

TATA DAEWOO COMMERCIAL VEHICLE
SALES & DISTRIBUTION CO., LTD.

Financial Statements

March 31, 2022 and 2021

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

The Board of Directors and Shareholder
TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.:

Opinion

We have audited the financial statements of TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.(the "Company"), which comprise the statements of financial position as of March 31, 2022 and 2021, the statements of income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Korean Accounting Standards for Non-public Entities ("K-GAAP").

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with K-GAAP, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seoul, Korea
May 00, 2022

This report is effective as of **May 00, 2022**, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
 Statements of Financial Position
 As of March 31, 2022 and 2021

(In Korean won)

	<u>Note</u>	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Assets			
Cash and cash equivalents		6,563,443,728	1,885,457,725
Accounts receivable - trade, less allowance for doubtful accounts of ₩ - as of March 31, 2022, and ₩ 51,137,209 as of March 31, 2021	9	998,622,513	5,997,583,679
Other receivables		4,092,000	102,106,310
Current deferred tax assets	13	135,333,556	196,410,407
Other current assets	4, 13	995,543,509	1,866,550
Total current assets		8,697,035,306	8,183,424,671
Property and equipment, net	5	289,507,418	279,451,084
Intangible assets, net	6	36,981,967	96,675,567
Non-current deferred tax assets	13	195,835,999	466,711,970
Other non-current assets	7	389,273,000	389,273,000
Total non-current assets		911,598,384	1,232,111,621
Total assets	₩	9,608,633,690	9,415,536,292

(Continued)

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
 Statements of Financial Position, Continued
 As of March 31, 2022 and 2021

(In Korean won)

	<u>Note</u>	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Liabilities			
Accounts payable	9, 16	₩ 3,536,581,256	3,763,368,532
Accrued expenses	16	717,535,316	1,497,504,577
Withholdings		60,678,530	531,706,744
Advanced receipts		10,483,360	10,483,360
Total current liabilities		<u>4,325,278,462</u>	<u>5,803,063,213</u>
Accrued severance indemnities	8	882,169,090	640,827,210
Long-term guarantee deposits received		20,000,000	20,000,000
Total non-current liabilities		<u>902,169,090</u>	<u>660,827,210</u>
Total liabilities		<u>5,227,447,552</u>	<u>6,463,890,423</u>
Shareholder's equity			
Common stock	1, 11	1,000,000,000	1,000,000,000
Retained earnings			
Earned surplus reserve	12	70,000,000	70,000,000
Unappropriated retained earnings		3,311,186,138	1,881,645,869
Total shareholder's equity		<u>4,381,186,138</u>	<u>2,951,645,869</u>
Total liabilities and shareholder's equity	₩	<u>9,608,633,690</u>	<u>9,415,536,292</u>

See accompanying notes to the financial statements.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
 Statements of Operations
 For the years ended March 31, 2022 and 2021

(In Korean won)

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Operating revenue	9		
Service fee		₩ 58,255,849,068	43,279,934,219
Sales incentive		(3,709,328,809)	(3,850,046,365)
Operating revenue, net		<u>54,546,520,259</u>	<u>39,429,887,854</u>
Operating expenses	9		
Salaries		(3,107,765,226)	(4,053,414,393)
Provision for severance indemnities		(273,916,078)	(280,404,844)
Other employee benefits		(750,980,398)	(625,513,523)
Utilities		(5,849,972)	(4,791,527)
Vehicle maintenance		(102,345,978)	(91,846,503)
Rental		(554,188,845)	(586,845,441)
Insurance		(21,590,174)	(17,475,143)
Depreciation		(92,167,466)	(103,645,123)
Amortization		(59,693,600)	(57,549,433)
Supplies		(20,958,831)	(12,631,271)
Publication		(16,713,918)	(13,265,804)
Communication		(75,172,460)	(74,278,830)
Taxes and dues		(15,048,303)	(28,915,124)
Travel		(74,713,195)	(54,161,937)
Training		(18,799,705)	(35,827,244)
Sales commission		(25,556,529,783)	(14,204,957,424)
Fee and charge		(1,076,804,635)	(635,851,851)
Entertainment		(78,101,900)	(21,151,120)
Advertising		(1,372,651,759)	(29,577,272)
Outsourcing		(2,398,299,524)	(1,840,582,521)
Sales promotion		(17,038,332,646)	(16,870,394,506)
Expenditure for meeting		(62,268,181)	(130,836)
Reversal (provision) for doubtful accounts		51,137,209	(22,996,737)
Others		(28,295,955)	(24,640,590)
Total operating expenses		<u>(52,750,051,323)</u>	<u>(39,690,848,997)</u>
Operating Income (loss)		<u>1,796,468,936</u>	<u>(260,961,143)</u>
Other income			
Interest income		41,923,783	12,120,661
Others, net		99,813,006	24,402,523
Other income, net		<u>141,736,789</u>	<u>36,523,184</u>
Income (loss) before income tax expenses		1,938,205,725	(224,437,959)
Income tax expenses	13	(508,665,456)	31,888,523
Net income (loss)		<u>₩ 1,429,540,269</u>	<u>(192,549,436)</u>
Earnings (loss) per Share	14	<u>₩ 7,148</u>	<u>(963)</u>

See accompanying notes to the financial statements.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
 Statements of Changes in Equity
 For the years ended March 31, 2022 and 2021

(In Korean won)

		Common stock	Retained earnings	Total shareholder's equity
Balance at April 1, 2020	₩	1,000,000,000	2,144,195,305	3,144,195,305
Net loss		-	(192,549,436)	(192,549,436)
Balance at March 31, 2021	₩	1,000,000,000	1,951,645,869	2,951,645,869
Balance at April 1, 2021	₩	1,000,000,000	1,951,645,869	2,951,645,869
Net income		-	1,429,540,269	1,429,540,269
Balance at March 31, 2022	₩	1,000,000,000	3,381,186,138	4,381,186,138

See accompanying notes to the financial statements.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
 Statements of CASH FLOWS
 For the years ended March 31, 2022 and 2021

(In Korean won)

	2022	2021
Cash flows from operating activities		
Net income (loss)	₩ 1,429,540,269	(192,549,436)
Adjustments for:		
Depreciation	92,167,466	103,645,123
Amortization	59,693,600	57,549,433
Provision for severance indemnities	273,916,078	280,404,844
Provision (reversal) for doubtful accounts	(51,137,209)	22,996,737
Loss on disposal of property and equipment	69,000	9,868,500
Changes in assets and liabilities:		
Accounts receivable	5,050,098,375	(1,893,286,738)
Other receivables	98,014,310	(14,220,110)
Prepaid tax	(993,676,959)	5,473,870
Current deferred tax assets	61,076,851	198,924,467
Non-current deferred tax assets	270,875,971	(230,812,990)
Accounts payables	(233,097,276)	1,122,174,803
Accrued expenses	(779,969,261)	500,673,703
Withholdings	(471,028,214)	(95,431,414)
Payment of severance indemnities	(32,574,198)	(180,890,059)
Contribution to provision for severance benefits	-	(6,186,285)
Long-term other payables	-	(520,250,000)
Cash generated from operation	₩ 4,773,968,803	(831,915,552)
Cash flows from investing activities		
Acquisition of property and equipment	₩ (95,982,800)	(13,410,000)
Acquisition of intangible asset	-	(31,000,000)
Increase in guarantee deposits	-	(27,000,000)
Net cash used in investing activities	(95,982,800)	(71,410,000)
Net increase (decrease) in cash and cash equivalents	4,677,986,003	(903,325,552)
Cash and cash equivalents at the beginning of period	1,885,457,725	2,788,783,277
Cash and cash equivalents at the end of period	₩ 6,563,443,728	1,885,457,725

See accompanying notes to the financial statements.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.

Notes to the Financial Statements

1. Reporting Entity

Tata Daewoo Commercial Vehicle Sales & Distribution Co., Ltd. (the "Company"), located in Seoul, Republic of Korea, is engaged in sales agent service of commercial vehicles. The Company was incorporated on April 9, 2010.

As of March 31, 2022, the Company's capital stock totals ₩1,000 million and its common shares are wholly owned by Tata Daewoo Commercial Vehicle Co., Ltd.

2. Basis of Preparation

Financial statements have been condensed, restructured and translated into English with certain expanded descriptions from the Korean language financial statements

(1) Statement of compliance

The Company prepared the financial statements in accordance with Accounting Standards for Non-Public Entities in the Republic of Korea ("K-GAAP for Non-Public Entities").

The accompanying financial statements are not intended to present the financial position, results of operations, changes in equity and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. Accordingly, the accompanying financial statements are for use by those knowledgeable about Korean accounting principles and their application in practice.

(2) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(3) Use of estimates and judgments

The preparation of the financial statements in conformity with K-GAAP for Non-Public Entities 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.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note 13 – Income Taxes

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.

Notes to the Financial Statements

3. Significant Accounting Policies

The significant accounting policies applied by the Company in preparation of its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(1) Cash and cash equivalents

Cash and cash equivalents include cash, cash equivalent securities, including checks issued by others and checking accounts, ordinary deposit and financial instruments that can be easily converted into cash and whose value changes due to changes in interest rates are not material, with maturities (or date of redemption) of three months or less from acquisition.

(2) Allowance for doubtful accounts

The Company provides an allowance for doubtful accounts to cover estimated losses that may arise from non-collection of its receivables. The estimate of losses is based on the review of the aging and current status of outstanding receivables.

(3) Property and equipment

Property and equipment are stated at cost (acquisition cost or manufacturing cost, plus expenditures directly related to preparing the asset ready for use in time and bringing asset to the required place, net of sales discount given). Assets acquired from investment in kind, by donation or free of charge are stated at fair value. When an asset is exchanged for a similar kind of asset, the asset received is stated at the carrying value of the asset given. When an asset is exchange for a different kind of asset, the asset received is stated at the fair value of the asset given. When there is uncertainty as to the fair value of the asset given, the asset received is recorded at its fair value.

If the costs incurred after acquisition or completion increases the future economic benefit of an asset, such costs are capitalized if the costs can be objectively measured and incurred to replace an existing asset; such existing asset is removed from the financial statements. Costs incurred to repair and to maintain assets are expensed as incurred.

In accordance with the Company's policy, borrowing costs in relation to the manufacture, purchase, construction or development of assets are charged to current operations as incurred.

Property and equipment are depreciated using the straight-line method over their economic useful lives, which are determined from the time when the assets are ready for use (ready for their intended use by the management in time and place). Depreciation expense is recognized as operating expense.

Depreciation is computed using the straight-line method over the following economic useful lives:

	<u>Useful lives (years)</u>
Tools	6
Furniture and fixtures	6
Computers	6

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
Notes to the Financial Statements

3. Significant Accounting Policies, Continued

(4) Intangible assets

Intangible assets are initially recognized at acquisition cost (purchase cost, plus expenditures directly related to preparing the asset ready for use) and subsequently presented at amortized cost. Software are amortized when the capitalized assets can be used or sold (over six years). Amortization is included in the operating expense.

(5) Impairment of assets

At the end of each reporting period, the Company reviews the carrying values of assets, except for financial assets and deferred tax assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying value of the asset is reduced to its recoverable amount, and an impairment loss is immediately recorded in profit or loss. If a tangible asset (an individual asset or cash-generating unit) has an indication of impairment and cash flow from disposition of asset is less than its carrying amount, the carrying value of the asset is reduced to the net proceed on disposition, and an impairment loss is immediately recorded in profit or loss.

Also, in regard to impairment loss indicators, assets not in use and assets held for future use are estimated for recoverable amounts.

(6) Accrued severance indemnities

In accordance with the Company's policy, all employees with more than one year of service are entitled to receive lump-sum severance payments upon termination of their employment, based on their current salary and years of service.

(7) Income taxes

The Company recognizes deferred tax assets or liabilities for the temporary differences between the carrying amount of an asset and liability for the financial reporting purposes and the amounts used for income tax purposes. A deferred tax liability is generally recognized for all taxable temporary differences, with some exceptions, and a deferred tax asset is recognized to the extent when it is probable that taxable income will be available against which the deductible temporary difference can be utilized in the future. Deferred tax asset (liability) is classified as a current or non-current asset (liability) depending on the classification of related asset (liability) in the statements of financial position. Deferred tax asset (liability), which does not relate to a specific asset (liability) account in the statements of financial position, such as a deferred tax asset recognized for tax loss carry forwards, is classified as a current or non-current asset (liability) depending on the expected reversal period. Deferred tax assets and liabilities in the same tax jurisdiction and in the same current or non-current classification are presented on a net basis. Current and deferred income tax expenses are included in income tax expense in the statements of income, and additional income tax or tax refunds for the prior periods are included in income tax expense for the current period, when recognized.

(8) Revenues

Revenues for the sales agent service of commercial vehicles are recognized when related revenue activities are completed, revenues are measurable and economic benefits are highly expected.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
Notes to the Financial Statements

4. Other Current Assets

Other current assets as of March 31, 2022 and 2021 are summarized as follows:

<i>(In Korean won)</i>		<u>March 31, 2022</u>	<u>March 31, 2021</u>
Prepaid income tax	₩	842,538,156	1,866,550
Prepaid tax		153,005,353	-
	₩	<u>995,543,509</u>	<u>1,866,550</u>

5. Property and Equipment

(1) Property and equipment and related accumulated depreciation as of March 31, 2022 and 2021 are summarized as follows:

<i>(In Korean won)</i>		<u>March 31, 2022</u>	<u>March 31, 2021</u>
Tools	₩	105,914,000	105,914,000
Furniture and fixtures		939,626,454	864,643,525
Computers		50,906,527	105,115,800
Total cost		<u>1,096,446,981</u>	<u>1,075,673,325</u>
Less: accumulated depreciation		<u>(806,939,563)</u>	<u>(796,222,241)</u>
Property and equipment, net	₩	<u>289,507,418</u>	<u>279,451,084</u>

(2) Changes in property and equipment for the years ended March 31, 2022 and 2021 are as follows:

<i>(In Korean won)</i>		2022				
		<u>April 1</u>	<u>Acquisitions</u>	<u>Disposals</u>	<u>Depreciation</u>	<u>March 31</u>
Tools	₩	97,000	-	-	-	97,000
Furniture and fixtures		272,596,418	99,600,273	(61,000)	(86,609,044)	285,526,647
Computers		6,757,666	2,692,527	(8,000)	(5,558,422)	3,883,771
	₩	<u>279,451,084</u>	<u>102,292,800</u>	<u>(69,000)</u>	<u>(92,167,466)</u>	<u>289,507,418</u>
<i>(In Korean won)</i>		2021				
		<u>April 1</u>	<u>Acquisitions</u>	<u>Disposals</u>	<u>Depreciation</u>	<u>March 31</u>
Tools	₩	5,883,564	-	-	(5,786,564)	97,000
Furniture and fixtures		361,623,365	13,410,000	(9,868,500)	(92,568,447)	272,596,418
Computers		12,047,778	-	-	(5,290,112)	6,757,666
	₩	<u>379,554,707</u>	<u>13,410,000</u>	<u>(9,868,500)</u>	<u>(103,645,123)</u>	<u>279,451,084</u>

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
Notes to the Financial Statements

6. Intangible Assets

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

(In Korean won)

	March 31, 2022			March 31, 2021		
	Acquisition cost	Accumulated amortization	Book value	Acquisition cost	Accumulated amortization	Book value
Software	₩ 359,600,000	(322,618,033)	36,981,967	359,600,000	(262,924,433)	96,675,567

(2) Changes in intangible assets for the years ended March 31, 2022 and 2021 are as follows:

(In Korean won)

		2022			
		April 1	Acquisition	Amortization	March 31
Software	₩	96,675,567	-	59,693,600	36,981,967

(In Korean won)

		2021			
		April 1	Acquisition	Amortization	March 31
Software	₩	123,225,000	31,000,000	(57,549,433)	96,675,567

(3) Major item of intangible assets as of March 31, 2022 is as follows:

(In Korean won)

Description	Book value	Remaining useful lives
CRM System	₩ 36,981,967	0.3 years

7. Other Non-Current Assets

Other non-current assets as of March 31, 2022 and 2021 are summarized as follows:

(In Korean won)

	2022	2021
Guarantee deposits	₩ 389,273,000	389,273,000

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
Notes to the Financial Statements

8. Accrued Severance Indemnities

Changes in retirement and severance benefits for the years ended March 31, 2022 and 2021 are as follows:

<i>(In Korean won)</i>	<u>2022</u>	<u>2021</u>
Provision for retirement and severance benefits at beginning of the period	₩ 640,827,210	547,498,710
Accrual for retirement and severance benefits	273,916,078	280,404,844
Payments	(32,574,198)	(180,890,059)
Transfer of severance indemnities	-	(6,186,285)
Provision for retirement and severance benefits at end of the period	₩ <u>882,169,090</u>	<u>640,827,210</u>

9. Related Party Transactions

(1) Details of parent and subsidiary relationships as of March 31, 2022 are as follows:

<u>Relationship</u>	<u>Related parties</u>
Ultimate controlling party	Tata Motors Limited
Immediate Parent	Tata Daewoo Commercial Vehicle Co., Ltd. ("TDCV")
Others	Tata Motors Limited's subsidiaries and associates

(2) Significant transactions which occurred in the normal course of business with related parties for the years ended March 31, 2022 and 2021 are as follows:

<i>(In Korean won)</i>		<u>2022</u>	<u>2021</u>
<u>Transaction</u>	<u>Name</u>		
Sales agent service	TDCV	₩ 58,255,849,068	43,279,934,219
Other	TDCV	511,910,000	214,964,000

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
Notes to the Financial Statements

9. Related Party Transactions, Continued

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

① As of March 31, 2022

(In Korean won)

Name		Receivables	Payables
		Accounts receivable - trade	Accounts payable - other
TDCV	₩	998,622,513	71,500,000

② As of March 31, 2021

(In Korean won)

Name		Receivables	Payables
		Accounts Receivable - trade	Accounts Payable - other
TDCV	₩	6,048,720,888	18,700,000

10. Commitment and Contingency

(1) Details of pending litigations as of March 31, 2022, are as follows (in Korean won):

Court	Plaintiff	Defendant	Description	Claim amount	Status
Daejeon	Seojin Logis Co., Ltd.	TDSC	Claims for loss	26,310,000	Proceeding in first trial

As of March 31, 2022, the ultimate outcome of the legal cases cannot presently be predicted, and outflow of resource is not probable.

(2) Kwon oh-hyeon (Former) Gangseo dealer filed a complaint to the Korea Fair Trade Mediation Agency amounting to KRW 294 million.

(3) The Company has provided continuing guarantee amounting to KRW 277 million to Hana Bank in favor of the borrowings of Daewoo Truck Gang-nam Co., Ltd. and 3 other sales dealers as of March 31, 2022, for which it will be contingently liable.

11. Shareholder's Equity

Common stock as of March 31, 2022 and 2021 are as follows:

(In Korean won except for share data)

		March 31, 2022	March 31, 2021
Number of shares:			
Authorized		800,000 shares	800,000 shares
Issued and outstanding		200,000 shares	200,000 shares
Par value	₩	5,000	5,000
Common stock	₩	1,000,000,000	1,000,000,000

12. Retained Earnings (Earned surplus reserve)

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.

Notes to the Financial Statements

(1) Earned surplus reserve

The Korean Commercial Code requires the Company to appropriate a legal reserve in an amount equal to at least 10% of cash dividends for each accounting period until the reserve equals 50% of stated capital. The legal reserve may be used to reduce a deficit or may be transferred to common stock in connection with a free issue of shares.

(2) Statements of Appropriations of Retained Earnings

(In Korean won)

		<u>2022</u>	<u>2021</u>
Retained earnings before appropriations			
Beginning of the year	₩	1,881,645,869	2,074,195,305
Net income(loss)		<u>1,429,540,269</u>	<u>(192,549,436)</u>
End of the year		3,311,186,138	1,881,645,869
Appropriations		<u>-</u>	<u>-</u>
Unappropriated retained earnings to be carried forward to subsequent year	₩	<u>3,311,186,138</u>	<u>1,881,645,869</u>

13. Income Taxes

(1) The components of income tax expense for the years ended March 31, 2022 and 2021 are as follows:

(In Korean won)

		<u>2022</u>	<u>2021</u>
Current tax expenditure		176,712,634	-
Changes in deferred tax for temporary differences		<u>331,952,822</u>	<u>(31,888,523)</u>
Income tax recognized in continuing operation	₩	<u>508,665,456</u>	<u>(31,888,523)</u>

(2) The income tax expense (benefit) calculated by applying statutory tax rates to the Company's income before income taxes for the years differs from the actual tax expense in the statements of income for the years ended March 31, 2022 and 2021 for the following reasons:

(In Korean won)

		<u>2022</u>	<u>2021</u>
Income (loss) before income taxes	₩	1,938,205,725	(224,437,959)
Tax rate		22%	22%
Income taxes at normal tax rates		426,405,260	(49,376,351)
Tax effects of permanent differences		104,629,974	17,487,828
Others		<u>(22,369,778)</u>	<u>-</u>
Income tax expense (benefit)	₩	<u>508,665,456</u>	<u>(31,888,523)</u>
Effective tax rate		<u>26.24%</u>	<u>-</u>

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
Notes to the Financial Statements

13. Income Taxes, Continued

(3) Changes in temporary differences and deferred tax assets (liabilities) for the years ended March 31, 2022 and 2021 are as follows:

(In Korean won)

Account	2022			
	April 1	Decrease	Increase	March 31
Temporary differences (current):				
Accrued expenses	₩ 892,774,577	892,774,577	615,152,526	615,152,526
Subtotal	892,774,577	892,774,577	615,152,526	615,152,526
Tax rate	22%			22%
Current deferred tax assets	196,410,407			135,333,556
Temporary differences (non-current):				
Accrued severance indemnities	₩ 640,827,210	32,574,198	273,916,078	882,169,090
Long-term other payable	604,730,000	604,730,000	-	-
Depreciation vehicle for business use	7,768,663	4,000,000	4,225,877	7,994,540
Loss carry forward	868,092,174	868,092,174	-	-
Subtotal	2,121,418,047	1,509,396,372	278,141,955	890,163,630
Tax rate	22%			22%
Non-current deferred tax assets	466,711,970			195,835,999
Deferred tax assets	₩ 663,122,377			331,169,555

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
Notes to the Financial Statements

13. Income Taxes, Continued

(In Korean won)

Account	2021			
	April 1	Decrease	Increase	March 31
Temporary differences (current):				
Accrued expenses	₩ 996,830,874	996,830,874	892,774,577	892,774,577
Loss carry forward	800,145,826	800,145,826	-	-
Subtotal	1,796,976,700	1,796,976,700	892,774,577	892,774,577
Tax rate	22%			22%
Current deferred tax assets	395,334,874			196,410,407
Temporary differences (non-current):				
Accrued severance indemnities	₩ 547,498,710	187,076,344	280,404,844	640,827,210
Long-term other payable	520,250,000	520,250,000	604,730,000	604,730,000
Depreciation vehicle for business use	4,519,383	-	3,429,280	7,768,663
Loss carry forward	-	-	869,092,174	869,092,174
Subtotal	1,072,268,093	707,326,344	1,756,476,298	2,121,418,047
Tax rate	22%			22%
Non-current deferred tax assets	235,898,980			466,711,970
Deferred tax assets	₩ 631,233,854			663,122,377

(4) Deferred tax assets have been recognized as the Company has determined it is probable that future profits will be available against which the Company can utilize the related benefit.

(5) Prepaid tax as of March 31, 2022 and 2021 are as follows:

(In Korean won)

	March 31, 2022	March 31, 2021
Current income tax asset	₩ 1,019,250,790	1,866,550
Current income tax liability	(176,712,634)	-
Current income tax asset	842,538,156	1,866,550

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
Notes to the Financial Statements

14. Earnings (Loss) per Share

The Company's earnings (loss) per share for the years ended March 31, 2022 and 2021 is as follows:

(In Korean won except for share data)

	<u>2022</u>	<u>2021</u>
Net income(loss)	₩ 1,429,540,269	(192,549,436)
Weighted-average number of common shares outstanding (*)	<u>200,000</u>	<u>200,000</u>
Gain(Loss) per share	₩ <u>7,148</u>	<u>(963)</u>

(*) Weighted-average number of shares outstanding for the years ended March 31, 2022 and 2021, is the same as the issued number of shares, as there was no change in outstanding shares of common stock for the years ended March 31, 2022 and 2021.

15. Employee Welfare

In connection with the employee welfare, the Company maintains various employee welfare programs, including scholarship, medical insurance, workers' compensation, paid absence, subsidies to pension contributions and others.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
Notes to the Financial Statements

16. Financial Instruments

(1) The maturity analysis of financial liabilities as of March 31, 2022 and 2021 is as follows:

(In Korean won)

Account	March 31, 2022			
	3 months or less	3-12 months	1-5 years	Total
Accounts payable	₩ 3,536,581,256	-	-	3,536,581,256
Accrued expenses	527,276,698	190,258,618	-	717,535,316
Total	₩ 4,063,857,954	190,258,618	-	4,254,116,572

(In Korean won)

Account	March 31, 2021			
	3 months or less	3-12 months	1-5 years	Total
Accounts payable	₩ 3,763,368,532	-	-	3,763,368,532
Accrued expenses	616,880,400	880,624,177	-	1,497,504,577
Total	₩ 4,380,248,932	880,624,177	-	5,260,873,109

(2) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

17. Non-cash Investing and Financing Activities

Significant non-cash investing and financing activities for the years ended March 31, 2022 and 2021 are as follows :

(In Korean won)

	2022	2021
Increase of other payables due to acquisition of Property and Equipment	6,310,000	-

18. Financial Instruments

The financial statements were authorized for issue on May 02, 2022, at the board of directors and will be approved at the annual shareholder's meeting to be held on May 00, 2022.