assets and liabilities				
Trade receivables	(19,968,716)	38,748,153	(17,671)	34,290
Other receivables	5,214,986	43,291	4,615	38
Inventories	22,233,939	30,380,101	19,676	26,885
Other assets	(21,631,742)	(62,216,768)	(19,143)	(55,059)
Trade payables	(26,200,701)	(100,568,982)	(23,186)	(88,999)
Other payables	41,080,978	11,424,464	36,355	10,110
Accrued expenses	29,639,196	7,481,237	26,229	6,621
Usage of provision of warranty for sale	(18,193,063)	(18,029,505)	(16,100)	(15,955)
Payment of retirement benefits	(16,708,301)	(7,183,040)	(14,786)	(6,357)
Other liabilities	(7,229,391)	18,704,723	(6,399)	16,553
	<u>(11,762,815)</u>	<u>(81,216,326)</u>	<u>(10,410)</u>	<u>(71,873)</u>
Net cash used in operating activities	₩ <u>(49,732,811)</u>	<u>(139,650,916)</u>	\$ <u>(44,011)</u>	<u>(123,585)</u>

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

For the six-month periods ended June 30, 2021 and 2020

30. Cash Flows, Continued

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

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

	Korean won		US dollar	
	2021	2020	2021	2020
Changes in other payables related to the acquisition of property, plant and equipment	₩ (18,076,110)	(1,514,992)	\$ (15,997)	(1,341)
Changes in other comprehensive income from revaluation on land	278,800,357	-	246,726	-

(3) Adjustment of liabilities from financing activities

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

(In thousands of won)

	2021					
	Beginning balance	Increase	Decrease	Liquidity	Others	Ending balance
Short-term borrowings	₩ 314,999,838	-	(1,817)	-	-	314,998,021
Long-term borrowings	40,000,000	-	-	-	-	40,000,000
Lease liabilities	7,564,293	-	(4,224,345)	-	6,730,169	10,070,117
	₩ 362,564,131	-	(4,226,162)	-	6,730,169	365,068,138

	2020					
	Beginning balance	Increase	Decrease	Liquidity	Others	Ending balance
Banker's usance(*)	₩ 106,606,448	-	(52,078,115)	-	878,407	55,406,740
Short-term borrowings	147,500,000	117,000,000	(59,250,185)	46,250,000	-	251,499,815
Long-term borrowings	158,750,000	40,000,000	-	(46,250,000)	-	152,500,000
Lease liabilities	9,992,220	-	(4,493,383)	-	13,639,976	19,138,813
	₩ 422,848,668	157,000,000	(115,821,683)	-	14,518,383	478,545,368

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

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

For the six-month periods ended June 30, 2021 and 2020

30. 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, 2021 and 2020 are as follows, continued:

(In thousands of US dollar)

	2021					
	Beginning balance	Increase	Decrease	Liquidity	Others	Ending balance
Short-term borrowings	\$ 278,761	-	(2)	-	-	278,759
Long-term borrowings	35,398	-	-	-	-	35,398
Lease liabilities	6,694	-	(3,738)	-	5,955	8,911
	<u>\$ 320,853</u>	<u>-</u>	<u>(3,740)</u>	<u>-</u>	<u>5,955</u>	<u>323,068</u>

	2020					
	Beginning balance	Increase	Decrease	Liquidity	Others	Ending balance
Banker's usance(*)	\$ 94,342	-	(46,087)	-	777	49,032
Short-term borrowings	130,531	103,540	(52,434)	40,929	-	222,566
Long-term borrowings	140,487	35,398	-	(40,929)	-	134,956
Lease liabilities	8,843	-	(3,976)	-	12,071	16,938
	<u>\$ 374,203</u>	<u>138,938</u>	<u>(102,497)</u>	<u>-</u>	<u>12,848</u>	<u>423,492</u>

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

31. Segment Information

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

(2) Geographic sales information of the Company for the six-month periods ended June 30, 2021 and 2020 are as follows:

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

Sales region	Korean won		US dollar	
	2021	2020	2021	2020
Republic of Korea	₩ 822,666,061	1,135,786,819	\$ 728,023	1,005,121
Europe	123,719,480	94,816,803	109,486	83,909
Asia Pacific	83,023,851	49,317,380	73,472	43,644
Others	113,168,518	60,676,592	100,150	53,696
	<u>₩ 1,142,577,910</u>	<u>1,340,597,594</u>	<u>\$ 1,011,131</u>	<u>1,186,370</u>

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

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

For the six-month periods ended June 30, 2021 and 2020

31. Segment Information, Continued

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

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

	Korean won		US dollar	
	2021	2020	2021	2020
Automobile	₩ 954,102,472	1,153,158,476	\$ 844,338	1,020,494
Merchandise and parts	144,205,158	145,780,661	127,615	129,009
Others	44,270,280	41,658,457	39,178	36,867
	₩ 1,142,577,910	1,340,597,594	\$ 1,011,131	1,186,370

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

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

	Korean won		US dollar	
	2021	2020	2021	2020
Receivables from contracts with customers	₩ 165,350,914	145,522,793	\$ 146,328	128,781
Contract liabilities(*)	33,248,126	29,227,377	29,423	25,865

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

32. Transactions and Balances with Related Parties

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

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

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

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

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

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

For the six-month periods ended June 30, 2021 and 2020

32. Transactions and Balances with Related Parties, Continued

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

(In thousands of won)

Relationship	Company	Description	2021	2020
Largest shareholder	Mahindra & Mahindra Ltd.(*1)	Sales	₩ 3,908,170	14,545,892
		Purchases	2,516,389	3,103,829
		Other expenses	592,885	389,808
Subsidiaries	Ssangyong European Parts Center B.V.	Sales	7,527,272	5,284,500
		Sales	42,126,822	7,687,564
	Ssangyong Australia Pty Ltd	Other income	-	18,536
		Ssangyong Motor (Shanghai) Co., Ltd.(*1)	Other expenses	134,954
Joint venture	SY Auto Capital Co., Ltd.	Other income	89,708	439,883
		Other expenses	19,024,202	31,013,684
		Mahindra Vehicle Manufacturing Ltd.(*1,2)	Sales	360,173
Others	Mahindra Electric Mobility Ltd.(*1)	Purchases	10,877	-
		Other expenses	353,272	1,431,797
	Mahindra&Mahindra South Africa Ltd.(*1)	Sales	10,328	11,572
		Other income	906	-

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

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

(In thousands of US dollar)

Relationship	Company	Description	2021	2020
Largest shareholder	Mahindra & Mahindra Ltd.(*1)	Sales	\$ 3,459	12,872
		Purchases	2,227	2,747
		Other expenses	525	345
Subsidiaries	Ssangyong European Parts Center B.V.	Sales	6,661	4,677
		Sales	37,280	6,803
	Ssangyong Australia Pty Ltd	Other income	-	16
		Ssangyong Motor (Shanghai) Co., Ltd.(*1)	Other expenses	119
Joint venture	SY Auto Capital Co., Ltd.	Other income	79	389
		Other expenses	16,836	27,446
		Mahindra Vehicle Manufacturing Ltd.(*1,2)	Sales	319
Others	Mahindra Electric Mobility Ltd.(*1)	Purchases	10	-
		Other expenses	313	1,267
	Mahindra&Mahindra South Africa Ltd.(*1)	Sales	9	10
		Other income	1	-

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

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

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

For the six-month periods ended June 30, 2021 and 2020

32. Transactions and Balances with Related Parties, Continued

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

(In thousands of won)

Relationship	Company	Description	2021	2020
		Trade receivables ₩	-	2,437,886
		Other receivables	-	252,632
Largest shareholder	Mahindra & Mahindra Ltd.	Trade payables	-	3,624,172
		Other payables	-	2,514,361
		Borrowings	-	69,999,869
		Trade receivables	15,235,047	14,854,519
		Other payables	397,448	192,223
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivables	37,257,431	32,229,030
		Other payables	1,382,579	325,990
	Ssangyong Australia Pty Ltd.	Other payables	-	87,793
		Trade receivables	-	531,781
Others	Mahindra Vehicle Manufacturing Ltd.	Other payables	-	1,500,000
		Other receivables	-	-
	Mahindra Electric Mobility Ltd.	Other payables	-	1,932,669
		Other payables	-	4,937

(In thousands of US dollar)

Relationship	Company	Description	2021	2020
		Trade receivables \$	-	2,157
		Other receivables	-	224
Largest shareholder	Mahindra & Mahindra Ltd.	Trade payables	-	3,207
		Other payables	-	2,225
		Borrowings	-	61,947
		Trade receivables	13,482	13,146
		Other payables	352	170
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivables	32,971	28,521
		Other payables	1,224	288
	Ssangyong Australia Pty Ltd.	Other payables	-	78
		Trade receivables	-	471
Others	Mahindra Vehicle Manufacturing Ltd.	Other payables	-	1,327
		Other receivables	-	-
	Mahindra Electric Mobility Ltd.	Other payables	-	1,710
		Other payables	-	4

Allowance for receivables from related parties were recognized ₩174,399 thousand (\$154 thousand) as of June 30, 2021 and ₩136,079 thousand (\$120 thousand) as of December 31, 2020, respectively.

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

For the six-month periods ended June 30, 2021 and 2020

32. Transactions and Balances with Related Parties, Continued

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

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

		Korean won		US dollar	
		2021	2020	2021	2020
		Loan		Loan	
Largest shareholder	Mahindra & Mahindra Ltd.	₩	-	\$	35,398
			40,000,000		

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

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

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

		Korean won		US dollar	
		2021	2020	2021	2020
Short-term employee benefits	₩	1,583,184	2,421,835	\$	2,143
Retirement benefits		65,128	104,874		93

33. Financial Instruments

(1) Capital risk management

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

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

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

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

		Korean won		US dollar	
		2021	2020	2021	2020
Debt (A)	₩	1,919,570,776	1,849,016,882	\$	1,636,298
Equity (B)		13,207,634	(84,322,592)		(74,621)
Debt-to-equity ratio (A/B)(*)		14,533.80%	-		-

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

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

For the six-month periods ended June 30, 2021 and 2020

33. Financial Instruments, Continued

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

1) Financial assets

(In thousands of won)

	2021			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	₩ 50,139,183	-	50,139,183	50,139,183
Long-term financial instruments	4,000	-	4,000	4,000
Trade and other receivables	225,011,892	-	225,011,892	225,011,892
Non-current financial assets	-	560,000	560,000	560,000
	<u>₩ 275,155,075</u>	<u>560,000</u>	<u>275,715,075</u>	<u>275,715,075</u>

(In thousands of won)

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

(In thousands of US dollar)

	2021			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	\$ 44,371	-	44,371	44,371
Long-term financial instruments	4	-	4	4
Trade and other receivables	199,126	-	199,126	199,126
Non-current financial assets	-	496	496	496
	<u>\$ 243,501</u>	<u>496</u>	<u>243,997</u>	<u>243,997</u>

(In thousands of US dollar)

	2020			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	\$ 146,318	-	146,318	146,318
Long-term financial instruments	4	-	4	4
Trade and other receivables	183,949	-	183,949	183,949
Non-current financial assets	-	496	496	496
	<u>\$ 330,271</u>	<u>496</u>	<u>330,767</u>	<u>330,767</u>

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

For the six-month periods ended June 30, 2021 and 2020

33. Financial Instruments, Continued

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

2) Financial liabilities

(In thousands of won)

	2021			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	₩ 757,262,242	-	757,262,242	757,262,242
Borrowings	354,998,021	-	354,998,021	354,998,021
	<u>₩ 1,112,260,263</u>	<u>-</u>	<u>1,112,260,263</u>	<u>1,112,260,263</u>

(In thousands of won)

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

(In thousands of US dollar)

	2021			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	\$ 670,144	-	670,144	670,144
Borrowings	314,157	-	314,157	314,157
	<u>\$ 984,301</u>	<u>-</u>	<u>984,301</u>	<u>984,301</u>

(In thousands of US dollar)

	2020			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	\$ 633,330	-	633,330	633,330
Borrowings	314,159	-	314,159	314,159
	<u>\$ 947,489</u>	<u>-</u>	<u>947,489</u>	<u>947,489</u>

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

For the six-month periods ended June 30, 2021 and 2020

33. Financial Instruments, Continued

(3) Financial risk management

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

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

1) Market risk

a. Foreign exchange risk

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

The table below shows the sensitivity for each foreign currency when exchange rates change 10%. Sensitivity analysis only includes foreign currency monetary items that are not paid, and it adjusts the translation assuming exchange rate changes 10% as of June 30, 2021.

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

Currency	Korean won		US dollar	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 3,619,127	(3,619,127)	\$ 3,203	(3,203)
EUR	3,320,364	(3,320,364)	2,938	(2,938)
JPY	(32,592)	32,592	(29)	29
Others	4,495,419	(4,495,419)	3,978	(3,978)
	₩ 11,402,318	(11,402,318)	\$ 10,090	(10,090)

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 ₩880,201 thousand (\$779 thousand) for the six-month period ended June 30, 2021, due to floating rate debt's interest rate risk.

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

For the six-month periods ended June 30, 2021 and 2020

33. Financial Instruments, Continued

(3) Financial risk management, continued:

2) Credit risk

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

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

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

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

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

	Korean won		US dollar	
	2021	2020	2021	2020
Trade and other receivables	₩ 225,011,892	207,862,732	\$ 199,126	183,949

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

For the six-month periods ended June 30, 2021 and 2020

33. Financial Instruments, Continued

(3) Financial risk management, continued:

3) Liquidity risk

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

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

(In thousands of won)

	2021		
	Within a year	Over 1 year	Total
Trade payables	₩ 505,299,498	-	505,299,498
Other payables	240,284,194	-	240,284,194
Short-term borrowings(*)	314,998,021	-	314,998,021
Lease liabilities(*)	6,078,629	4,333,019	10,411,648
Other payables	11,143,401	-	11,143,401
Long-term borrowings(*)	-	42,547,945	42,547,945
Long-term other payables	-	535,149	535,149
	<u>₩ 1,077,803,743</u>	<u>47,416,113</u>	<u>1,125,219,856</u>

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

(In thousands of won)

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

(*) Including expected interest expense but excluded 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, 2021 and 2020

33. Financial Instruments, Continued

(3) Financial risk management, continued:

3) Liquidity risk, continued

(In thousands of US dollar)

	2021		
	Within a year	Over 1 year	Total
Trade payables	\$ 447,168	-	447,168
Other payables	212,641	-	212,641
Short-term borrowings(*)	278,759	-	278,759
Lease liabilities(*)	5,379	3,835	9,214
Other payables	9,861	-	9,861
Long-term borrowings(*)	-	37,653	37,653
Long-term other payables	-	474	474
	\$ 953,808	41,962	995,770

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

(In thousands of US dollar)

	2020		
	Within a year	Over 1 year	Total
Trade payables	\$ 470,217	-	470,217
Other payables	160,395	-	160,395
Short-term borrowings(*)	278,761	-	278,761
Lease liabilities(*)	5,001	1,893	6,894
Other payables	2,145	-	2,145
Long-term borrowings(*)	-	38,183	38,183
Long-term other payables	-	572	572
	\$ 916,519	40,648	957,167

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

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

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

	Korean won		US dollar	
	2021(*)	2020	2021(*)	2020
Borrowing limit (used)	₩ -	355,000,000	\$ -	314,159
Borrowing limit (unused)	-	-	-	-

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

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

For the six-month periods ended June 30, 2021 and 2020

33. Financial Instruments, Continued

(4) Fair value of financial instruments

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

2) Valuation methods and assumptions applied in fair value measurement

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

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

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

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

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

No financial instruments are measured at fair value after initial recognition as of June 30, 2021.

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

For the six-month periods ended June 30, 2021 and 2020

34. Going concern assumption

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

However, due to deteriorating financial structure, the Company has incurred operating losses of ₩178,147 million(\$158 million) and net losses of ₩180,336 million(\$160 million) during the reporting period. In addition, the Company's current liabilities exceed its current assets by ₩932,544 million (\$825 million) as of the end of the reporting period.

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

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

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

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

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

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

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

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