

KG MOBILITY COMPANY

SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
WITH INDEPENDENT ACCOUNTS' REVIEW REPORT

Independent Accountants' Review Report

English Translation of a Report Originally Issued in Korean

**To the Shareholders and Board of Directors of
KG Mobility Company:**

Reviewed financial statements

We have reviewed the accompanying separate interim financial statements of KG Mobility Company (formerly known as Ssangyong Motor Company, the "Company"), which comprise the condensed separate statement of financial position as of March 31, 2023, the condensed separate statements of comprehensive income, changes in equity and cash flows for the three-months ended March 31, 2023 and 2022 and notes including a summary of significant accounting policies and other explanatory information.

Management's responsibility

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

Accountants' review responsibility

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe the accompanying separate interim financial statements are not presented fairly, in all material respects, in accordance with K-IFRS 1034 *Interim Financial Reporting*.

Emphasis of Matter

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

(1) Graduating from court-led debt rescheduling program

As stated in note 34, the Company filed for the commencement of the rehabilitation procedures with the Court under *the Debtor Rehabilitation and Bankruptcy Act*, and the Court commenced the rehabilitation procedures on April 15, 2021.

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

However, immediate cancellation of M&A contract occurred on March 25, 2022 and the Company submitted revised rehabilitation plan to the court for seeking a new buyer and reselling process. On April 8, 2022, the Court approved revised rehabilitation plan (Stalking-Horse bid M&A) and the extension of expiration for rehabilitation plan's approval until October 15, 2022 because the Court accepted that immediate cancellation of M&A contract was an unavoidable reason.

According to the revised rehabilitation plan, the Seoul Bankruptcy Court confirmed the KG Consortium as the final takeover candidate as of June 28, 2022, and the Court approved the rehabilitation plan reflecting the details of the investment contract from the KG Consortium on August 26, 2022.

Finally, the Company has graduated from the court-led debt rescheduling program on November 11, 2022 in accordance with *the Article 283(1) of the "Debtor Rehabilitation and Bankruptcy Act"* of Republic of Korea, after the Company completed the redemption of most of the rehabilitation security rights and claims.

(2) Ruling of maintenance on listing and resuming of stock trading

As stated in Note 35, the Company have resolved the formal delisting issue by obtaining the auditors' report dated on March 14, 2023 with an unqualified opinion on the 2022 financial statements within the additional grace period until April 14, 2023.

However, the Korea Stock Exchange Listing Disclosure Committee have designated the Company for substantive examination on April 4, 2023 due to the occurrence of substantive examination reasons for listing suitability. The Korea Stock Exchange has conducted an eligibility review and ruled the maintenance on the Company's listing on April 27, 2023. Consequently, trading of its shares resumed from April 28, 2023.

Other matters

We have audited the separate financial statement of financial position of the Company as of December 31, 2022, the related separate financial statements of comprehensive income, changes in equity and cash flows for the year then ended, not presented herein, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements in our audit report dated March 14, 2023. The separate statement of financial position as of December 31, 2022, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as of December 31, 2022.

Review standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries.

PKF Seo-Hyun Accounting Corp.

Seoul, Korea
May 15, 2023

<p>This report is effective as of May 15, 2023 the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the separate interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.</p>

KG MOBILITY COMPANY
Separate Interim Statements of Financial Position
(Unaudited)

As of March 31, 2023 and December 31, 2022

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

	Note	Korean won		US dollar	
		2023	2022	2023	2022
Assets					
Cash and cash equivalents	4,5,33 ₩	17,073,803	94,765,998	\$ 13,095	72,684
Short-term financial instruments	5,33	193,206,266	5,808,774	148,187	4,455
Trade receivables	7,31,32,33	227,139,902	194,229,197	174,214	148,972
Other receivables	7,32,33	11,741,002	15,025,554	9,005	11,524
Loans and others	7,13,33	25,023,735	24,437,191	19,193	18,743
Inventories	8,25	220,454,277	196,490,440	169,086	150,706
Other current assets	10	113,963,278	87,614,110	87,409	67,199
Total current assets		808,602,263	618,371,264	620,189	474,284
Long-term financial instruments	5,33 7,13,31,32,	4,000	4,000	3	3
Non-current other receivables	33	37,460,605	26,545,384	28,732	20,360
Non-current financial assets	6,33	560,000	560,000	430	430
Property, plant and equipment	11	1,140,123,511	1,148,114,121	874,462	880,591
Intangible assets	12	163,039,010	163,993,924	125,049	125,782
Investments in subsidiaries	9	500,000	-	383	-
Investments in joint venture	9	9,000,000	10,200,000	6,903	7,823
Other non-current assets	10	275,580	275,882	211	212
Right-of-use assets	13	7,142,018	10,653,623	5,478	8,171
Total non-current assets		1,358,104,725	1,360,346,936	1,041,651	1,043,371
Total assets		₩ 2,166,706,988	1,978,718,200	\$ 1,661,840	1,517,655

See accompanying notes to the separate interim financial statements.

KG MOBILITY COMPANY
Separate Interim Statements of Financial Position, Continued
(Unaudited)

As of March 31, 2023 and December 31, 2022

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

	Note	Korean won		US dollar	
		2023	2022	2023	2022
Liabilities					
Trade payables	32,33	₩ 197,307,055	148,976,045	\$ 151,332	114,263
Other payables	32,33	98,798,838	93,494,028	75,778	71,709
Other financial liabilities	15,33	14,881,306	20,702,517	11,414	15,879
Provision of warranty for sale	16	39,902,750	40,689,846	30,605	31,209
Provision of others	19	25,672,640	23,705,590	19,691	18,182
Other current liabilities	17,30,31,32,33	68,534,521	54,924,511	52,565	42,126
Lease liabilities	13,30,33	4,990,775	4,957,982	3,828	3,803
Total current liabilities		450,087,885	387,450,519	345,212	297,170
Long-term borrowings	14,30,33	84,905,944	-	65,122	-
Non-current other payables	33	129,219	174,070	99	134
Other non-current liabilities	17,31	7,102,628	7,789,806	5,448	5,975
Defined benefit liabilities	18	276,693,009	280,119,084	212,220	214,848
Other long-term employee benefits liabilities	18	11,979,480	11,703,405	9,188	8,976
Non-current provision of warranty for sale	16	58,170,252	56,144,385	44,616	43,062
Non-current Provision of others	19	67,792,832	61,995,022	51,996	47,549
Non-current lease liabilities	13,30,33	3,459,704	3,818,410	2,654	2,929
Deferred tax liabilities	24	85,027,319	80,112,208	65,215	61,445
Total non-current liabilities		595,260,386	501,856,390	456,558	384,918
Total liabilities		1,045,348,270	889,306,910	801,770	682,088
Equity					
Capital stock	20	934,780,120	934,780,120	716,966	716,966
Other capital surplus	21	1,069,739,755	1,051,249,578	820,478	806,297
Other equity	22	223,495,126	223,495,126	171,418	171,418
Accumulated deficit	23	(1,106,656,284)	(1,120,113,535)	(848,793)	(859,115)
Total equity		1,121,358,718	1,089,411,290	860,070	835,566
Total liabilities and equity		₩ 2,166,706,988	1,978,718,200	\$ 1,661,840	1,517,655

See accompanying notes to the separate interim financial statements.

KG MOBILITY COMPANY
Separate Interim Statements of Comprehensive Income(loss)
(Unaudited)

For the three-month periods ended March 31, 2023 and 2022

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

	Note	Korean won		US dollar	
		2023	2022	2023	2022
Sales	31,32	₩ 1,084,254,635	701,750,557	\$ 831,611	538,235
Cost of sales	25,32	972,526,461	653,949,826	745,917	501,572
Gross profit		<u>111,728,174</u>	<u>47,800,731</u>	<u>85,694</u>	<u>36,663</u>
Selling, general and administrative expenses	25,26	106,991,935	81,425,506	82,062	62,452
Operating income (loss)		<u>4,736,239</u>	<u>(33,624,775)</u>	<u>3,633</u>	<u>(25,790)</u>
Other income	27,32	9,143,503	5,284,541	7,013	4,053
Other expenses	27,32	(2,765,460)	(2,535,532)	(2,121)	(1,945)
Finance income	28	3,406,773	1,290,823	2,613	990
Finance costs	28	(1,057,949)	(4,539,615)	(811)	(3,482)
Income (loss) before income taxes		<u>13,463,107</u>	<u>(34,124,557)</u>	<u>10,326</u>	<u>(26,173)</u>
Income tax expenses	24	-	-	-	-
Income (loss) for the period		<u>13,463,107</u>	<u>(34,124,557)</u>	<u>10,326</u>	<u>(26,173)</u>
Other comprehensive income (loss) for the period		(5,855)	(1,718)	(4)	(1)
Items that will never be reclassified to profit or loss:					
Defined benefit plan re-measurements	18,23	(5,855)	(1,718)	(4)	(1)
Total comprehensive income (loss) for the period		<u>₩ 13,457,251</u>	<u>(34,126,275)</u>	<u>\$ 10,322</u>	<u>(26,174)</u>
Earnings (losses) per share					
Basic earnings (losses) per share (in won and in US dollar)	29	₩ 72	(2,194)	\$ 0.06	(1.68)
Diluted earnings (losses) per share (in won and in US dollar)		71	(2,194)	0.05	(1.68)

See accompanying notes to the separate interim financial statements.

KG MOBILITY COMPANY
Separate Interim Statements of Changes in Equity, Continued
(Unaudited)

For the three-month periods ended March 31, 2023 and 2022

(In thousands of won)

		Other capital surplus			Other equity	Accumulated deficit	Total	
		Capital stock	Paid-in capital in excess of par value	Gain on capital reduction				Consideration conversion rights
Balance at January 1, 2022	₩	749,200,010	3,169,615	74,061,697	-	223,495,126	(1,144,921,163)	(94,994,715)
Total comprehensive income (loss) for the period:								
Loss for the period		-	-	-	-	-	(34,124,557)	(34,124,557)
Defined benefit plan re-measurements		-	-	-	-	-	(1,718)	(1,718)
Balance at March 31, 2022	₩	<u>749,200,010</u>	<u>3,169,615</u>	<u>74,061,697</u>	<u>-</u>	<u>223,495,126</u>	<u>(1,179,047,438)</u>	<u>(129,120,990)</u>
Balance at January 1, 2023	₩	934,780,120	(18,819,837)	1,070,069,416	-	223,495,126	(1,120,113,535)	1,089,411,290
Total comprehensive income (loss) for the period:								
Income for the period		-	-	-	-	-	13,463,107	13,463,107
Defined benefit plan re-measurements		-	-	-	-	-	(5,855)	(5,855)
Transactions with shareholders recognized directly in equity:								
Issuance of convertible bonds		-	-	-	18,490,177	-	-	18,490,177
Balance at March 31, 2023	₩	<u>934,780,120</u>	<u>(18,819,837)</u>	<u>1,070,069,416</u>	<u>18,490,177</u>	<u>223,495,126</u>	<u>(1,106,656,284)</u>	<u>1,121,358,718</u>

See accompanying notes to the separate interim financial statements.

KG MOBILITY COMPANY
Separate Interim Statements of Changes in Equity, Continued
(Unaudited)

For the three-month periods ended March 31, 2023 and 2022

(In thousands of US dollar)

	Capital stock	Other capital surplus			Other equity	Accumulated deficit	Total
		Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity			
Balance at January 1, 2022	\$ 574,628	2,431	56,804	-	171,418	(878,142)	(72,860)
Total comprehensive income (loss) for the period:							
Loss for the period	-	-	-	-	-	(26,173)	(26,173)
Defined benefit plan re-measurements	-	-	-	-	-	(1)	(1)
Balance at March 31, 2022	\$ <u>574,628</u>	<u>2,431</u>	<u>56,804</u>	<u>-</u>	<u>171,418</u>	<u>(904,316)</u>	<u>(99,034)</u>
Balance at January 1, 2023	\$ 716,966	(14,435)	820,731	-	171,418	(859,115)	835,566
Total comprehensive income (loss) for the period:							
Income for the period	-	-	-	-	-	10,326	10,326
Defined benefit plan re-measurements	-	-	-	-	-	(4)	(4)
Transactions with shareholders recognized directly in equity:							
Issuance of convertible bonds	-	-	-	14,182	-	-	14,182
Balance at March 31, 2023	\$ <u>716,966</u>	<u>(14,435)</u>	<u>820,731</u>	<u>14,182</u>	<u>171,418</u>	<u>(848,793)</u>	<u>860,070</u>

See accompanying notes to the separate interim financial statements.

KG MOBILITY COMPANY
Separate Interim Statements of Cash Flows
(Unaudited)

For the three-month periods ended March 31, 2023 and 2022

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

	Korean won		US dollar	
	2023	2022	2023	2022
Cash flows from operating activities				
Income (loss) for the period	₩ 13,463,107	(34,124,557)	\$ 10,326	(26,173)
Adjustment	70,286,884	70,908,136	53,909	54,386
Changes in assets and liabilities	(47,904,483)	(44,352,829)	(36,742)	(34,018)
Cash generated from operations (note 30)	35,845,508	(7,569,251)	27,493	(5,806)
Interest received	1,403,318	285,328	1,076	219
Interest paid	(87,167)	(100,875)	(67)	(77)
Dividends received	6,000	6,000	5	5
Net cash provided by (used in) operating activities	37,167,658	(7,378,798)	28,507	(5,659)
Cash flows from investing activities				
Decrease of loans and others	730,890	596,899	561	458
Decrease of current financial instruments	122,147	-	94	-
Disposal of property, plant and equipment	30,722	923,406	24	708
Disposal of intangible assets	1,563,636	-	1,199	-
Disposal of Investments in joint venture	2,470,000	-	1,894	-
Increase of loans and others	(29,735)	(151)	(23)	(0.1)
Increase of current financial instruments	(187,519,638)	(15,028,085)	(143,825)	(11,526)
Acquisition of property, plant and equipment	(23,342,876)	(17,633,685)	(17,904)	(13,525)
Acquisition of intangible assets	(14,646,910)	(14,349,709)	(11,234)	(11,006)
Acquisition of investments in subsidiaries	(500,000)	-	(383)	-
Net cash used in investing activities	(221,121,765)	(45,491,325)	(169,598)	(34,891)
Cash flows from financing activities				
Proceeds from borrowings	-	30,000,000	-	23,010
Issuance of convertible bonds	108,500,000	-	83,218	-
Proceeds from deposits	-	15,512,588	-	11,898
Bonds issuance costs	(402,536)	-	(309)	-
Payment of lease liabilities	(1,835,552)	(1,898,917)	(1,408)	(1,456)
Net cash provided by financing activities (note 30)	106,261,911	43,613,670	81,501	33,452
Net decrease in cash and cash equivalents	(77,692,195)	(9,256,453)	(59,589)	(7,100)
Cash and cash equivalents at January 1	94,765,998	45,834,173	72,684	35,154
Cash and cash equivalents at March 31	₩ 17,073,803	36,577,720	\$ 13,095	28,055

See accompanying notes to the separate interim financial statements.

KG MOBILITY COMPANY
Notes to the Separate Interim Financial Statements
(Unaudited)

For the three-month periods ended March 31, 2023 and 2022

1. General Description of the Company

(1) Organization and description of business of the Company

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

(2) Major shareholders

As of March 31, 2023, the Company’s shareholders are as follows:

Name of shareholder	Number of shares (In shares)	Percentage of ownership (%)
KG Mobility holdings Co., Ltd.	110,000,000	58.83
2 nd Mobility holdings Co., Ltd.	20,000,000	10.70
3 rd Mobility holdings Co., Ltd.	4,200,000	2.25
KG Steel Co., Ltd.	26,026	0.01
KG Chemical Corporation	1,099	-
Mahindra & Mahindra Ltd.	12,536,341	6.71
Others	40,192,588	21.50
	186,956,024	100.00

2. Basis of Preparation and Accounting Policies

The separate financial statements are expressed in Korean won and have been translated into US dollars at the rate of ₩1,303.80 to \$1 on March 31, 2023, solely for the convenience of the reader. These translations should not be construed as a representation that any or all of the amounts shown could be converted into US dollars at this or any other rate.

These separate interim financial statements were prepared in accordance with K-IFRS No.1034, ‘Interim Financial Reporting’ as part of the period covered by the Company’s K-IFRS annual financial statements prepared in accordance with K-IFRS No.1027, ‘Separate Financial Statements’. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual separate financial statements as of and for the year ended December 31, 2022. These separate interim financial statements do not include all of the disclosures required for full annual financial statements.

The principal accounting policies are set out below, except for the effect of the Amendments to K-IFRSs and new interpretations set out below, the principal accounting policies used to prepare the separate financial statements as of and for the three-months ended March 31, 2023 are consistent with the accounting policies used to prepare the separate financial statements as of and for the year ended December 31, 2022.

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

In the current period, the Company has applied a number of new and amended K-IFRSs and new interpretations issued that are effective accounting periods beginning on or after 1 January 2023.

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

KG MOBILITY COMPANY
Notes to the Separate Interim Financial Statements
(Unaudited)

For the three-month periods ended March 31, 2023 and 2022

2. Basis of Preparation and Accounting Policies, Continued

The amendments define important accounting policy information and require it to be disclosed. There is no significant impact on the financial statements of the amendments to the K-IFRS.

- K-IFRS No. 1001 "Presentation of Financial Statements" (Amendment) - Disclosure of gains and losses on valuation of financial liabilities with conditions on exercise price adjustment

The amendments require disclosure of the carrying amount and associated gains and losses of the financial liability if all or part of a financial instrument whose exercise price is adjusted according to the issuer's share price is classified as a financial liability. There is no significant impact on the financial statements of the amendments to the K-IFRS.

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

The amendments replaced the definition of changes in accounting estimates with the definition of accounting estimates and clearly stated how to distinguish it from changes in accounting policies. There is no significant impact on the financial statements of the amendments to the K-IFRS.

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

The amendments add a requirement that the transaction does not result in the same taxable temporary difference and deductible temporary difference at the time of the transaction to apply an exception to initial recognition.

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

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

- K-IFRS 1117 "Insurance Contracts"

K-IFRS 1117 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes K-IFRS 1104 Insurance Contracts.

K-IFRS 1117 'Insurance Contract' replaces K-IFRS 1104 'Insurance Contract'. The amendments require the entity to estimate all cash flows from insurance contracts, measure insurance liabilities using a discount rate that reflects assumptions and risks at the time of reporting, and recognize revenue as accrual, reflecting the services provided to the contractor for each reporting period. The amendments separate insurance gains and losses from investment gains and losses, allowing information users to identify sources of gains and losses, and exclude investment factors (cancellation/ expiration refunds) to be paid to policyholders regardless of the insurance event. The establishment of K-IFRS 1117 has no significant impact on financial statements.

(2) New and revised K-IFRSs in issue but not yet effective

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

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability.

KG MOBILITY COMPANY
Notes to the Separate Interim Financial Statements
(Unaudited)

For the three-month periods ended March 31, 2023 and 2022

2. Basis of Preparation and Accounting Policies, Continued

In addition, the settlement of a liability includes the transfer of an equity instrument, except that the option to settle an equity instrument in a compound financial instrument meets the definition of an equity instrument and is recognised separately from the liability. These amendments apply for annual periods beginning after 1 January 2024, and may be applied early. The company is reviewing the impact of the financial statements resulting from the amendments.

The amendments are effective for annual periods beginning after January 1, 2024 and earlier application is permitted but the Company has not early adopted the amendments in preparing these financial statements.

3. Use of estimates and judgements

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

The management's judgment on the application of the Company's accounting policies and the estimated amount used in the quarterly financial statements is the same as the annual financial statements for the fiscal year ending December 31, 2022.

KG MOBILITY COMPANY
Notes to the Separate Interim Financial Statements
(Unaudited)

For the three-month periods ended March 31, 2023 and 2022

4. Cash and Cash Equivalents

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

5. Restricted Financial Instruments

Restricted financial Instruments as of March 31, 2023 and December 31, 2022 are as follows:

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

	Financial institution	Korean won		US dollar		Description
		2023	2022	2023	2022	
Cash and cash equivalents	Shinhan Bank	₩ 218,036	219,392	\$ 167	168	Government grants
	Woori Bank and others	13,642	12,430	10	10	Government grants, etc.
Current financial instruments	Woori Bank and others	5,706,266	5,808,774	4,377	4,455	Pledged as collateral, etc.
Non-current financial instruments	Shinhan Bank and others	4,000	4,000	3	3	Bank account deposit
		₩ <u>5,941,944</u>	<u>6,044,596</u>	\$ <u>4,557</u>	<u>4,636</u>	

6. Non-current Financial Assets

Non-current financial assets as of March 31, 2023 and December 31, 2022 are as follows:

(In thousands of won)

	Ownership (%)		2023		2022	
			Acquisition cost	Net asset value	Book value	Book value
Korea Business Finance Loan (*)	1.72	₩	500,000	779,000	500,000	500,000
Korea Management Consultants Association (*)	1.50		60,000	1,200,957	60,000	60,000
		₩	<u>560,000</u>	<u>1,979,957</u>	<u>560,000</u>	<u>560,000</u>

(In thousands of US dollar)

	Ownership (%)		2023		2022	
			Acquisition cost	Net asset value	Book value	Book value
Korea Business Finance Loan (*)	1.72	\$	383	597	383	383
Korea Management Consultants Association (*)	1.50		46	921	46	46
		\$	<u>430</u>	<u>1,519</u>	<u>430</u>	<u>430</u>

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

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7. Trade and Other Receivables

(1) Details of trade and other receivables as of March 31, 2023 and December 31, 2022 are as follows:

(In thousands of won)

	2023		2022	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 228,176,208	6,614,541	195,642,850	3,848,377
Less: Allowance for doubtful accounts	(1,036,306)	(12,682)	(1,413,653)	(7,593)
Other receivables	16,907,243	-	20,233,191	-
Less: Allowance for doubtful accounts	(5,166,241)	-	(5,207,637)	-
Loans and others (*)	25,023,736	30,858,746	24,437,191	22,704,600
Less: Allowance for doubtful accounts	-	-	-	-
	₩ 263,904,640	37,460,605	233,691,942	26,545,384

(*) The Loans and others listed above include ₩4,026,475 thousand and ₩3,663,374 thousand for sub lease receivables as of March 31, 2023 and December 31, 2022, respectively. The interest revenue received by the sub lease contract are ₩132,206 thousand and ₩148,630 thousand for the three-month periods ended March 31, 2023 and 2022, respectively.

(In thousands of US dollar)

	2023		2022	
	Current	Non-current	Current	Non-current
Trade receivables	\$ 175,009	5,073	150,056	2,952
Less: Allowance for doubtful accounts	(795)	(10)	(1,084)	(6)
Other receivables	12,968	-	15,519	-
Less: Allowance for doubtful accounts	(3,962)	-	(3,994)	-
Loans and others (*)	19,193	23,668	18,743	17,414
Less: Allowance for doubtful accounts	-	-	-	-
	\$ 202,412	28,732	179,239	20,360

(*) The Loans and others listed above include \$3,088 thousand and \$2,810 thousand for sub lease receivables as of March 31, 2023 and December 31, 2022, respectively. The interest revenue received by the sub lease contract are \$101 thousand and \$114 thousand for the three-month periods ended March 31, 2023 and 2022, respectively.

(2) Details of aging analysis of the trade and other receivables as of March 31, 2023 and December 31, 2022 are as follows:

(In thousands of won)

	2023		2022	
	Trade receivables	Others (*)	Trade receivables	Others (*)
Less than 90 days	₩ 221,056,125	61,400,803	184,354,923	56,496,853
Less than 180 days	3,843,716	3,056,657	5,172,930	1,176,637
Less than 270 days	5,422,734	1,167,999	5,450,482	1,919,889
Less than 365 days	4,132,715	1,823,904	3,402,806	1,141,383
More than 366 days	335,459	5,340,362	1,110,086	6,640,220
Total	₩ 234,790,749	72,789,725	199,491,227	67,374,982
Impaired receivables	1,048,987	5,166,241	1,421,246	5,207,637

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

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7. Trade and Other Receivables, Continued

(In thousands of US dollar)

	2023		2022	
	Trade receivables	Others (*)	Trade receivables	Others (*)
Less than 90 days	\$ 169,548	47,094	141,398	43,332
Less than 180 days	2,948	2,344	3,968	902
Less than 270 days	4,159	896	4,180	1,473
Less than 365 days	3,170	1,399	2,610	875
More than 366 days	257	4,096	851	5,093
Total	\$ 180,082	55,829	153,008	51,676
Impaired receivables	805	3,962	1,090	3,994

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

(3) Changes in allowance for trade and other receivables for the three-month periods ended March 31, 2023 and 2022 are as follows:

(In thousands of won)

	2023		2022	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	₩ 1,421,246	5,207,637	550,848	4,604,933
Bad debt expense	5,089	-	438,514	153,889
Reversal of allowance for bad debts	(377,348)	(41,396)	-	-
Ending balance	₩ 1,048,987	5,166,241	989,362	4,758,822

(In thousands of US dollar)

	2023		2022	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	\$ 1,090	3,994	422	3,532
Bad debt expense	4	-	336	118
Reversal of allowance for bad debts	(289)	(32)	-	-
Ending balance	\$ 805	3,962	759	3,650

KG MOBILITY COMPANY
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8. Inventories

Details of inventories as of March 31, 2023 and December 31, 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Merchandises	₩ 43,981,593	38,454,625	\$ 33,733	29,494
Finished goods	77,666,477	59,041,091	59,569	45,284
Work-in-process	22,976,717	25,873,492	17,623	19,845
Raw materials	51,754,838	45,555,698	39,695	34,941
Sub-materials	453,869	461,790	348	354
Supplies	3,321,884	3,339,255	2,548	2,561
Goods in transit	20,298,899	23,764,489	15,569	18,227
	₩ <u>220,454,277</u>	<u>196,490,440</u>	\$ <u>169,086</u>	<u>150,706</u>

The Company has measured inventories at the lower of cost or net realizable value. The loss on valuation of inventories amounted to ₩1,103,063 thousand (\$846thousand) for the three-month period ended March 31, 2023 and ₩1,033,403 thousand (\$793 thousand) for the three-month period ended March 31, 2022.

9. Investments in Subsidiaries and a Joint venture

(1) Details of investment in subsidiaries and a joint venture as of March 31, 2023 and December 31, 2022 are as follows:

(In thousands of won)

	Company	Location	Owner ship	Closing month	2023		2022
					Acquisition cost	Book value	Book value
Subsidiaries	Ssangyong European Parts Center B.V.	Netherlands	100%	December	₩ 835,695	-	-
	Ssangyong Australia Pty Ltd.	Australia	100%	December	4,067,594	-	-
	KG S&C Co. (*1)	Korea	100%	December	500,000	500,000	-
					<u>5,403,289</u>	<u>500,000</u>	<u>-</u>
Joint venture	KG Capital Co., Ltd. (*2)	Korea	45%	December	9,000,000	9,000,000	10,200,000
					₩ <u>14,403,289</u>	<u>9,500,000</u>	<u>10,200,000</u>

(*1) 100% of the shares were acquired and classified as a subsidiary for the three-month period ended March 31, 2023.

(*2) KG Capital Co., Ltd. (formerly known as SY Auto Capital Co., Ltd.) was established under joint venture agreement as a joint venture since the Company has rights only to the net assets, and their legal structures of arrangements are separated. During the current period, SY Auto Capital Co., Ltd. changed its name to KG Capital Co., Ltd., and the Company sold a 6% stake of KG Capital Co., Ltd. to KG Incis Co., Ltd.

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9. Investments in Subsidiaries and a Joint venture, Continued

(In thousands of US dollar)

	Company	Location	Owner ship	Closing month	2023		2022
					Acquisition cost	Book value	Book value
Subsidiaries	Ssangyong European Parts Center B.V.	Netherlands	100%	December	\$ 641	-	-
	Ssangyong Australia Pty Ltd.	Australia	100%	December	3,120	-	-
	KG S&C Co. (*1)	Korea	100%	December	383	383	-
					<u>4,144</u>	<u>383</u>	-
Joint venture	KG Capital Co., Ltd. (*2)	Korea	45%	December	6,903	6,903	7,823
					<u>\$ 11,047</u>	<u>7,286</u>	<u>7,823</u>

(*1) 100% of the shares were acquired and classified as a subsidiary for the three-month period ended March 31, 2023.

(*2) KG Capital Co., Ltd. (formerly known as SY Auto Capital Co., Ltd.) was established under joint venture agreement as a joint venture since the Company has rights only to the net assets, and their legal structures of arrangements are separated. During the current period, SY Auto Capital Co., Ltd. changed its name to KG Capital Co., Ltd., and the Company sold a 6% stake of KG Capital Co., Ltd. to KG Inicis Co., Ltd.

(2) Changes in investment in subsidiaries and a joint venture for the three months ended March 31, 2023 are as follows:

(In thousands of won)

	Company	2023			
		Beginning	Acquisition	Disposal	Ending
Subsidiaries	Ssangyong European Parts Center B.V.	₩ -	-	-	-
	Ssangyong Australia Pty Ltd.	-	-	-	-
	KG S&C Co.	-	500,000	-	500,000
Joint venture	KG Capital Co., Ltd.	10,200,000	-	(1,200,000)	9,000,000
		<u>₩ 10,200,000</u>	<u>500,000</u>	<u>(1,200,000)</u>	<u>9,500,000</u>

(In thousands of US dollar)

	Company	2023			
		Beginning	Acquisition	Disposal	Ending
Subsidiaries	Ssangyong European Parts Center B.V.	\$ -	-	-	-
	Ssangyong Australia Pty Ltd.	-	-	-	-
	KG S&C Co.	-	383	-	383
Joint venture	KG Capital Co., Ltd.	7,823	-	(920)	6,903
		<u>\$ 7,823</u>	<u>383</u>	<u>(920)</u>	<u>7,286</u>

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10. Other Assets

Details of other assets as of March 31, 2023 and December 31, 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Other current assets				
Advance payments	₩ 93,412,064	72,307,007	\$ 71,646	55,459
Prepaid expenses	20,000,055	14,937,287	15,340	11,457
Current tax assets	551,159	369,816	423	284
	₩ <u>113,963,278</u>	<u>87,614,110</u>	\$ <u>87,409</u>	<u>67,199</u>
Other non-current assets				
Other non-current assets	₩ 275,580	275,882	\$ 211	212

11. Property, Plant and Equipment

(1) Details of property, plant and equipment as of March 31, 2023 and December 31, 2022 are as follows:

(In thousands of won)

	2023					
	Acquisition cost	Revaluation (*)	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 428,185,968	278,800,357	(7,354)	-	-	706,978,971
Buildings	538,733,952	-	(3,364,505)	(254,073,665)	(156,914,543)	124,381,239
Structures	112,309,984	-	(38,521)	(71,021,695)	(31,186,162)	10,063,606
Machinery	1,312,845,804	-	(103,559)	(1,128,532,714)	(110,260,919)	73,948,612
Vehicles	6,924,458	-	-	(5,484,598)	(332,990)	1,106,870
Tools and molds	1,464,926,437	-	(32,409)	(1,118,371,179)	(181,499,450)	165,023,399
Equipment	63,129,667	-	(37,311)	(56,379,486)	(3,415,597)	3,297,273
Construction in progress	56,479,798	-	-	-	(1,156,257)	55,323,541
	₩ <u>3,983,536,068</u>	<u>278,800,357</u>	<u>(3,583,659)</u>	<u>(2,633,863,337)</u>	<u>(484,765,918)</u>	<u>1,140,123,511</u>

(*) The amounts were increased as a result of a revaluation on lands and conducted an assessment by Dae-il Appraisal Board as an independent appraisal as of March 31, 2021.

(In thousands of won)

	2022					
	Acquisition cost	Revaluation (*)	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 428,185,968	278,800,357	(7,354)	-	-	706,978,971
Buildings	537,745,678	-	(3,388,290)	(252,271,661)	(156,914,544)	125,171,183
Structures	112,309,984	-	(39,478)	(70,737,933)	(31,186,163)	10,346,410
Machinery	1,313,391,883	-	(108,986)	(1,122,447,718)	(110,510,513)	80,324,666
Vehicles	6,890,458	-	-	(5,386,152)	(332,990)	1,171,316
Tools and molds	1,465,606,300	-	(36,472)	(1,097,537,335)	(182,133,732)	185,898,761
Equipment	62,872,412	-	(42,776)	(56,164,769)	(3,425,662)	3,239,205
Construction in progress	36,139,867	-	-	-	(1,156,258)	34,983,609
	₩ <u>3,963,142,550</u>	<u>278,800,357</u>	<u>(3,623,356)</u>	<u>(2,604,545,568)</u>	<u>(485,659,862)</u>	<u>1,148,114,121</u>

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11. Property, Plant and Equipment, Continued

(*) The amounts were increased as a result of a revaluation on lands and conducted an assessment by independent appraisal, Dae-il Appraisal Board, as of March 31, 2021.

(In thousands of US dollar)

	2023					Book value
	Acquisition cost	Revaluation (*)	Government grants	Accumulated depreciation	Accumulated impairment losses	
Land	\$ 328,414	213,837	(6)	-	-	542,245
Buildings	413,203	-	(2,581)	(194,872)	(120,352)	95,399
Structures	86,141	-	(30)	(54,473)	(23,919)	7,719
Machinery	1,006,938	-	(79)	(865,572)	(84,569)	56,718
Vehicles	5,311	-	-	(4,207)	(255)	849
Tools and molds	1,123,582	-	(25)	(857,778)	(139,208)	126,571
Equipment	48,420	-	(29)	(43,242)	(2,620)	2,529
Construction in progress	43,319	-	-	-	(887)	42,433
	<u>\$ 3,055,328</u>	<u>213,837</u>	<u>(2,749)</u>	<u>(2,020,144)</u>	<u>(371,810)</u>	<u>874,462</u>

(*) The amounts were increased as a result of a revaluation on lands and conducted an assessment by Dae-il Appraisal Board as an independent appraisal as of March 31, 2021.

(In thousands of US dollar)

	2022					Book value
	Acquisition cost	Revaluation (*)	Government grants	Accumulated depreciation	Accumulated impairment losses	
Land	\$ 328,414	213,837	(6)	-	-	542,245
Buildings	412,445	-	(2,599)	(193,490)	(120,352)	96,005
Structures	86,141	-	(30)	(54,255)	(23,919)	7,936
Machinery	1,007,357	-	(84)	(860,905)	(84,760)	61,608
Vehicles	5,285	-	-	(4,131)	(255)	898
Tools and molds	1,124,104	-	(28)	(841,799)	(139,695)	142,582
Equipment	48,222	-	(33)	(43,078)	(2,627)	2,484
Construction in progress	27,719	-	-	-	(887)	26,832
	<u>\$ 3,039,686</u>	<u>213,837</u>	<u>(2,779)</u>	<u>(1,997,657)</u>	<u>(372,496)</u>	<u>880,591</u>

(*) The amounts were increased as a result of a revaluation on lands and conducted an assessment by by Dae-il Appraisal Board as an independent appraisal as of March 31, 2021.

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11. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the three-month periods ended March 31, 2023 and 2022 are as follows:

(In thousands of won)

		2023					
		Beginning	Acquisition	Disposal	Depreciation	Others (*)	Ending
Land	₩	706,978,971	-	-	-	-	706,978,971
Buildings		125,171,183	21,274	-	(1,774,777)	963,559	124,381,239
Structures		10,346,410	-	-	(282,804)	-	10,063,606
Machinery		80,324,666	-	(4)	(6,531,632)	155,582	73,948,612
Vehicles		1,171,316	-	-	(98,446)	34,000	1,106,870
Tools and molds		185,898,761	339,000	(37)	(21,953,625)	739,300	165,023,399
Equipment		3,239,205	478,229	(3,946)	(446,213)	29,998	3,297,273
Construction in progress		34,983,609	22,195,258	-	-	(1,855,326)	55,323,541
	₩	<u>1,148,114,121</u>	<u>23,033,761</u>	<u>(3,987)</u>	<u>(31,087,497)</u>	<u>67,113</u>	<u>1,140,123,511</u>

(*) Others were the amounts of ₩67,113 thousand from capitalized borrowing costs and replaced from construction in progress for the three month period ended March 31, 2023.

(In thousands of won)

		2022					
		Beginning	Acquisition	Disposal	Depreciation	Others (*)	Ending
Land	₩	706,978,971	-	-	-	-	706,978,971
Buildings		130,538,434	16,500	-	(1,749,189)	750,000	129,555,745
Structures		11,442,918	-	(729)	(304,506)	-	11,137,683
Machinery		95,786,762	-	(22,633)	(6,445,311)	704,822	90,023,640
Vehicles		1,563,939	-	(5)	(103,478)	-	1,460,456
Tools and molds		195,025,068	146,361	(1,070,718)	(21,707,497)	1,923,959	174,317,173
Equipment		4,883,311	18,668	(1,733)	(540,754)	1	4,359,493
Construction in progress		43,597,824	16,440,206	-	-	(2,478,195)	57,559,835
Machinery in transit		492,071	43,751	-	-	(535,822)	-
	₩	<u>1,190,309,298</u>	<u>16,665,486</u>	<u>(1,095,818)</u>	<u>(30,850,735)</u>	<u>364,765</u>	<u>1,175,392,996</u>

(*) Others were the amounts of ₩364,765 thousand from capitalized borrowing costs and replaced from construction in progress for the three month period ended March 31, 2022.

(In thousands of US dollar)

		2023					
		Beginning	Acquisition	Disposal	Depreciation	Others (*)	Ending
Land	\$	542,245	-	-	-	-	542,245
Buildings		96,005	16	-	(1,361)	739	95,399
Structures		7,936	-	-	(217)	-	7,719
Machinery		61,608	-	(0)	(5,010)	119	56,718
Vehicles		898	-	-	(76)	26	849
Tools and molds		142,582	260	(0)	(16,838)	567	126,571
Equipment		2,484	367	(3)	(342)	23	2,529
Construction in progress		26,832	17,024	-	-	(1,423)	42,433
	\$	<u>880,591</u>	<u>17,667</u>	<u>(3)</u>	<u>(23,844)</u>	<u>51</u>	<u>874,462</u>

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11. Property, Plant and Equipment, Continued

(*) Others were the amounts of \$51 thousand from capitalized borrowing costs and replaced from construction in progress for the three month period ended March 31, 2023.

(In thousands of US dollar)

	2022					
	Beginning	Acquisition	Disposal	Depreciation	Impairment (*)	Ending
Land	\$ 542,245	-	-	-	-	542,245
Buildings	100,122	13	-	(1,342)	575	99,368
Structures	8,777	-	(1)	(234)	-	8,542
Machinery	73,467	-	(17)	(4,943)	541	69,047
Vehicles	1,200	-	(0)	(79)	-	1,120
Tools and molds	149,582	112	(821)	(16,649)	1,476	133,699
Equipment	3,745	14	(1)	(415)	0	3,344
Construction in progress	33,439	12,609	-	-	(1,901)	44,148
Machinery in transit	377	34	-	-	(411)	-
	<u>\$ 912,954</u>	<u>12,782</u>	<u>(840)</u>	<u>(23,662)</u>	<u>280</u>	<u>901,513</u>

(*) Others were the amounts of \$280 thousand from capitalized borrowing costs and replaced from construction in progress for the three month period ended March 31, 2022.

(3) Details of pledged assets provided as collateral for the borrowings as of March 31, 2023 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	₩ 142,756,836	135,890,112	\$ 109,493	104,226
Buildings and structures	41,424,316		31,772	
	<u>₩ 184,181,152</u>	<u>135,890,112</u>	<u>\$ 141,265</u>	<u>104,226</u>

(*) The assets were provided due to the Company's provision of tax collateral related to the extension of the special consumption tax and VAT payment deadline for three month ended March 31, 2023.

(4) Capitalized borrowing costs and capitalization interest rate for the three-month periods ended March 31, 2023 and 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Capitalized interest expenses (*)	₩ 190,468	666,608	\$ 146	511
Capitalization interest rate	5.44%	3.06%	5.44%	3.06%

(*) Capitalized borrowing costs for intangible assets are ₩123,355 thousand (\$95 thousand) and ₩301,844 thousand (\$232 thousand) for the three-month periods ended March 31, 2023 and 2022, respectively.

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11. Property, Plant and Equipment, Continued

(5) Revaluation on Lands

The Company has changed the accounting policy of the subsequent measurement of land as classified property, plant and equipment from the cost model to the revaluation model in 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. Details of book amounts of lands both the revaluation model and the cost model as of March 31, 2023 are as follows:

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

	Korean won		US dollar	
	Revaluation Model	Cost Model	Revaluation Model	Cost Model
Lands	₩ 706,978,971	428,178,614	\$ 542,245	328,408

12. Intangible Assets

(1) Details of intangible assets as of March 31, 2023 and December 31, 2022 are as follows:

(In thousands of won)

	2023				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩ 640,724,271	-	(493,886,419)	(38,947,234)	107,890,618
Patents	5,961,366	(2,235)	(4,895,721)	(241,862)	821,548
Other intangible assets	169,839,269	(4,444)	(40,784,766)	(74,723,215)	54,326,844
	₩ 816,524,906	(6,679)	(539,566,906)	(113,912,311)	163,039,010

(In thousands of won)

	2022				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩ 640,724,270	-	(479,317,875)	(38,947,234)	122,459,161
Patents	5,841,545	(2,745)	(4,790,435)	(233,258)	815,107
Other intangible assets	155,928,824	(11,111)	(40,474,842)	(74,723,215)	40,719,656
	₩ 802,494,639	(13,856)	(524,583,152)	(113,903,707)	163,993,924

(In thousands of US dollar)

	2023				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	\$ 491,428	-	(378,805)	(29,872)	82,751
Patents	4,572	(2)	(3,755)	(186)	630
Other intangible assets	130,265	(3)	(31,281)	(57,312)	41,668
	\$ 626,265	(5)	(413,842)	(87,369)	125,049

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12. Intangible Assets, Continued

(In thousands of US dollar)

	2022				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	\$ 491,428	-	(367,631)	(29,872)	93,925
Patents	4,480	(2)	(3,674)	(179)	625
Other intangible assets	119,596	(9)	(31,044)	(57,312)	31,232
	<u>\$ 615,504</u>	<u>(11)</u>	<u>(402,349)</u>	<u>(87,363)</u>	<u>125,782</u>

(2) Changes in intangible assets for the three-month periods ended March 31, 2023 and 2022 are as follows:

(In thousands of won)

	2023						
	Beginning	Acquisition	Disposal	Amortization	Impairment	Others (*)	Ending
Internally created intangible assets:							
Development cost	₩ 122,459,161	-	-	(14,568,543)	-	-	107,890,618
Other intangible assets	37,202,898	13,968,689	-	-	-	123,356	51,294,943
	<u>159,662,059</u>	<u>13,968,689</u>	<u>-</u>	<u>(14,568,543)</u>	<u>-</u>	<u>123,356</u>	<u>159,185,561</u>
Individually acquired intangible assets:							
Patents	815,107	119,821	-	(104,776)	(8,604)	-	821,548
Other intangible assets	3,516,758	558,400	(740,000)	(303,257)	-	-	3,031,901
	<u>4,331,865</u>	<u>678,221</u>	<u>(740,000)</u>	<u>(408,033)</u>	<u>(8,604)</u>	<u>-</u>	<u>3,853,449</u>
	<u>₩ 163,993,924</u>	<u>14,646,910</u>	<u>(740,000)</u>	<u>(14,976,576)</u>	<u>(8,604)</u>	<u>123,356</u>	<u>163,039,010</u>

(*) Capitalized borrowing costs in respect of other intangible assets are ₩123,355 thousand for the three-month period ended March 31, 2023.

(In thousands of won)

	2022					
	Beginning	Acquisition	Amortization	Impairment	Others (*)	Ending
Internally created intangible assets:						
Development cost	₩ 133,937,149	-	(19,105,931)	-	-	114,831,218
Other intangible assets	28,964,363	14,026,329	-	-	301,844	43,292,536
	<u>162,901,512</u>	<u>14,026,329</u>	<u>(19,105,931)</u>	<u>-</u>	<u>301,844</u>	<u>158,123,754</u>
Individually acquired intangible assets:						
Patents	699,485	166,212	(92,480)	(4,818)	-	768,399
Other intangible assets	3,898,126	157,168	(520,921)	-	-	3,534,373
	<u>4,597,611</u>	<u>323,380</u>	<u>(613,401)</u>	<u>(4,818)</u>	<u>-</u>	<u>4,302,772</u>
	<u>₩ 167,499,123</u>	<u>14,349,709</u>	<u>(19,719,332)</u>	<u>(4,818)</u>	<u>301,844</u>	<u>162,426,526</u>

(*) Capitalized borrowing costs in respect of other intangible assets are ₩301,844 thousand for the three-month periods ended March 31, 2022.

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12. Intangible Assets, Continued

(In thousands of US dollar)

	2023						
	Beginning	Acquisition	Disposal	Amortization	Impairment	Others (*)	Ending
Internally created intangible assets:							
Development cost	\$ 93,925	-	-	(11,174)	-	-	82,751
Other intangible assets	28,534	10,714	-	-	-	95	39,343
	<u>122,459</u>	<u>10,714</u>	<u>-</u>	<u>(11,174)</u>	<u>-</u>	<u>95</u>	<u>122,094</u>
Individually acquired intangible assets:							
Patents	625	92	-	(80)	(7)	-	630
Other intangible assets	2,697	428	(568)	(233)	-	-	2,325
	<u>3,322</u>	<u>520</u>	<u>(568)</u>	<u>(313)</u>	<u>(7)</u>	<u>-</u>	<u>2,956</u>
	<u>\$ 125,782</u>	<u>11,234</u>	<u>(568)</u>	<u>(11,487)</u>	<u>(7)</u>	<u>95</u>	<u>125,049</u>

(*) Capitalized borrowing costs in respect of other intangible assets are \$95 thousand for the three-month periods ended March 31, 2023.

(In thousands of US dollar)

	2022						
	Beginning	Acquisition	Amortization	Impairment	Others (*)		Ending
Internally created intangible assets:							
Development cost	\$ 102,728	-	(14,654)	-	-	-	88,074
Other intangible assets	22,215	10,758	-	-	232	-	33,205
	<u>124,944</u>	<u>10,758</u>	<u>(14,654)</u>	<u>-</u>	<u>232</u>	<u>-</u>	<u>121,279</u>
Individually acquired intangible assets:							
Patents	536	127	(71)	(4)	-	-	589
Other intangible assets	2,990	121	(400)	-	-	-	2,711
	<u>3,526</u>	<u>248</u>	<u>(470)</u>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>3,300</u>
	<u>\$ 128,470</u>	<u>11,006</u>	<u>(15,125)</u>	<u>(4)</u>	<u>232</u>	<u>-</u>	<u>124,579</u>

(*) Capitalized borrowing costs in respect of other intangible assets are \$232 thousand for the three-month periods ended March 31, 2022.

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12. Intangible Assets, Continued

(3) Details of capitalized development costs as of March 31, 2023 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)	₩	104,208,026	\$ 79,926	1~4 years
	Power train and others		3,682,592	2,825	1~4 years
Other intangible assets	RV (*3)		51,294,943	39,343	-
		₩	159,185,561	\$ 122,094	

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

(*2) It is a development project for vehicles under sale as of March 31, 2023.

(*3) On-going development project for vehicles as of March 31, 2023 to respond to consumer needs and market conditions.

(4) Details of expenditures for research and developments for the three-month periods ended March 31, 2023 and 2022 are as follows:

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

		Korean won		US dollar	
		2023	2022	2023	2022
Capitalization of intangible assets	₩	14,092,044	14,328,172	\$ 10,808	10,990
Manufacturing costs		15,048,985	14,514,313	11,542	11,132
Selling and administrative expenses		3,877,374	2,709,502	2,974	2,078
	₩	33,018,403	31,551,987	\$ 25,325	24,200

13. Lease

(1) Changes in right-of-use assets as of March 31, 2023 and 2022 are as follows:

(In thousands of won)

		2023				
		Beginning	Increase (*)	Depreciation	Others	Ending
Land and building	₩	7,074,960	-	(2,981,731)	-	4,093,229
Vehicle		3,429,935	22,795	(425,462)	(24,486)	3,002,782
Equipment		148,728	-	(102,720)	-	46,008
	₩	10,653,623	22,795	(3,509,913)	(24,486)	7,142,019

(*) The amount of 23 million increased due to the contract for vehicles for the three-month period ended March 31, 2023.

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13. Lease, Continued

(In thousands of won)

		2022			
		Beginning	Increase	Depreciation	Ending
Land and building	₩	3,777,583	-	(1,065,601)	2,711,982
Vehicle		87,244	4,919,044	(435,429)	4,570,859
Equipment		279,872	-	(100,503)	179,369
Total	₩	4,144,699	4,919,044	(1,601,533)	7,462,210

(In thousands of US dollar)

		2023				
		Beginning	Increase (*)	Depreciation	Others	Ending
Land and building	\$	5,426	-	(2,287)	-	3,139
Vehicle		2,631	17	(326)	(19)	2,303
Equipment		114	-	(79)	-	35
	\$	8,171	17	(2,692)	(19)	5,478

(*) The amount of \$17 thousand increased due to the contract for vehicles for the three-month period ended March 31, 2023.

(In thousands of US dollar)

		2022			
		Beginning	Increase	Depreciation	Ending
Land and building	\$	2,897	-	(817)	2,080
Vehicle		67	3,773	(334)	3,506
Equipment		215	-	(77)	138
Total	\$	3,179	3,773	(1,228)	5,723

(2) Details of lease liabilities as of March 31, 2023 and December 31, 2022 are as follows:

(In thousands of won)

		2023		2022	
		Current	Non-current	Current	Non-current
Lease liabilities (*)	₩	4,990,775	3,459,704	4,957,982	3,818,410

(In thousands of US dollar)

		2023		2022	
		Current	Non-current	Current	Non-current
Lease liabilities (*)	\$	3,828	2,654	3,803	2,929

(*) The total amount of lease liabilities paid is ₩1,835,552 thousand (\$1,408 thousand) and ₩1,898,917 thousand (\$1,456 thousand) and interest expenses are ₩87,167 thousand (\$67 thousand) and ₩100,875 thousand (\$77 thousand) during the three-month periods ended March 31, 2023 and 2022, respectively.

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13. Lease, Continued

(3) Expenses from lease contracts with low cost and short-term contract for the three-month periods ended March 31, 2023 and 2022 are as the following:

(In thousands of won)

	Exemption of lease recognition		2023	2022
Office equipment	Low cost	₩	129,588	151,757

(In thousands of US dollar)

	Exemption of lease recognition		2023	2022
Office equipment	Low cost	\$	99	116

(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 and in thousands of US dollar)

		Korean won			US dollar	
		2023	2022		2023	2022
Sub lease						
Less than 1 year	₩	2,872,968	3,713,659	\$	2,204	2,848
1 year to 5 years		1,294,327	1,994,960		993	1,530
Lease to be received		4,167,295	5,708,619		3,196	4,378
Unrealized interests		(140,820)	(165,183)		(108)	(127)
Net investment in the lease		4,026,475	5,543,436		3,088	4,252
Interests from sublease for this period		47,640	45,315		37	35

(5) Sales and lease back

The Company liquidated the land and buildings of the factory in Guro-dong, Guro-gu, Seoul to enhance asset efficiency and financial stability in 2020. The main terms of sales and lease back transactions are as the following:

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13. Lease, Continued

	<u>Main terms</u>
Type	Sales and lease back
Counterparty	PIA Guro-station PFV Co., Ltd.
Transaction amount	₩180 Billion (\$138 Million)
Underlying assets	Factory land and building in Guro-dong, Guro-gu, Seoul 1 year (July 2022 ~ June 2023)
Lease term	(*) The lease was extended for 1 year by exercising the extension option for the year ended December 31, 2022.
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 in 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 (\$49 million) decreased.
- Gains on disposal of PPE: ₩104,866 million (\$80 million) increased.
- Lease deposit: ₩10,800 million (\$8 million) increased.

14. Convertible Bonds

(1) Details of convertible bonds as of March 31, 2023 are as follows:

(In thousands of won)

	<u>2023</u>			
	<u>Guaranteed</u>			
	<u>Yield to</u>			
	<u>Maturity</u>	<u>Issuance date</u>	<u>Maturity date</u>	<u>Amounts</u>
Convertible bonds (119 th)	2.00%	2023-03-17	2028-03-17	₩ 73,500,000
Convertible bonds (120 th)	2.00%	2023-03-24	2028-03-24	30,000,000
Convertible bonds (121 st)	2.00%	2023-03-24	2028-03-24	5,000,000
Sub-total				108,500,000
Add: Redemption premium on bonds				7,263,940
Deduction: Conversion rights adjustment				(30,857,996)
Total				₩ 84,905,944

(In thousands of US dollar)

	<u>2023</u>			
	<u>Guaranteed</u>			
	<u>Yield to</u>			
	<u>Maturity</u>	<u>Issuance date</u>	<u>Maturity date</u>	<u>Amounts</u>
Convertible bonds (119 th)	2.00%	2023-03-17	2028-03-17	\$ 56,374
Convertible bonds (120 th)	2.00%	2023-03-24	2028-03-24	23,010
Convertible bonds (121 st)	2.00%	2023-03-24	2028-03-24	3,835
Sub-total				83,218
Add: Redemption premium on bonds				5,571
Deduction: Conversion rights adjustment				(23,668)
Total				\$ 65,122

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14. Convertible Bonds, Continued

(2) The main terms of issuance of convertible bonds as of March 31, 2023 are as follows:

	<u>Main terms</u>
Type	The 119 th Unguaranteed private equity convertible bonds
Issuance date	Mar 17, 2023
Bond issuance amounts	₩73,500,000,000(\$56,373,677)
Maturity date	Mar 17, 2028
Coupon rate	1.0%
Guaranteed yield to maturity	2.0%
Conversion period	March 17, 2024 ~ Feb 17, 2028
Conversion price	₩5,040(\$3.9)
	1) When issuing shares at a price below the market value through a capital increase with paid-in capital, stock dividends, or capital transfer from reserves, or when issuing convertible bonds or warrants below the market value through a conversion price or exercise price below the market value
Refixing clause (*1)	2) In case of mergers, capital reduction, stock splits, and consolidations requiring adjustment of the conversion price 3) In case of reasons causing an increase in stock value such as capital increases and stock consolidations, the conversion price shall be adjusted by upwardly reflecting the adjustment ratio resulting from the capital increases and stock consolidations
Number of convertible shares	The number of shares for conversion shall be determined as 100% of the quotient obtained by dividing the face value of the bond by the conversion price
Put-option period of early redemption rights (*1, 2)	From the date of issuance until 3 months prior to the maturity date of 2 years from the issuance date

	<u>Main terms</u>
Type	The 120 th Unguaranteed private equity convertible bonds
Issuance date	Mar 24, 2023
Bond issuance amounts	₩30,000,000,000(\$23,009,664)
Maturity date	Mar 24, 2028
Coupon rate	0.0%
Guaranteed yield to maturity	2.0%
Conversion period	March 24, 2024 ~ Feb 24, 2028
Conversion price	₩5,040(\$3.9)
	1) When issuing convertible bonds or stock-related bonds at a price below the conversion price or issuing new shares through stock dividends or capital transfer from reserves
Refixing clause (*1)	2) In case of mergers, capital reduction, stock splits, and consolidations requiring adjustment of the conversion price 3) In case of reasons causing an increase in stock value such as capital increases and stock consolidations, the conversion price shall be adjusted by upwardly reflecting the adjustment ratio resulting from the capital increases and stock consolidations
Number of convertible shares	The number of shares for conversion shall be determined as 100% of the quotient obtained by dividing the face value of the bond by the conversion price
Put-option period of early redemption rights (*1, 2)	From the date of issuance until 3 months prior to the maturity date of 2 years from the issuance date

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14. Convertible Bonds, Continued

	<u>Main terms</u>
Type	The 121 st Unguaranteed private equity convertible bonds
Issuance date	Mar 24, 2023
Bond issuance amounts	₩5,000,000,000(\$3,834,944)
Maturity date	Mar 24, 2028
Coupon rate	1.0%
Guaranteed yield to maturity	2.0%
Conversion period	March 24, 2024 ~ Feb 24, 2028
Conversion price	₩5,040(\$3.9)
	1) When issuing shares at a price below the market value through a capital increase with paid-in capital, stock dividends, or capital transfer from reserves, or when issuing convertible bonds or warrants below the market value through a conversion price or exercise price below the market value
Refixing clause (*1)	2) In case of mergers, capital reduction, stock splits, and consolidations requiring adjustment of the conversion price 3) In case of reasons causing an increase in stock value such as capital increases and stock consolidations, the conversion price shall be adjusted by upwardly reflecting the adjustment ratio resulting from the capital increases and stock consolidations
Number of convertible shares	The number of shares for conversion shall be determined as 100% of the quotient obtained by dividing the face value of the bond by the conversion price
Put-option period of early redemption rights (*1, 2)	From the date of issuance until 3 months prior to the maturity date of 2 years from the issuance date

(*1) Despite the potential fall in market price of the shares to be issued upon conversion, the exercise price of the conversion right remains fixed. Therefore, the consideration for the conversion right has been classified as equity, and the early redemption rights have not been separately classified due to meeting the criteria for non-separability.

(*2) If the common shares of the issuing company are not traded on the securities market for a period of 1 year and 6 months from the issuance date, the bondholders may request early redemption of all or part of this bond before maturity at any time.

15. Other Financial Liabilities

Details of other financial liabilities as of March 31, 2023 and December 31, 2022 are as follows:

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

	<u>Korean won</u>		<u>US dollar</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Accrued expenses	₩ 14,881,306	20,702,517	\$ 11,414	15,879

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16. Provision of Warranty for sale

The Company generally provides warranty for each product sold and accrues warranty expense at the time of sale based on the history of actual claims. Changes in provision of warranty for sale for the three-month periods ended March 31, 2023 and 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Beginning balance	₩ 96,834,231	104,830,673	\$ 74,271	80,404
Increase	7,773,348	2,777,827	5,962	2,131
Decrease	(6,534,577)	(8,256,149)	(5,012)	(6,332)
Ending balance	₩ 98,073,002	99,352,351	\$ 75,221	76,202
Current	₩ 39,902,750	43,179,658	\$ 30,605	33,118
Non-current	58,170,252	56,172,693	44,616	43,084

17. Other Liabilities

Details of other liabilities as of March 31, 2023 and December 31, 2022 are as follows:

(In thousands of won)

	2023		2022	
	Current	Non-current	Current	Non-current
Advances from customers	₩ 12,176,058	-	9,009,587	-
Deposits received	352,145	-	348,480	-
Withholdings	33,325,312	-	27,128,002	-
Unearned revenue	20,052,774	7,102,628	17,512,413	7,789,806
Refund liability (*)	2,628,232	-	926,029	-
	₩ 68,534,521	7,102,628	54,924,511	7,789,806

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

(In thousands of US dollar)

	2023		2022	
	Current	Non-current	Current	Non-current
Advances from customers	\$ 9,339	-	6,910	-
Deposits received	270	-	267	-
Withholdings	25,560	-	20,807	-
Unearned revenue	15,380	5,448	13,432	5,975
Refund liability (*)	2,016	-	710	-
	\$ 52,565	5,448	42,126	5,975

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

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18. Employee Benefits

(1) Details of defined benefit liabilities as of March 31, 2023 and December 31, 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Present value of defined benefit obligations	₩ 277,439,866	280,901,431	\$ 212,793	215,448
Fair value of plan assets	(746,857)	(782,347)	(573)	(600)
	₩ <u>276,693,009</u>	<u>280,119,084</u>	\$ <u>212,220</u>	<u>214,848</u>

(2) Changes in defined benefit liabilities for the three-month periods ended March 31, 2023 and 2022 are as follows:

(In thousands of won)

Details	2023		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 280,901,431	(782,347)	280,119,084
Current service cost	5,977,732	-	5,977,732
Interest expense (income)	3,577,571	(9,963)	3,567,608
Sub-total	<u>290,456,734</u>	<u>(792,310)</u>	<u>289,664,424</u>
Re-measurement factors:			
Re-measurements of plan assets	-	5,855	5,855
Sub-total	<u>-</u>	<u>5,855</u>	<u>5,855</u>
Benefit paid by plan	(39,598)	39,598	-
Benefit paid directly	(12,977,270)	-	(12,977,270)
Ending balance	₩ <u>277,439,866</u>	<u>(746,857)</u>	<u>276,693,009</u>

(In thousands of won)

Details	2022		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 363,990,154	(839,832)	363,150,322
Current service cost	8,366,621	-	8,366,621
Interest expense (income)	2,492,469	(5,744)	2,486,725
Sub-total	<u>374,849,244</u>	<u>(845,576)</u>	<u>374,003,668</u>
Re-measurement factors:			
Re-measurements of plan assets	-	1,718	1,718
Sub-total	<u>-</u>	<u>1,718</u>	<u>1,718</u>
Benefit paid by plan	(55,837)	55,837	-
Benefit paid directly	(12,853,892)	-	(12,853,892)
Ending balance	₩ <u>361,939,515</u>	<u>(788,021)</u>	<u>361,151,494</u>

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18. Employee Benefits, Continued

(In thousands of US dollar)

Details	2023		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	\$ 215,448	(600)	214,848
Current service cost	4,585	-	4,585
Interest expense (income)	2,744	(8)	2,736
Sub-total	222,777	(608)	222,169
Re-measurement factors:	-	-	-
Re-measurements of plan assets	-	4	4
Sub-total	-	4	4
Benefit paid by plan	(30)	30	-
Benefit paid directly	(9,953)	-	(9,953)
Ending balance	\$ 212,793	(573)	212,220

(In thousands of US dollar)

Details	2022		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	\$ 279,176	(644)	278,532
Current service cost	6,417	-	6,417
Interest expense (income)	1,912	(4)	1,907
Sub-total	287,505	(649)	286,857
Re-measurement factors:	-	-	-
Re-measurements of plan assets	-	1	1
Sub-total	-	1	1
Benefit paid by plan	(43)	43	-
Benefit paid directly	(9,859)	-	(9,859)
Ending balance	\$ 277,604	(604)	276,999

(3) The components of plan assets as of March 31, 2023 and December 31, 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Insurance contracts	₩ 746,857	782,347	\$ 573	600

(4) Actuarial assumptions used related to plans as of March 31, 2023 and December 31, 2022 are as follows:

	2023	2022
Discount rate (%)	5.20	5.20
Rate of future salary growth (%)	3.00	3.00

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18. Employee Benefits, Continued

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.

(5) Details of other long-term employee benefits liabilities as of March 31, 2023 and December 31, 2022 are as follows:

(In thousands of won and in thousands of dollar)

	Korean won		US dollar	
	2023	2022	2023	2022
Current (*)	₩ -	-	\$ -	-
Non-current	11,979,480	11,703,405	9,188	8,976
	₩ 11,979,480	11,703,405	\$ 9,188	8,976

(*) Since the other long-term employee benefits were suspended by a collective agreement between labor and management, other employee benefits liabilities were reclassified as non-current liabilities as of March 31, 2023 and December 31, 2022.

19. Commitments and Contingencies

Details of commitments and contingencies as of March 31, 2023 are as follows:

- (1) The Company carries product liability insurances for all products that it sells.
- (2) As of March 31, 2023, 3 claims were filled as a plaintiff with the claim amount of ₩4,324 million (\$3 million) and 12 claims were filled as a defendant with the claims of ₩5,247 million (\$4 million). The provision amounting to ₩7,888 million (\$6 million) is recognized as other payable for ongoing 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.
- (3) Changes in other provision for the three-month periods ended March 31, 2023 and 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Beginning balance	₩ 85,700,612	79,694,475	\$ 65,731	61,125
Increase	33,760,845	11,412,085	25,894	8,753
Decrease	(25,995,985)	(14,192,552)	(19,939)	(10,886)
Ending balance	₩ 93,465,472	76,914,008	\$ 71,687	58,992

(*) 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 shortage of fuel efficiency compared to the standard fuel efficiency and the quantity of emissions in excess of the free-allocated emission quantity. The Company has recognized provisions for CO2 emission regulations amounting to ₩7,081,092 thousand (\$5,431 thousand) for the three-month period ended March 31, 2023 and provisions for CO2 emission regulations amounting to ₩68,039,094 thousand (\$52,185 thousand) was recognized as of March 31, 2023. Additionally, the Company recognized expected costs as a provision with regard to aforementioned lawsuits, sales incentives and others.

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19. Commitments and Contingencies, Continued

(4) Details of payment guarantee provided by others as of March 31, 2023 are as follows:

(In thousands of won and in thousands of dollar)

Finance Institution	Guarantee details	2023	
		Korean won	US dollar
	Performance guarantee payment	₩ 3,725,633	\$ 2,858
	Deposits	906,500	695
Seoul guarantee	Contract	545,929	419
insurance company	Approval	284,900	219
	Defect	82,466	63
	Commercial credit insurance security	17,017,680	13,052
		₩ <u>22,563,108</u>	\$ <u>17,306</u>

20. Capital Stock

The Company's capital stock as of March 31, 2023 and December 31, 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
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)	186,956,024	186,956,024	186,956,024	186,956,024
Par value (in won and US dollar)	₩ 5,000	5,000	\$ 3.83	3.83
Capital stock	₩ 934,780,120	934,780,120	\$ 716,966	716,966

21. Other Capital Surplus

Details of other capital surplus as of March 31, 2023 and December 31, 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Discount stock issuance	₩ (18,819,837)	(18,819,837)	\$ (14,435)	(14,435)
Gain on capital reduction	1,070,069,415	1,070,069,415	820,731	820,731
Conversion rights	18,490,177	-	14,182	-
	₩ <u>1,069,739,755</u>	<u>1,051,249,578</u>	\$ <u>820,478</u>	<u>806,297</u>

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22. Other Equity

(1) Details of the Company's other equity as of March 31, 2023 and December 31, 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Accumulated revaluation surplus from revaluation on land	₩ 223,495,126	223,495,126	\$ 171,418	171,418

23. Deficit

(1) Details of deficit as of March 31, 2023 and December 31, 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Deficit	₩ (1,106,656,284)	(1,120,113,535)	\$ (848,793)	(859,115)

(2) Changes in deficit for the three-month periods ended March 31, 2022 and 2020 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Beginning balance	₩ (1,120,113,535)	(1,144,921,163)	\$ (859,115)	(878,142)
Income (loss) for the period	13,463,107	(34,124,557)	10,326	(26,173)
Defined benefit plan re-measurement	(5,856)	(1,718)	(4)	(1)
Ending balance	₩ (1,106,656,284)	(1,179,047,438)	\$ (848,793)	(904,316)

24. Income Tax Expense

(1) Income tax expense and deferred income tax assets related to the temporary differences, deficit carried forward and tax credit carried forward as of March 31, 2023 and December 31, 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Current income tax	₩ -	-	\$ -	-
Deferred income tax	4,915,110	-	3,770	-
Items credited directly to equity	(4,915,110)	-	(3,770)	-
Income tax expense	₩ -	-	\$ -	-

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24. Income Tax Expense, Continued

(2) Items credited directly to equity as of March 31, 2023 and December 31, 2022 are as follows:

(In thousands of won)

Details	2023		
	Before tax	Tax effect	After tax
Gain from revaluation of land	₩ 278,800,357	(55,305,230)	223,495,127
Re-measurements of defined benefit liabilities	155,445,271	(24,806,978)	130,638,293
Conversion rights	23,405,287	(4,915,110)	18,490,177
	<u>457,650,915</u>	<u>(85,027,318)</u>	<u>372,623,597</u>

(In thousands of won)

Details	2022		
	Before tax	Tax effect	After tax
Gain from revaluation of land	₩ 278,800,357	(55,305,230)	223,495,127
Re-measurements of defined benefit liabilities	155,445,271	(24,806,978)	130,638,293
Conversion rights	-	-	-
	<u>434,245,628</u>	<u>(80,112,208)</u>	<u>354,133,420</u>

(In thousands of dollar)

Details	2023		
	Before tax	Tax effect	After tax
Gain from revaluation of land	\$ 213,837	(42,418)	171,418
Re-measurements of defined benefit liabilities	119,225	(19,027)	100,198
Conversion rights	17,952	(3,770)	14,182
	<u>351,013</u>	<u>(65,215)</u>	<u>285,798</u>

(In thousands of dollar)

Details	2022		
	Before tax	Tax effect	After tax
Gain from revaluation of land	\$ 213,837	(42,418)	171,418
Re-measurements of defined benefit liabilities	119,225	(19,027)	100,198
Conversion rights	-	-	-
	<u>333,062</u>	<u>(61,445)</u>	<u>271,616</u>

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25. Nature of Expenses

Details of nature of expenses for the three-month periods ended March 31, 2023 and 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Changes in inventories	₩ (21,255,579)	(9,531,786)	\$ (16,303)	(7,311)
Raw materials consumed and purchase of merchandise	815,351,179	524,185,606	625,365	402,044
Employee benefits	106,807,442	87,273,344	81,920	66,938
Depreciation	31,087,497	30,850,735	23,844	23,662
Amortization	14,976,575	19,719,332	11,487	15,125
Others	132,551,282	82,878,100	101,665	63,567
	₩ 1,079,518,396	735,375,331	\$ 827,979	564,025

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

26. Selling, General and Administrative Expenses

(1) Details of selling expenses for the three-month periods ended March 31, 2023 and 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Warranty expenses	₩ 11,225,279	5,210,878	\$ 8,610	3,997
Commissions	37,769,181	34,283,896	28,969	26,295
Advertising	2,451,054	1,886,823	1,880	1,447
Export expenses	4,467,563	3,002,122	3,427	2,303
Sales promotion expenses	8,310,716	1,708,514	6,374	1,310
Others	2,725,985	2,353,557	2,091	1,805
	₩ 66,949,778	48,445,790	\$ 51,350	37,157

(2) Details of general and administrative expenses for the three-month periods ended March 31, 2023 and 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Salaries	₩ 9,056,428	8,407,493	\$ 6,946	6,448
Retirement benefit costs	1,207,755	1,190,271	926	913
Employee welfare	1,925,572	1,531,127	1,477	1,174
Rent expense	3,498,624	2,274,782	2,683	1,745
Service fees	10,493,091	5,534,474	8,048	4,245
Depreciation	1,384,434	2,815,183	1,062	2,159
R&D expenses	3,877,374	2,709,502	2,974	2,078
Amortization	408,032	613,402	313	470
(Reversal of) Bad debt expense	(372,259)	438,514	(286)	336
Others	8,563,106	7,464,967	6,568	5,726
	₩ 40,042,157	32,979,715	\$ 30,712	25,295

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27. Other Income and Expenses

(1) Details of other income for the three-month periods ended March 31, 2023 and 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Foreign exchange transaction gain	₩ 4,548,159	2,012,908	\$ 3,488	1,544
Foreign exchange translation gain	1,512,971	1,228,556	1,160	942
Gain on disposal of property, plant and equipment	30,717	819,062	24	628
Gain on disposal of intangible assets	823,636	-	632	-
Gains on sale of investments in subsidiaries	-	27,441	-	21
Gains on sale of investments in joint venture	1,270,000	-	974	-
Others	958,020	1,196,574	735	918
	₩ <u>9,143,503</u>	<u>5,284,541</u>	\$ <u>7,013</u>	<u>4,053</u>

(2) Details of other expenses for the three-month periods ended March 31, 2023 and 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Foreign exchange transaction loss	₩ 2,245,310	673,653	\$ 1,722	517
Foreign exchange translation loss	419,240	367,351	322	282
Loss on disposal of property, plant and equipment	3,982	991,474	3	760
Impairment loss on Intangible assets	8,605	4,818	7	4
Loss on disposal of trade receivables	14,178	8,399	11	6
Other bad debt expenses	-	153,888	-	118
Others	74,145	335,949	57	258
	₩ <u>2,765,460</u>	<u>2,535,532</u>	\$ <u>2,121</u>	<u>1,945</u>

28. Finance Income and Costs

(1) Details of finance income for the three-month periods ended March 31, 2023 and 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Interest income	₩ 1,318,647	284,706	\$ 1,011	218
Dividend income	6,000	6,000	5	5
Foreign exchange transaction gain	2,082,126	990,767	1,597	760
Gain on exemption of debts	-	9,350	-	7
	₩ <u>3,406,773</u>	<u>1,290,823</u>	\$ <u>2,613</u>	<u>990</u>

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28. Finance Income and Costs, Continued

(2) Details of finance costs for the three-month periods ended March 31, 2023 and 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Interest expense	₩ 139,777	3,656,374	\$ 107	2,804
Foreign exchange transaction loss	918,172	883,241	704	677
	₩ 1,057,949	4,539,615	\$ 811	3,482

(3) Details of the Company's financial net profit or loss for the three-month periods ended March 31, 2023 and 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Financial assets/ liabilities at amortized cost	₩ 2,342,824	(3,254,792)	\$ 1,797	(2,496)
Financial assets at FVTPL	6,000	6,000	5	5
	₩ 2,348,824	(3,248,792)	\$ 1,802	(2,492)

29. Earnings (losses) per Share

(1) Basic and diluted earnings (losses) per share for the three-month periods ended March 31, 2023 and 2022 are calculated as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Income (loss) for the period	₩ 13,463,107	(34,124,557)	\$ 10,326	(26,173)
Income (loss) contributed to common stocks	13,463,107	(34,124,557)	10,326	(26,173)
Weighted average number of common shares (in shares)	186,956,024	15,551,741	186,956,024	15,551,741
Basic earnings (losses) per share	72	(2,194)	0.06	(1.68)
Diluted earnings (losses) per share	71	(2,194)	0.05	(1.68)

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29. Earnings (losses) per Share, Continued

(2) Weighted average number of common shares outstanding for the three-month periods ended March 31, 2023 and 2022 are calculated as follows:

(In shares)

	2023			
	Outstanding period	Common shares issued	Weighted-average	Common shares outstanding
Beginning	2023-01-01~2023-03-31	186,956,024	90/90	186,956,024

(In shares)

	2022			
	Outstanding period	Common shares issued	Weighted-average	Common shares outstanding (*)
Beginning	2022-01-01~2022-03-31	15,551,741	90/90	15,551,741

(*) The number of issued and outstanding shares was calculated by reflecting capital reduction without refund in accordance with K-IFRS 1033

(3) Diluted earnings (losses) per share for the three-month periods ended March 31, 2023 are calculated as follows:

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

	2023	
	Korean won	US dollar
Income for the period	₩ 13,463,107	\$ 10,326
Interest expenses after tax	-	-
Income contributed to diluted common stocks	13,463,107	10,326
Weighted average number of common shares (in shares)	186,956,024	186,956,024
Conversion effect of convertible bonds	3,047,840	2,338
Weighted average number of diluted common shares (in shares)	190,003,864	190,003,864
Diluted earnings per share	71	0.05

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30. Cash Flows

(1) Details of cash flows from operating activities for the three-month periods ended March 31, 2023 and 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Income (loss) for the period	₩ 13,463,107	(34,124,557)	\$ 10,326	(26,173)
Adjustments for:				
Retirement benefit costs	9,545,340	10,853,346	7,321	8,324
Depreciation	31,087,497	30,850,735	23,844	23,662
Amortization	14,976,575	19,719,332	11,487	15,125
Depreciation of right-of-use asset	3,509,915	1,601,533	2,692	1,228
Impairment loss on intangible asset	8,605	4,818	7	4
Losses on disposal of trade receivables	14,178	8,399	11	6
Gain on disposal of investments in joint venture	(1,270,000)	-	(974)	-
Foreign exchange translation gain	(1,093,732)	(861,205)	(839)	(661)
Loss (gain) on disposal of property, plant and equipment	(26,735)	172,412	(21)	132
Gain on disposal of intangible assets	(823,636)	-	(632)	-
Interest expense (income)	(1,178,870)	3,371,668	(904)	2,586
Dividends income	(6,000)	(6,000)	(5)	(5)
Loss on valuation of inventories	1,103,063	1,033,403	846	793
Increase in provision of warranty for sale	7,773,348	2,777,828	5,962	2,131
Sales promotion expenses	6,600,672	-	5,063	-
Export overall expenses	480,420	789,465	368	606
(Reversal of) Bad-debt expenses	(372,259)	438,514	(286)	336
(Reversal of) other bad-debt expenses	(41,396)	153,888	(32)	118
Others	(101)	-	(0)	-
	<u>70,286,884</u>	<u>70,908,136</u>	<u>53,909</u>	<u>54,386</u>
Changes in assets and liabilities				
Increase of trade receivables	(33,958,933)	(11,008,177)	(26,046)	(8,443)
Decrease (increase) of other receivables	3,463,306	(1,826,047)	2,656	(1,401)
Increase of inventories	(25,066,900)	(3,325,752)	(19,226)	(2,551)
Increase of other assets	(34,353,489)	(19,909,207)	(26,349)	(15,270)
Increase (decrease) of trade payables	48,058,818	(5,961,079)	36,861	(4,572)
Increase of other payables	5,432,409	21,310,725	4,167	16,345
Increase (decrease) of accrued expenses	(5,850,522)	2,916,425	(4,487)	2,237
Decrease of provision of warranty for sale	(6,534,578)	(8,256,149)	(5,012)	(6,332)
Increase (decrease) of provision for others	683,768	(2,951,840)	524	(2,264)
Payment of retirement benefits	(12,977,270)	(12,853,892)	(9,953)	(9,859)
Increase (decrease) of other liabilities	13,198,908	(2,487,837)	10,123	(1,908)
	<u>(47,904,483)</u>	<u>(44,352,830)</u>	<u>(36,742)</u>	<u>(34,018)</u>
Net cash provided by (used in) operating activities	₩ <u>35,845,508</u>	<u>(7,569,251)</u>	\$ <u>27,493</u>	<u>(5,806)</u>

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30. Cash Flows, Continued

(2) Significant non-cash activities for the three-month periods ended March 31, 2023 and 2022 are as follows:

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

	Korean won		US dollar			
	2023	2022	2023	2022		
Changes in other payables related to the acquisition of property, plant and equipment	₩	309,115	968,200	\$	237	743

(3) Changes in liabilities from financial activities for the three-month periods ended March 31, 2023 and 2022 are as follows:

(In thousands of won)

	2023					
	Beginning balance	Increase	Decrease	Others	Ending balance	
Convertible bonds	₩	-	108,097,464	-	(23,191,520)	84,905,944
Lease liabilities		8,776,392	-	(1,835,552)	1,509,640	8,450,480
	₩	8,776,392	108,097,464	(1,835,552)	(21,681,880)	93,356,424

(In thousands of won)

	2022					
	Beginning balance	Increase	Decrease	Others	Ending balance	
Short-term borrowings	₩	314,998,021	-	-	-	314,998,021
Long-term borrowings		40,000,000	30,000,000	-	-	70,000,000
Lease liabilities		9,022,016	-	(1,898,917)	5,031,515	12,154,614
Deposit withholdings		15,839,160	15,512,588	(538,397)	-	30,813,351
	₩	379,859,197	45,512,588	(2,437,314)	5,031,515	427,965,986

(In thousands of US dollar)

	2023					
	Beginning balance	Increase	Decrease	Others	Ending balance	
Convertible bonds	\$	-	82,910	-	(17,788)	65,122
Lease liabilities		6,731	-	(1,408)	1,158	6,481
	\$	6,731	82,910	(1,408)	(16,630)	71,603

(In thousands of US dollar)

	2022					
	Beginning balance	Increase	Decrease	Others	Ending balance	
Short-term borrowings	\$	241,600	-	-	-	241,600
Long-term borrowings		30,680	23,010	-	-	53,689
Lease liabilities		6,920	-	(1,456)	3,859	9,322
Deposit withholdings		12,148	11,898	(413)	-	23,633
	\$	291,348	34,908	(1,869)	3,859	328,245

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31. Segment Information

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

(2) Geographic sales information of the Company for the three-month periods ended March 31, 2023 and 2022 are as follows:

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

Sales region	Korean won		US dollar	
	2023	2022	2023	2022
Republic of Korea	₩ 732,410,441	483,673,805	\$ 561,751	370,972
Europe	194,638,420	111,330,471	149,285	85,389
Asia Pacific	79,426,319	28,576,821	60,919	21,918
Others	77,779,455	78,169,460	59,656	59,955
	₩ 1,084,254,635	701,750,557	\$ 831,611	538,235

Non-current assets are not separately disclosed since those are located in Korea. There is no significant customer contributing more than 10% of total sales since the majority of sales are made through individual customer contracts and authorized foreign agencies.

(3) Information of sales of goods and service for the three-month periods ended March 31, 2023 and 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Automobile	₩ 957,423,520	596,210,173	\$ 734,333	457,287
Merchandise and parts	76,238,247	71,545,844	58,474	54,875
Others	50,592,868	33,994,540	38,804	26,073
	₩ 1,084,254,635	701,750,557	\$ 831,611	538,235

(4) Balance of Contracts as of March 31, 2023 and December 31, 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Receivables from contracts with customers	₩ 233,741,762	198,069,981	\$ 179,277	151,917
Contract liabilities (*)	39,331,460	34,311,807	30,167	26,317

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

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32. Transactions and Balances with Related Parties

(1) Details of related parties as of March 31, 2023 are as follows:

Relationship	Company
Ultimate parent Company	KG Chemical Corporation
Intermediate parent Company	KG Eco Technology Services Co., Ltd.
Parent Company	KG Mobility holdings Co., Ltd. (*1)
Subsidiaries	Ssangyong European Parts Center B.V., Ssangyong Australia Pty Ltd. KG S&C Co. (*2)
Joint venture	KG Capital Co., Ltd. (formerly known as SY Auto Capital Co., Ltd.)
Others	Affiliated companies of a large conglomerate KG group

(*1) On September 20, 2022, the Company became the largest shareholder due to a paid-in capital increase.

(*2) The Company established newly KG S&C Co. for three-months period ended March 31, 2023 and classified as a subsidiary.

(2) Transactions with related parties for the three-month periods ended March 31, 2023 and 2022 are as follows:

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

Relationship	Company	Description	2023	
			Korean won	US dollar
Ultimate parent company	KG Chemical Corporation	Purchases	₩ 77,519	\$ 59
		Other expenses	26,700	20
Others	KG ICT CO., LTD.	Asset acquisition	532,400	408
		Other expenses	4,400	3
	KG Hollys F&B Co., Ltd.	Other expenses	25,988	20
		edailym Co.,Ltd.	Other expenses	40,000
	KG ZEROIN Co.Ltd.	Asset acquisition	131,000	100
		edaily C&B Co.,Ltd.	Other expenses	225
	KG FRESH Co., Ltd.	Other expenses	17,627	14
		FLC Ltd.	Other expenses	19,581
	KGINICIS CO., LTD.	Asset acquisition	20,473	16
		Other expenses	1	0.001
Subsidiaries	Ssangyong European Parts Center B.V.	Sales	5,266,199	4,039
	Ssangyong Australia Pty Ltd	Sales	65,183,642	49,995
Joint venture	KG Capital Co., Ltd.	Other income	87,070	67
		Other expenses	1,919,072	1,472

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

Relationship	Company	Description	2022	
			Korean won	US dollar
Subsidiaries	Ssangyong European Parts Center B.V.	Sales	₩ 4,473,754	\$ 3,431
	Ssangyong Australia Pty Ltd	Sales	13,272,406	10,180
Joint venture	KG Capital Co., Ltd.	Other income	736	1
		Other expenses	8,802,413	6,751

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32. Transactions and Balances with Related Parties, Continued

(3) Account balances with related parties as of March 31, 2023 and December 31, 2022 are as follows:

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

Relationship	Company	Description	2023	
			Korean won	US dollar
Ultimate parent Company	KG Chemical Corporation	Trade payable	₩ 28,490	\$ 22
		Other liability	29,370	23
Others	KG ICT CO., LTD.	Other liability	4,840	4
	KG Hollys F&B Co., Ltd.	Other liability	26,394	20
	edaily Co., Ltd.	Other liability	44,000	34
	KGINICIS CO., LTD.	Other liability	1	0
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivable	18,426,716	14,133
		Other liability	920,409	706
	Ssangyong Australia Pty Ltd	Trade receivable	61,716,765	47,336
		Other liability	1,613,589	1,238

Allowance for receivables from related parties were recognized ₩412,680 thousand (\$317 thousand) as of March 31, 2023.

Relationship	Company	Description	2022	
			Korean won	US dollar
Ultimate parent Company	KG Chemical Corporation	Trade payable	₩ 28,152	\$ 22
Others	KG EDUONE CO., LTD.	Other liability	2,200	2
	KG Hollys F&B Co., Ltd.	Other liability	263,663	202
	KG ZEROIN Co., Ltd.	Other liability	40,810	31
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivable	16,969,506	13,015
		Other liability	928,637	712
	Ssangyong Australia Pty Ltd	Trade receivable	48,497,011	37,197
		Other liability	2,048,418	1,571

Allowance for receivables from related parties were recognized ₩399,190 thousand (\$306 thousand) as of December 31, 2022.

(4) Capital transaction with related parties for the three-months periods ended March 31, 2023 and 2022 are as follows:

(In thousands of won)

Relationship	Company	Description	2023	2022
Subsidiaries	KG S&C Co.	Capital contribution on establishment	₩ 500,000	-
Others	KGINICIS CO., LTD.	Disposal of investments in joint venture	2,470,000	-

(In thousands of US dollar)

Relationship	Company	Description	2023	2022
Subsidiaries	KG S&C Co.	Capital contribution on establishment	\$ 383	-
Others	KGINICIS CO., LTD.	Disposal of investments in joint venture	1,894	-

(5) Executive compensation of the Company for the three-months period ended March 31, 2023 and 2022 are as follows:

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

		Korean won		US dollar	
		2023	2022	2023	2022
Short-term employee benefits	₩	791,583	328,804	\$ 607	252
Retirement benefits		57,469	27,429	44	21

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33. Financial Instruments

(1) Capital risk management

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

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

Debt-to-equity ratio as of March 31, 2023 and December 31, 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Debt (A)	₩ 1,045,348,270	889,306,910	\$ 801,770	682,088
Equity (B)	1,121,358,718	1,089,411,290	860,070	835,566
Debt-to-equity ratio (A/B)	93.22%	81.63%	93.22%	81.63%

(2) Details of financial assets and liabilities by category as of March 31, 2023 and December 31, 2022 are as follows:

1) Financial assets

(In thousands of won)

	2023			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	₩ 17,073,803	-	17,073,803	17,073,803
Short-term financial instruments	85,706,266	107,500,000	193,206,266	193,206,266
Long-term financial instruments	4,000	-	4,000	4,000
Trade and other receivables	292,328,097	-	292,328,097	292,328,097
Non-current financial assets	-	560,000	560,000	560,000
	₩ 395,112,166	108,060,000	503,172,166	503,172,166

(In thousands of won)

	2022			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	₩ 94,765,998	-	94,765,998	94,765,998
Short-term financial instruments	5,808,774	-	5,808,774	5,808,774
Long-term financial instruments	4,000	-	4,000	4,000
Trade and other receivables	248,998,732	-	248,998,732	248,998,732
Non-current financial assets	-	560,000	560,000	560,000
	₩ 349,577,504	560,000	350,137,504	350,137,504

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33. Financial Instruments, Continued

(In thousands of US dollar)

	2023			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	\$ 13,095	-	13,095	13,095
Short-term financial instruments	65,736	82,451	148,187	148,187
Long-term financial instruments	3	-	3	3
Trade and other receivables	224,212	-	224,212	224,212
Non-current financial assets	-	430	430	430
	<u>\$ 303,047</u>	<u>82,881</u>	<u>385,927</u>	<u>385,927</u>

(In thousands of US dollar)

	2022			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	\$ 72,684	-	72,684	72,684
Short-term financial instruments	4,455	-	4,455	4,455
Long-term financial instruments	3	-	3	3
Trade and other receivables	190,979	-	190,979	190,979
Non-current financial assets	-	430	430	430
	<u>\$ 268,122</u>	<u>430</u>	<u>268,552</u>	<u>268,552</u>

2) Financial liabilities

(In thousands of won
and in thousands of dollar)

	2023			
	Financial liability measured at amortized cost	Fair value	Financial liability measured at amortized cost	Fair value
Trade and other payables	₩ 295,993,282	295,993,282	\$ 227,024	227,024
Convertible bonds	84,905,944	84,905,944	65,122	65,122
Other liabilities	8,450,480	8,450,480	6,481	6,481
	<u>₩ 389,349,706</u>	<u>389,349,706</u>	<u>\$ 298,627</u>	<u>298,627</u>

(In thousands of won
and in thousands of dollar)

	2022			
	Financial liability measured at amortized cost	Fair value	Financial liability measured at amortized cost	Fair value
Trade and other payables	₩ 241,760,447	241,760,447	\$ 185,428	185,428
Other liabilities	8,776,392	8,776,392	6,731	6,731
	<u>₩ 250,536,839</u>	<u>250,536,839</u>	<u>\$ 192,159</u>	<u>192,159</u>

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33. Financial Instruments, Continued

(3) Financial risk management

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

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

1) Market risk

a. Foreign exchange risk

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

The table below shows the sensitivity for each foreign currency when exchange rates change 10%. Sensitivity analysis only includes foreign currency monetary items that are not paid, and it adjusts the translation assuming exchange rate changes 10% as of March 31, 2023.

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

Currency	Korean won		US dollar	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 614,725	(614,725)	\$ 471	(471)
EUR	6,837,439	(6,837,439)	5,244	(5,244)
JPY	875	(875)	1	(1)
Others	8,474,305	(8,474,305)	6,500	(6,500)
	₩ 15,927,344	(15,927,344)	\$ 12,216	(12,216)

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.

The Company is not exposed to interest rate risk because there are no floating rate borrowings as of the end of the reporting period.

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.

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33. Financial Instruments, Continued

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 the receivables that are over more than 90 days, but less than one year and doubtful accounts (default, liquidation, bankruptcy, court receivership, workout, disappearance, full-scale capital erosion, etc.) through an individual analysis based on each transacting party; for receivables that are not subject to individual analysis, the Company estimates an allowance based on the historical loss rates.

Maximum exposure in respect of credit risk as of March 31, 2023 and December 31, 2022 are as follows:

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

	Korean won		US dollar	
	2023	2022	2023	2022
Trade and other receivables	₩ 292,328,097	248,998,732	\$ 224,212	190,979
Short-term financial instruments	193,206,266	5,808,774	148,187	4,455

3) Liquidity risk

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

The contractual maturities of financial liabilities as of March 31, 2023 and December 31, 2022 are as follows:

(In thousands of won)

	2023		
	Within a year	Over 1 year	Total
Trade payables	₩ 197,307,055	-	197,307,055
Other payables	98,175,552	-	98,175,552
Lease liabilities (*)	5,228,592	3,523,695	8,752,287
Other liabilities	381,455	-	381,455
Convertible bonds (*)	785,000	119,695,392	120,480,392
Long-term other payables	-	129,219	129,219
	₩ 301,877,654	123,348,306	425,225,960

(In thousands of won)

	2022		
	Within a year	Over 1 year	Total
Trade payables	₩ 148,976,045	-	148,976,045
Other payables	92,261,853	-	92,261,853
Lease liabilities (*)	5,186,581	3,891,594	9,078,175
Other liabilities	348,480	-	348,480
Long-term other payables	-	174,070	174,070
	₩ 246,772,959	4,065,664	250,838,623

(*) Amount including expected interest expense

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33. Financial Instruments, Continued

(In thousands of US dollar)

	2023		
	Within a year	Over 1 year	Total
Trade payables	\$ 151,332	-	151,332
Other payables	75,300	-	75,300
Lease liabilities (*)	4,010	2,703	6,713
Other liabilities	293	-	293
Convertible bonds (*)	602	91,805	92,407
Long-term other payables	-	99	99
	<u>\$ 231,537</u>	<u>94,607</u>	<u>326,144</u>

(In thousands of US dollar)

	2022		
	Within a year	Over 1 year	Total
Trade payables	\$ 114,263	-	114,263
Other payables	70,764	-	70,764
Lease liabilities (*)	3,978	2,985	6,963
Other liabilities	267	-	267
Long-term other payables	-	134	134
	<u>\$ 189,272</u>	<u>3,118</u>	<u>192,390</u>

(*) Amount including expected interest expense

(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)

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34. Graduate from court-led debt rescheduling program

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

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

However, immediate cancellation of M&A contract occurred on March 25, 2022 and the Company submitted revised rehabilitation plan to the court for seeking a new buyer and reselling process. On April 8, 2022, the Court approved revised rehabilitation plan (Stalking-Horse bid M&A) and the extension of expiration for rehabilitation plan's approval until October 15, 2022 because the Court accepted that immediate cancellation of M&A contract was an unavoidable reason.

According to the revised rehabilitation plan, the Seoul Bankruptcy Court confirmed the KG Consortium as the final takeover candidate as of June 28, 2022, and the Court approved the rehabilitation plan reflecting the details of the investment contract from the KG Consortium on August 26, 2022.

Finally, the Company has graduated from the court-led debt rescheduling program on November 11, 2022 in accordance with the Article 283(1) of the "Debtor Rehabilitation and Bankruptcy Act" of Republic of Korea, after the Company completed the redemption of most of the rehabilitation security rights and claims.

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34. Graduate from court-led debt rescheduling program, Continued

Details of the Company's approved rehabilitation plan are as follows:

Date	Title	Description
August 16, 2022	Deposit of acquisition price according to M&A investment contract	Acquisition price ₩365.5 billion
September 02, 2022	The first round of reverse stock splits of the previous largest shareholder (M&M)	1-for-10 reverse stock splits for 111,855,108 shares held by the previous largest shareholder
September 03, 2022	Debt-to-equity swaps for rehabilitation obligations	Debt-to-equity swap for ₩466.6 billion of rehabilitation obligations
September 19, 2022	The second round of reverse stock splits of the shares newly issued through debt-to-equity swaps	1-for-3.16 reverse stock splits for 93,316,700 shares newly issued through debt-to-equity swaps
September 20, 2022	1 st capital increase (M&A acquisition proceeds-to-equity)	Acquisition price ₩365.5 billion, 73,098,000 shares
October 20, 2022	2 nd capital increase	Paid-in capital: ₩205.5 billion, 41,102,000 shares
October 22, 2022	Debt-to-equity swaps for wage claims	Debt-to-equity swaps for ₩35.7 billion of wage claims
November 08, 2022	Debt-to-equity swaps for foreign currency claims due to differences in foreign exchange rate	Debt-to-equity swaps for ₩8.6 billion of foreign currency claims
November 10, 2022	Reverse stock splits without refund for new shares of foreign currency claims through additional debt-to-equity swap	1-for-3.16 reverse stock splits for new shares of foreign currency claims through additional debt-to-equity swap
December 19, 2022	3 rd capital increase	Paid-in capital: ₩100 billion, 20,00,000 shares

Details of the Company's rehabilitation obligation debt conversion to equity as of December 31, 2022 are as follows:

(In thousands of won)

	2022			
	Amounts	Amounts converted	Odd lot	Shares issued (*)
Commercial claims	₩ 330,200,385	330,199,530	855	66,039,906
Loan claims	2,019,041	2,019,040	1	403,808
Indemnity claims	490,752	490,750	2	98,150
Commercial claims from related party	6,674,227	6,674,225	2	1,334,845
Loan and indemnity claims from related party	127,023,256	127,023,255	1	25,404,651
Wage claims	176,704	176,700	4	35,340
Foreign currency claims	8,559,480	8,559,480	-	1,711,896
	₩ 475,143,845	475,142,980	865	95,028,596

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34. Graduate from court-led debt rescheduling program, Continued

(In thousands of US dollar)

	2022			
	Amounts	Amounts converted	Odd lot	Shares issued (*)
Commercial claims	\$ 260,554	260,554	855	66,039,906
Loan claims	1,593	1,593	1	403,808
Indemnity claims	387	387	2	98,150
Commercial claims from related party	5,266	5,266	2	1,334,845
Loan and indemnity claims from related party	100,231	100,231	1	25,404,651
Wage claims	139	139	4	35,340
Foreign currency claims	6,754	6,754	-	1,711,896
	<u>\$ 374,926</u>	<u>374,925</u>	<u>865</u>	<u>95,028,596</u>

(*) 1-for-3.16 reverse stock splits for new shares through debt-to-equity swaps as of September 19, 2022.

35. Events after reporting period

- (1) The Company have resolved the formal delisting issue by obtaining the auditors' report dated on March 14, 2023 with an unqualified opinion on the 2022 financial statements within the additional grace period until April 14, 2023.

However, the Korea Stock Exchange Listing Disclosure Committee have designated the Company for substantive examination on April 4, 2023 due to the occurrence of substantive examination reasons for listing suitability. The Korea Stock Exchange has conducted an eligibility review and ruled the maintenance on the Company's listing on April 27, 2023. Consequently, trading of its shares resumed from April 28, 2023.

- (2) The Company entered into a conditional investment agreement for M&A of Edison Motors Co., Ltd. on May 2, 2023 and detail terms of condition are as follows:

Contents	Description
Contract	Conditional investment agreement for M&A of Edison Motors Co., Ltd which is in the process of rehabilitation
Counter part	Edison Motors Co., Ltd which is in the process of rehabilitation
Investment method	Conditional investment agreement based on limited competitive bidding of the Stalking-horse bid method
Terms of condition	The conditional investment agreement are entered into in relation to the authorized pre-M&A process in the Changwon District Court's '2022-HOEHAP No. 10025' corporate restructuring case. In the event that there is no parties to intend to acquire or bid with more favorable terms than the acquisition terms of KG Mobility in future public bidding process, the agreement stipulates that KG Mobility will be selected as the final takeover.