

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2021 and 2020

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Index

December 31, 2021 and 2020

	Page(s)
Independent Auditor's Report	1 - 5
Consolidated Financial Statements	
Consolidated Statements of Financial Position	6
Consolidated Statements of Profit or Loss	7
Consolidated Statements of Comprehensive Income.....	8
Consolidated Statements of Changes in Equity	9
Consolidated Statements of Cash Flows.....	10
Notes to the Consolidated Financial Statements.....	11 - 78



Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
Doosan Bobcat Inc.

Opinion

We have audited the accompanying consolidated financial statements of Doosan Bobcat Inc. and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Revenue recognition: Estimation of liabilities related to revenue deductions

Why it is determined to be a key audit matter

As at December 31, 2021, the Group has recorded USD 25 million of liabilities related to revenue deductions, including incentives, promotions and rebates. The Group offers customers a variety of incentive and promotion programs. Costs incurred in connection with these programs are recognized as deductions from revenue. Incentive and rebate arrangements are complex, and significant judgement of management is required in estimating amounts that the Group is expected to pay. Given the extent of complexity and judgement involved, we consider estimation of revenue deductions related to incentives, promotions and rebates recognized as at December 31, 2021 (Note 3) to be a key audit matter.

How our audit addressed the key audit matter

We have, utilizing the work of component auditors, performed related audit procedures including the followings. We:

- Obtained an understanding and evaluated design and operating effectiveness of related internal controls
- Performed lookback analysis by comparing the estimations of prior years to actual results
- Evaluated appropriateness of methods used by management and whether they have been consistently applied
- Tested completeness of sales quantity information subject to revenue deductions programs
- For selected samples, tested accuracy of the inputs and variables used for the management estimates, including sales quantity information, costs incurred, and associated contractual rates

(2) Impairment assessment of goodwill

Why it is determined to be a key audit matter

As at December 31, 2021, the carrying amount of goodwill is USD 2,697 million, which accounts for 37.3% of the total assets of the Group. The Group performed an impairment assessment on goodwill by using estimated recoverable amount of goodwill allocated to the cash-generating units group (CGU group) and did not recognize goodwill impairment as the recoverable amount of CGU group exceeds its carrying amount. Given the magnitude of goodwill balance in the consolidated financial statement, and the extent of judgement of management in estimating the recoverable amount, we consider impairment assessment of goodwill to be a key audit matter (Note 10).

How our audit addressed the key audit matter

Key audit procedures we have performed in relation to the goodwill impairment assessment are as follows. We have utilized the auditor's experts in performing audit procedures related to the goodwill impairment assessment. We:

- Obtained an understanding and evaluated how management assessed goodwill impairment
- Evaluated reasonableness of identifying CGU by management for its assessment of goodwill impairment
- Obtained an understanding and evaluated design and operating effectiveness of related internal controls
- Evaluated appropriateness of valuation model used for estimation of values in use.
- Assess the qualification and independence of management's experts
- Evaluated reasonableness of key assumptions such as discount rates, growth rates and etc. used in the valuation model by comparing those with market outlook and historical financial information of the Group

(3) Impairment assessment of capitalized development costs

Why it is determined to be a key audit matter

As at December 31, 2021, the carrying amount of development costs capitalized as intangible asset amounts to USD 140 million. The Group operates several R&D centers in the U.S., Europe, and other regions, and invests significant amounts in development of new products and technologies. Given the magnitude of the balance of development costs capitalized in the consolidated financial statement, and the extent of judgement of management required, we consider impairment assessment of capitalized development costs to be a key audit matter (Note 10).

How our audit addressed the key audit matter

We evaluated the accounting policies applied by the Group for the recognition and impairment of capitalized development costs. In addition, we have, utilizing the work of component auditors, performed the related audit procedures including the followings. We:

- Obtained the details of capitalized development costs and reconciled the total amount to the amount recorded in the general ledger
- Tested on a sample basis, capitalized development costs by examining the occurrence of the related costs and assessing whether the criteria set out in the relevant accounting standards have been met.
- Evaluated management's impairment assessment for the development costs selected as sample by interviewing with appropriate project managers regarding the progress and outlook of the project, verifying whether costs have been continually incurred for the project, and assessing the reasonableness of the forecast of sales generated from the project.
- Verified existence of any discontinued development projects and the projects that are not expected to be completed.

Other Matters

Auditing standards and their application in practice vary among countries. The procedures and practices used 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Korean IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Korean Standards on Auditing 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dong-Kyu Cho, Certified Public Accountant.

Seoul, Korea

March 15, 2022

This report is effective as at March 15, 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 consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Consolidated Statements of Financial Position
December 31, 2021 and 2020

<i>(in USD)</i>	Notes	December 31, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents	4,5	\$ 802,834,133	\$ 718,936,823
Short-term financial instruments	4,5	16,633,125	13,786,764
Trade and other receivables, net	4,5,6,25,34	363,747,684	324,500,913
Inventories, net	7	972,840,902	606,423,785
Derivative assets	4,5,8	-	24,681
Other current assets		64,208,997	37,156,748
Assets held-for-sale	37	11,655,613	10,565,303
Total current assets		<u>\$ 2,231,920,454</u>	<u>\$ 1,711,395,017</u>
Non-current assets			
Long-term financial instruments	4,5	\$ 3,107,495	\$ 526,071
Long-term financial assets	4,5	853,675	97,870
Long-term trade and other receivables, net	4,5,6,25,34	16,074,397	10,368,273
Investment in associates	12	42,643,724	32,602,114
Property, plant and equipment, net	9	805,031,428	509,001,435
Intangible assets, net	10	3,894,786,910	3,925,634,862
Investment properties	11	100,617,475	105,937,031
Deferred tax assets		40,593,082	30,392,635
Right-of-use assets	13, 34	82,662,520	52,908,439
Other non-current assets	4,5	19,920,114	18,753,711
Total non-current assets		<u>\$ 5,006,290,820</u>	<u>\$ 4,686,222,441</u>
Total assets		<u>\$ 7,238,211,274</u>	<u>\$ 6,397,617,458</u>
Liabilities			
Current liabilities			
Trade and other payables	4,5,14,25,34	\$ 910,013,318	\$ 653,484,956
Short-term borrowings	4,5,15	17,887,666	-
Current portion of long-term borrowings	4,5,15	23,849,410	23,230,368
Income tax payable		23,801,711	25,578,907
Derivative liabilities	5,8	-	86,483
Lease liabilities	4,5,13	19,566,464	17,155,595
Provisions	18	85,704,090	92,599,906
Sales and leaseback liabilities	16	26,095,556	-
Other current liabilities	25	153,823,572	117,780,295
Liabilities held for sale	37	3,059,578	-
Total current liabilities		<u>\$ 1,263,801,365</u>	<u>\$ 929,916,510</u>
Non-current liabilities			
Other non-current payables	4,5,14,34	\$ 13,687,331	\$ 10,884,454
Bonds	4,5,15	296,197,196	295,089,672
Long-term borrowings	4,5,15	1,152,488,391	639,706,108
Net defined benefit liabilities	17	292,136,493	367,161,759
Deferred tax liabilities		281,871,512	249,530,683
Long-term derivative liabilities	5,8	586,091	-
Non-current lease liabilities	4,5,13	69,075,113	38,291,910
Non-current provisions	18	85,989,916	67,595,404
Non-current sales and leaseback liabilities	16	66,502,005	-
Other non-current liabilities	25	70,776,065	55,135,360
Total non-current liabilities		<u>\$ 2,329,310,113</u>	<u>\$ 1,723,395,350</u>
Total liabilities		<u>\$ 3,593,111,478</u>	<u>\$ 2,653,311,860</u>
Equity			
Equity attributable to owners of the Parent Company			
Capital stock	1,19	\$ 43,095,528	\$ 43,095,528
Capital surplus	19	2,254,875,266	2,598,877,780
Other equity item	20	(178,407,620)	(178,407,620)
Accumulated other comprehensive loss	21	(200,924,057)	(62,062,328)
Retained earnings	22	1,726,460,679	1,342,802,238
Total equity		<u>\$ 3,645,099,796</u>	<u>\$ 3,744,305,598</u>
Total liabilities and equity		<u>\$ 7,238,211,274</u>	<u>\$ 6,397,617,458</u>

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

DOOSAN BOBCAT INC. AND SUBSIDIARIES**Consolidated Statements of Profit or Loss****Years Ended December 31, 2021 and 2020**

<i>(in USD)</i>	Notes	2021	2020
Sales	23,24,25,34	\$ 5,082,225,030	\$ 3,628,708,654
Cost of sales	26	<u>(4,004,259,957)</u>	<u>(2,874,631,905)</u>
Gross profit		1,077,965,073	754,076,749
Selling and administrative expenses	26, 27	<u>(557,755,477)</u>	<u>(420,307,835)</u>
Operating profit		520,209,596	333,768,914
Non-operating income (expenses)			
Finance income	5,28	49,934,438	65,755,031
Finance expenses	5,28	(132,011,678)	(90,022,872)
Other non-operating income	29,34	23,069,237	3,408,819
Other non-operating expenses	29,34	(15,666,095)	(11,341,024)
Losses on equity method	12	<u>9,736,770</u>	<u>(46,770)</u>
		(64,937,328)	(32,246,816)
Profit before income tax expense		455,272,268	301,522,098
Income tax expense	30	<u>(118,080,828)</u>	<u>(91,824,514)</u>
Profit for the year		<u>\$ 337,191,440</u>	<u>\$ 209,697,584</u>
Profit is attributable to:			
Owners of the Parent Company		\$ 337,191,440	\$ 209,697,584
Earnings per share	31		
attributable to the owners of the Parent Company			
Basic earnings per share		\$ 3.36	\$ 2.09

The above consolidated statements of profit or loss should be read in conjunction with the accompanying notes.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2021 and 2020

<i>(in USD)</i>	2021	2020
Profit for the year	<u>\$ 337,191,440</u>	<u>\$ 209,697,584</u>
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements of net defined benefit liabilities	46,483,477	(19,903,989)
Gain on revaluation of property, plant and equipment	4,796,885	-
Share of retained earnings of associates	(16,476)	4,067
Share of other comprehensive income of associates	642,941	-
 <i>Items that may be subsequently reclassified to profit or loss</i>		
Gain (loss) on translation of foreign operations	(144,132,540)	164,783,062
Gain (loss) on valuation of derivatives	<u>(169,015)</u>	<u>168,245</u>
Total comprehensive income for the year	<u>\$ 244,796,712</u>	<u>\$ 354,748,969</u>
Total comprehensive income for the year is attributable to:		
Owners of the Parent Company	\$ 244,796,712	\$ 354,748,969

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

Years Ended December 31, 2021 and 2020

(in USD)

	Attributable to owners of the Parent Company					
	Capital Stock	Capital Surplus	Other Equity Items	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Equity
Balance at January 1, 2020	\$ 43,095,528	\$ 2,598,877,780	\$ (178,407,620)	\$ (227,013,635)	\$ 1,200,195,465	\$ 3,436,747,518
Total comprehensive income:						
Profit for the year	-	-	-	-	209,697,584	209,697,584
Remeasurements of net defined benefit liability	-	-	-	-	(19,903,989)	(19,903,989)
Gain (loss) on translation of foreign operations	-	-	-	164,783,062	-	164,783,062
Gain (loss) on valuation of derivatives	-	-	-	168,245	-	168,245
Share of retained earnings of associates	-	-	-	-	4,067	4,067
	-	-	-	164,951,307	189,797,662	354,748,969
Capital Transactions with owners						
Annual dividend	-	-	-	-	(47,190,889)	(47,190,889)
	-	-	-	-	(47,190,889)	(47,190,889)
Balance at December 31, 2020	\$ 43,095,528	\$ 2,598,877,780	\$ (178,407,620)	\$ (62,062,328)	\$ 1,342,802,238	\$ 3,744,305,598
Balance at January 1, 2021, as previously reported	\$ 43,095,528	\$ 2,598,877,780	\$ (178,407,620)	\$ (62,062,328)	\$ 1,342,802,238	\$ 3,744,305,598
Total comprehensive income:						
Profit for the year	-	-	-	-	337,191,440	337,191,440
Remeasurements of net defined benefit liability	-	-	-	-	46,483,477	46,483,477
Gain (loss) on translation of foreign operations	-	-	-	(144,132,540)	-	(144,132,540)
Gain (loss) on valuation of derivatives	-	-	-	(169,015)	-	(169,015)
Revaluation surplus of property, plant and equipment	-	-	-	4,796,885	-	4,796,885
Share of retained earnings of associates	-	-	-	-	(16,476)	(16,476)
Share of other comprehensive income of associates	-	-	-	642,941	-	642,941
	-	-	-	(138,861,729)	383,658,441	244,796,712
Capital Transactions with owners						
Business combination	-	(349,115,689)	-	-	-	(349,115,689)
Changes in other additional capital	-	5,113,175	-	-	-	5,113,175
	-	(344,002,514)	-	-	-	(344,002,514)
Balance at December 31, 2021	\$ 43,095,528	\$ 2,254,875,266	\$ (178,407,620)	\$ (200,924,057)	\$ 1,726,460,679	\$ 3,645,099,796

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years Ended December 31, 2021 and 2020

<i>(in USD)</i>	Note	2021	2020
Cash flows from operating activities			
Cash generated from operations:	35	\$ 534,916,035	\$ 581,540,604
Profit for the year		337,191,440	209,697,584
Adjustments		369,873,418	264,017,095
Changes in operating assets and liabilities		(172,148,823)	107,825,925
Interest received		3,316,303	6,020,763
Interest paid		(45,866,308)	(33,066,617)
Income tax paid		(104,310,400)	(34,879,199)
Net cash inflow from operating activities		<u>388,055,630</u>	<u>519,615,551</u>
Cash flows from investing activities			
Cash inflows from investing activities:			
Decrease in loan		24,000,000	78,321
Disposal of property, plant and equipment		12,971,626	916,484
Disposal of business		47,578,553	714,286
Disposal of short-term financial assets		95,244,753	-
Other investing activities		6,877,667	-
		<u>186,672,599</u>	<u>1,709,091</u>
Cash outflows for investing activities:			
Acquisition of property, plant and equipment		180,278,443	108,001,863
Acquisition of intangible asset		46,271,296	46,416,842
Acquisition of investment properties		67,720	22,935,741
Investment in associates		-	6,163,000
Increase in loan		389,884	24,000,000
Acquisition of long-term financial asset		90,875,727	13,786,764
Business combination		595,961,469	-
		<u>(913,844,539)</u>	<u>(221,304,210)</u>
Net cash outflow from investing activities		<u>(727,171,940)</u>	<u>(219,595,119)</u>
Cash flows from financing activities			
Cash inflows from financing activities:			
Increase in borrowing		548,371,206	228,539,339
Proceeds from issue of bonds		-	294,803,159
Collection of preferred share issuance costs		5,113,175	-
		<u>553,484,381</u>	<u>523,342,498</u>
Cash outflows for financing activities:			
Repayment of borrowing		81,182,896	235,038,765
Dividend paid		-	47,190,889
Payment of lease liabilities		23,171,778	18,335,090
Repayment of sales and leaseback liabilities		6,970,873	-
		<u>(111,325,547)</u>	<u>(300,564,744)</u>
Net cash inflow (outflow) financing activities		<u>442,158,834</u>	<u>222,777,754</u>
Effects of exchange rate changes on cash and cash equivalents		(15,335,819)	12,649,989
Classification of assets held for sale		(3,809,395)	-
Net increase in cash and cash equivalents		83,897,310	535,448,175
Cash and cash equivalents at the beginning of the year		718,936,823	183,488,648
Cash and cash equivalents at the end of the year		<u>\$ 802,834,133</u>	<u>\$ 718,936,823</u>

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

1. General Information

Doosan Bobcat Inc. ("DBI" or the "Company") was incorporated on April 25, 2014 by being split off from Doosan Infracore Co., Ltd. Main business purposes of the Company are to control and manage its subsidiaries (with the Company, collectively, referred to as the "Group") that manufacture and distribute compact construction equipment and forklifts.

On November 18, 2016, the Company listed its shares on the securities market established by the Korea Stock Exchange. After several capital increases and capital reductions, the capital stock as at December 31, 2021 is \$43,096 thousand.

Doosan Infracore Co., Ltd., the largest shareholder of the Company was merged with Doosan Heavy Industries & Construction Co. by dividing its investment business from the entity on July 1, 2021. As a result, the Company's largest shareholder has been changed to Doosan Heavy Industries & Construction Co. The number of shares and the percentage of ownership held by the largest shareholder remain unchanged.

The Company's shareholders as at December 31, 2021 is as follows:

Shareholder	Number of shares owned	Percentages of ownership (%)
Doosan Heavy Industries & Construction Co., Ltd.	51,176,250	51.05
Others	49,072,916	48.95
	100,249,166	100.00

1.1 Consolidated Subsidiaries

Details of the consolidated subsidiaries as at December 31, 2021 and 2020, are as follows:

Subsidiary	Main business	Location	Ownership interest held by the Group (%)		Fiscal year end
			December 31, 2021	December 31, 2020	
Clark Equipment Co.	Manufacturing and sales	USA	100	100	December
Clark Equipment Co's subsidiaries:					
Bobcat Equipment Ltd.	Sales	Canada	100	100	December
Doosan International Australia Pty Ltd. ¹	Sales	Australia	-	100	December
Doosan Bobcat EMEA s.r.o	Manufacturing and sales	Czech	100	100	December
Doosan Bobcat EMEA s.r.o's subsidiaries:					
Bobcat Bensheim GmbH.	Sales	Germany	100	100	December
Doosan Holdings France S.A.S.	Holdings	France	100	100	December
CJSC Doosan International Russia	Sales	Russia	100	100	December
Doosan International UK Ltd.	Sales	England	100	100	December
Doosan International South Africa Pty Ltd.	Sales	South Africa	100	100	December
Bobcat France S.A.	Manufacturing	France	100	100	December
Geith International Ltd.	Sales	Ireland	100	100	December
Doosan Bobcat Singapore Pte. Ltd.	Holdings	Singapore	100	100	December
Doosan Bobcat Singapore Pte.Ltd's subsidiaries:					

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Subsidiary	Main business	Location	Ownership interest held by the Group (%)		Fiscal year end
			December 31, 2021	December 31, 2020	
Doosan Bobcat Korea Co., Ltd.	Sales	Korea	100	100	December
Doosan Bobcat Chile Compact S.p.A. ²	Sales	Chile	100	100	December
Doosan Bobcat China Co., Ltd.	Manufacturing and sales	China	100	100	December
Doosan Bobcat India Private Ltd.	Manufacturing and sales	India	100	100	March
Bobcat Corp.	Sales	Japan	100	100	December
Doosan Bobcat Mexico S.A. de C.V.	Other service	Mexico	100	100	December
Doosan Industrial Vehicle Co., Ltd. ³	Manufacturing and sales	Korea	100	-	December
Doosan Industrial Vehicle Co., Ltd.'s subsidiaries:					
Doosan Industrial Vehicle Europe N.V. ³	Sales	Belgium	100	-	December
Doosan Industrial Vehicle U.K. Ltd. ³	Sales	England	100	-	December
Doosan Logistics Europe GmbH ³	Manufacturing and sales	Germany	100	-	December
Doosan Industrial Vehicle America Corp. ³	Sales	USA	100	-	December
Doosan Equipment South East, LLC ³	Rental and sales	USA	100	-	December
Doosan Industrial Vehicle China Co., Ltd. ³	Manufacturing and sales	China	100	-	December
Genesis Forklift Trucks Limited ³	Manufacturing	England	100	-	December
Rushlift Holdings Ltd. ³	Holdings	England	100	-	December
Doosan Equipment South East, LLC ³	Holdings	England	100	-	December
Rushlift Ltd. ³	Rental and sales	England	100	-	
Doosan Bobcat Global Collaboration Center, Inc	Other service	USA	100	100	December

¹ In 2021, Doosan International Australia Pty Ltd was liquidated.

² In 2021, As the stake sale was decided, the assets and liabilities of Doosan Bobcat Chile Compact SpA. are classified as held-for-sale.

³ In 2021, It acquired Doosan Industrial Vehicle Co., Ltd. and its subsidiaries.

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

1.2 Summarized Financial Information

Summarized financial information of the consolidated subsidiaries as at and for the year ended December 31, 2021 is as follows:

<i>(in thousands of USD)</i>	2021				
	Assets	Liabilities	Sales	Profit (loss) for the year	Total comprehensive income (loss)
Clark Equipment Co. and its subsidiaries	\$ 4,899,247	\$ 2,905,995	\$ 3,591,879	\$ 307,172	\$ 353,806
Bobcat Equipment Ltd.	116,687	41,295	255,760	5,513	5,513
Doosan Bobcat EMEA s.r.o. and its subsidiaries	2,073,927	383,141	1,210,550	60,593	65,308
Bobcat Bensheim GmbH	64,493	23,613	87,183	1,737	1,737
Bobcat France S.A.	79,851	42,342	160,831	3,798	4,126
Geith International Ltd.	30,940	18,635	51,071	4,509	4,509
Doosan Bobcat Singapore Pte. Ltd. and its subsidiaries	402,408	201,413	354,005	30,669	32,574
Doosan Bobcat Korea Co., Ltd.	193,020	126,467	236,963	16,924	17,758
Doosan Bobcat China Co., Ltd.	94,452	42,201	67,104	15,132	15,132
Doosan Bobcat India Private Ltd.	84,975	36,699	55,127	(2,182)	(1,111)
Doosan Industrial Vehicle Co., Ltd.'s subsidiaries	751,852	454,673	468,010	(3,560)	(6,142)
Doosan Industrial Vehicle U.K. Ltd.	90,786	87,139	16,767	1,065	1,065
Doosan Industrial Vehicle America Corp.	127,798	89,596	159,465	2,484	2,484
Rushlift Ltd.	119,598	106,796	27,684	(206)	(206)

1.3 Changes in Scope for Consolidation

Change in scope for consolidation for the year ended December 31, 2021 is as follows:

Name of Subsidiary	Details	Reason
Doosan International Australia Pty Ltd.	Excluded from the consolidation	Liquidation
Doosan Industrial Vehicle Co., Ltd.	Newly included	Acquisition
Doosan Industrial Vehicle Europe N.V.	Newly included	Acquisition
Doosan Industrial Vehicle U.K. Ltd.	Newly included	Acquisition
Doosan Logistics Europe GmbH	Newly included	Acquisition
Doosan Industrial Vehicle America Corp.	Newly included	Acquisition
Doosan Equipment South East, LLC	Newly included	Acquisition
Doosan Industrial Vehicle China Co., Ltd.	Newly included	Acquisition
Genesis Forklift Trucks Limited	Newly included	Acquisition
Rushlift Holdings Ltd.	Newly included	Acquisition
Doosan Equipment South East, LLC	Newly included	Acquisition
Rushlift Ltd.	Newly included	Acquisition

There are no changes in scope for consolidation during the year ended December 31, 2020.

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property – measured at fair value
- assets held-for-sale – measured at fair value less costs to sell, and
- defined benefit pension plans – plan assets measured at fair value

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

2.2 Changes in Accounting Policies and Disclosures

(a) *New standards and interpretations adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2021.

- *Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1039 Financial Instruments: Recognition and Measurement, Korean IFRS 1107 Financial Instruments: Disclosure, Korean IFRS 1104 Insurance Contracts and Korean IFRS 1116 Lease – Interest Rate Benchmark Reform (Phase 2 amendments)*

In relation to interest rate benchmark reform, the amendments provide exceptions including adjust effective interest rate instead of book amounts when interest rate benchmark of financial instruments at amortized costs is replaced, and apply hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship. The amendment does not have a significant impact on the financial statements.

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

(b) *New and amended standards and interpretations not yet adopted by the Group*

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2021 reporting periods and have not been early adopted by the Group.

- *Amendments to Korean IFRS 1103 Business Combination – Reference to the Conceptual Framework*

The amendments update a reference of definition of assets and liabilities to be recognized in a business combination in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korea IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS 2121 *Levies*. The amendments also clarifies that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- *Amendments to Korean IFRS 1016 Property, Plant and Equipment - Proceeds before intended use*

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

- *Amendments to Korean IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts : Cost of Fulfilling a Contract*

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- *Amendments to Korean IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

- *New Standard: Korean IFRS 1117 Insurance Contract*

Korean IFRS 1117 *Insurance Contracts* replaces Korean IFRS 1104 *Insurance Contracts*. This Standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (Refunds due to termination/maturity) repaid to a policyholder even if an insured event does not

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. This Standard should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted for entities that applied Korean IFRS 1109 Financial Instruments. The Group is in review for the impact of this new standard on the financial statements.

- *Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies*

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policies. The IASB amended IFRS Practice Statement 2 *Disclosure of Accounting Policies* to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

- *Korean IFRS 1008 Accounting policies, changes in accounting estimates and errors - Definition of Accounting Estimates*

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- *Korean IFRS 1012 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- *Annual improvements to Korean IFRS 2018-2020*

Annual improvements of Korean IFRS 2018-2020 Cycle should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- Korean IFRS 1101 *First time Adoption of Korean International Financial Reporting Standards* – Subsidiaries that are first-time adopters
- Korean IFRS 1109 *Financial Instruments* – Fees related to the 10% test for derecognition of financial liabilities
- Korean IFRS 1116 *Leases* – Lease incentives
- Korean IFRS 1041 *Agriculture* – Measuring fair value

- *Amendment to Korean IFRS 1116 - Covid-19 - Related Rent Concessions beyond June 30, 2021*

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before June 30, 2022. The amendment should be applied for annual periods beginning on or after April 1, 2021, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

2.3 Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110 *Consolidated Financial Statements*.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or business under common control. The assets and liabilities acquired under business combinations under common control are recognized at the carrying amounts recognized previously in the consolidated financial statements of the ultimate parent. The difference between consideration transferred and carrying amounts of net assets acquired is recognized in capital surplus.

In the case of accounting by the acquisition method, the consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards. Acquisition-related costs are expensed as incurred.

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Parent Company.

When the Group ceases to consolidate for a subsidiary because of a loss of control, any retained interest in the subsidiary is remeasured to its fair value with the change in carrying amount recognized in profit or loss.

(b) Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If the Group's share of losses

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is an objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss. If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

(c) Joint Arrangements

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

2.4 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The parent company's functional currency is Korean Won, whereas the consolidated financial statements are presented in US dollar.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognized in other comprehensive income.

(c) Translation to the presentation currency

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period,
- income and expenses for each statement of profit or loss are translated at average exchange rates, unless this average is not reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions,

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

- all resulting exchange differences are recognized in other comprehensive income.

Exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash with insignificant risk of change in value.

2.6 Financial Assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income, and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments when, and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

A. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'finance income or expenses' and impairment losses are presented in 'other non-operating expenses'.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit or loss within 'finance income or expenses' in the year in which it arises.

B. Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments, which held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'finance income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'other income and expenses' in the statement of profit or loss as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(c) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and lease receivables, the Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

(d) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Group classified the financial liability as "borrowings" in the statement of financial position.

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

(e) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.7 Derivative Instruments

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within other comprehensive income or loss and the ineffective portion is recognized in profit or loss.

2.8 Inventory

Inventories are stated at the lower of cost and net realizable value. Cost of inventories includes fixed and variable manufacturing overhead costs that are systematically allocated to inventories using appropriate methods based on each category of inventory. The cost of inventories is determined using the weighted average method, except for materials in transit which are determined using specific identification method. During the year, perpetual inventory systems are used to value inventories, which are adjusted to physical inventory counts performed at the end of the year.

The Group periodically reviews changes in net realizable value of its inventories (current replacement cost for raw materials) due to damage, obsolescence, decline in selling prices and others and, if appropriate, recognizes loss on inventory valuation. Loss on inventory valuation is charged to cost of sales when it is ordinary and to other expense when it is extraordinary. When the circumstances that previously caused inventories to be written down below cost no longer exist and the new market value of inventories subsequently recovers, the related valuation loss is reversed to the extent of the original valuation loss when the reversal is deducted from cost of sales.

2.9 Non-current Assets (or Disposal Group) Held-for-sale

Non-current assets (or disposal Group) are classified as held-for-sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.

2.10 Property, Plant and Equipment

Property, plant and equipment are initially stated at cost and subsequently recorded at cost, less accumulated depreciation and accumulated impairment losses, except for land, which is recorded using the valuation model. When the useful life of each part of an item of property, plant and equipment is different compared to that of the item, each part is recognized separately. The cost of an item of property, plant and equipment is directly attributable to its purchase or construction, including the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs incurred to replace part of previously recognized item of property, plant and equipment are added to the carrying amount of an asset, or recognized as a separate asset, if it is probable that future economic benefits associated with the assets will flow to the Group and the cost

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

of the asset can be measured reliably. The carrying amount of what was replaced is derecognized. Routine maintenance and repairs are expenses as incurred.

Depreciation expense for property, plant and equipment other than land is computed using the straight-line method, which reflects most closely the pattern in which the asset's economic benefits are expected to be consumed by the Group over the estimated useful lives of the assets as follows:

	Useful lives
Buildings	10 – 40 years
Machinery	5 – 12 years
Vehicles	3 – 6 years
Office equipment	3 – 10 years

If a part of a property, plant and equipment has a cost that is significant in relation to the total cost of property, plant and equipment, it is depreciated separately.

The Group reviews the depreciation method, the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

When the carrying amount of property, plant and equipment is higher than the recoverable amount, the carrying amount is adjusted to the recoverable amount and the difference is recognized as an impairment loss. Meanwhile, when the recoverable amount subsequently exceeds the carrying amount of the impaired asset, the excess is recorded as a reversal of impairment loss to the extent that the reversed asset does not exceed the carrying amount before previous impairment as adjusted by depreciation. Upon derecognition of property, plant and equipment, the difference between the net disposal proceed and the carrying amount of the item is recognized in other non-operating income (expense).

2.11 Government Grants

For the purpose of acquisition of certain assets, government grants related to assets are accounted for as a deduction from related assets on the date that the related assets are received.

If a government grant that will be received is not subject to specific conditions attached to it, government grants related to primary operating activity are recognized in operating income; otherwise, those are recognized in other non-operating income. Meanwhile, expense related to the government grants is to be offset first and then recognized in profit and loss..

2.12 Intangible Assets

Intangible assets are initially measured at cost and are carried at cost, less accumulated amortization and accumulated impairment losses. Subsequent expenditure on an intangible asset is capitalized only when it is probable that the expected future economic benefits that are attributable to the asset will increase.

Intangible assets other than goodwill and intangible assets with indefinite useful lives are amortized using the straight-line method with no residual value, with amortization beginning when the asset is available for use. However, useful lives of membership and other intangible assets with similar nature are determined to be indefinite as there is no foreseeable limit to the period over which the assets are expected to generate net cash inflow from the Group and they are not amortized, but tested for impairment once a year.

	Useful lives
Industrial rights	5 – 10 years

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

	Useful lives
Development costs	5 years
Other intangible assets	3 – 20 years

Goodwill acquired from business combination is measured as the consideration transferred in excess of acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired and is classified as intangible assets. Goodwill is not subject to amortization and tested annually for impairment. Goodwill is carried at cost less accumulated impairment losses, if any. Impairment loss recognized for goodwill is not reversed. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

Expenditures relating to development activities are capitalized when the result of the development is for the development of new products or substantial improvement of functions of existing products, there is technical and commercial feasibility of completing the development and the Group has the ability to measure reliably the expenditure attributable to the development. Capitalized development costs include expenditure on materials, salaries, wages and other employment-related costs of personnel directly engaged in generating assets and related overhead cost that is systematically allocated. Capitalized development costs are presented at the acquisition cost, less accumulated amortization and accumulated impairment losses. Capitalized development costs are amortized using the straight-line method over the estimated useful life and amortization expenses are included in cost of goods manufactured and amortization in selling and administrative expenses. The expenditure on research and development that does not meet the conditions noted above is recognized as an expense when it is incurred.

The estimated useful life and amortization method for intangible assets with finite useful lives are reviewed at the end of each reporting period and for the assets that have been assessed as having indefinite useful life, that assessment is revisited each period, with the effect of any changes in estimate being accounted for as a change in accounting estimate.

2.13 Investment Property

Investment property is property held to earn rentals or for capital appreciation or both. An investment property is measured initially at its cost. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The Group depreciates investment properties, except for land and investment property replaced by leased assets, using the straight-line method over their useful lives of 19 years.

2.14 Impairment of Non-financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

2.15 Financial Liabilities

(a) Classification and measurement

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as 'trades payables', 'borrowings', and 'other liabilities' in the statement of financial position.

(b) Derecognition

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(c) Financial Guarantee Contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, subsequently at the higher of following and recognized in the statement of financial position within 'other liabilities'.

- the amount determined in accordance with the expected credit loss model and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*

2.16 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is measured using the present value of the cash flows estimated to settle the present obligation when the effect of the time value of money is material. At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. The increase in provision due to passage of time is recognized as interest expense. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received. In the consolidated statements of profit or loss, a net amount is presented, being the anticipated cost of the obligation, less the reimbursement.

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

2.17 Current and Deferred Tax

The tax expense for the year consists of current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, The Group recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis.

2.18 Employee Benefits

(a) Post-employment benefits

The Group operates both defined contribution and defined benefit pension plans.

For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contribution has been paid. The contribution is recognized as employee benefit expense when due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depends on the employee's age, periods of service and salary levels. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

2.19 Revenue Recognition

The Group has applied Korean IFRS 1115 *Revenue from Contracts with Customers* for annual reporting period beginning on January 1, 2018. In accordance with K-IFRS 1115, the Group recognizes revenue from all types of the contracts by using the five-step revenue recognition model. The five-step revenue recognition model is as follows:

- Identify contracts with customers
- Identify the separate performance obligation
- Determine the transaction price of the contract
- Allocate the transaction price to each of the separate performance obligations, and
- Recognize the revenue as each performance obligation is satisfied.

(a) Identify the separate performance obligation

The Group engages in manufacturing and distributing compact construction equipment. The Group provides an extended warranty service in connection with the sale of product based on the contract.

(b) Performance obligations recognizing through the periods: Extended warranty services

The Group provides an extended warranty for products for coverage beyond the standard warranty period, and a customer has an option to purchase the extended warranty separately. Therefore, the extended warranty is classified as separate performance obligation according to the K-IFRS 1115, and a portion of the transaction price is allocated to that performance obligation in order to recognize revenue based on the progress towards complete satisfaction of the performance obligation.

(c) Allocate the transaction price to each of the separate performance obligations

The Group allocates the transaction price in an arrangement to each separate performance obligation based on the relative stand-alone selling prices of the goods or services being provided to a customer. The stand-alone selling prices of goods or services are observable in most cases. However, if the stand-alone selling prices are not directly observable, the Group estimates the selling prices by using expected cost plus a margin approach.

(d) Sales with a right of return

The Group estimates an amount of variable consideration by using the expected value which the Group expects to better predict the amount of consideration. The Group recognize revenue with transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the refund period has lapsed. The refund liability is measured at the amount of consideration received for which the Group does not expect to be entitled.

2.20 Lease

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Group should consider a termination penalty in determining the period for which the contract is enforceable.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group (the lessee) under residual value guarantees
- The exercise price of a purchase option if the Group (the lessee) is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Group (the lessee) exercising that option

Lease liability measurement also include payments to be made in option periods if the lessee is reasonably certain to exercise an option to extend the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The Group determines the incremental borrowing rate by excluding hedge effects from the borrowing rate of Clark Equipment Co. which had the financing from third-party.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Lease payments of short-term lease (a lease term of 12 months or less at the commencement date) and low value assets (at acquisition cost less than or equal to USD 5,000) will be recognized immediately in profit or loss under straight-line method.

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

2.21 Earnings Per Share

Basic earnings per common share are computed by dividing net income attributable to owners of the Group by the weighted-average number of common shares outstanding during the period. Diluted earnings per common share are computed by dividing diluted net income attributable to the owners of the Group, which is adjusted by adding back the after-tax amount of expenses related to dilutive potential ordinary shares, by the weighted-average number of common shares and dilutive potential ordinary shares outstanding during the period. Antidilutive potential ordinary shares are disregarded in the calculation of diluted earnings per share.

2.22 Dividend

Dividend payable is recognized as liability when declaration of the dividend is approved at the shareholders' meeting.

2.23 Segment Reporting

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to management. The management of the Group is responsible for allocating resources and assessing performance of the operating segments.

2.24 Approval of Issuance of the Financial Statements

The consolidated financial statements 2021 were approved for issue by the Board of Directors on February 9, 2021 and are subject to change with the approval of shareholders at their Annual General Meeting.

3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

In order to prevent the spread of COVID-19 during 2021, a variety of prevention and control measures, including movement restrictions, are being implemented worldwide. As a result, the global economy is being affected extensively. Also, various forms of government support policies have been announced to cope with COVID-19. The impact of COVID-19 and government support policies were not reflected in the consolidated financial statements because the impact on the estimates of variable consideration, the recoverability of accounts receivables, and the recognition of provisions, cannot be reasonably estimated due to uncertainties remained as at December 31, 2021.

(a) Revenue recognition – Revenue deductions

The Group offers customers a variety of promotion and incentive programs and its costs incurred are recognized as deductions from revenue. Any unsettled amounts are recognized on an accrual basis. These liabilities related to revenue deductions are estimated based on historical experience and judgement of management when the related revenue recognized. The Group's revenue is affected by these estimated revenue deductions.

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

(b) Impairment of goodwill

The Group annually performs impairment assessment on goodwill. Recoverable amount of cash-generating units is based on the higher of value in use or net fair value (fair value less cost of disposals). The calculation for impairment assessment requires accounting estimates (Note 10).

(c) Impairment of capitalized development cost

The Group performs an assessment for impairment of capitalized development costs at the end of each reporting period by reviewing project's business forecast, technical feasibility and future economic benefit. The assessment on indication of impairment or calculation of recoverable amount of capitalized development costs involves management's estimates and judgments (Note 10).

(d) Income taxes

The Group's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain.

Current and deferred income tax is measured to the taxation authorities, using the tax rates that have been enacted or substantively enacted by the end of the reporting period when the asset is realized or the liability is settled. However, the ultimate corporate income tax may not correspond to the related assets and liabilities recognized at the end of the current reporting period. Such difference may affect current and deferred tax assets and liabilities at the time when final tax effect is determined.

A deferred tax asset is recognized for the carryforward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. The future taxable profit measured by management's estimate involves management's significant judgement, and this could affect the Group's deferred tax assets.

If certain portion of the taxable income is not used for investments, increase in wages or others in accordance with the tax system for recirculation of corporate Income, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by these tax effects. As the Group's income tax is dependent on the investments, increase in wages and others, there is an uncertainty measuring the final tax effects. (Note 29).

(e) Net defined benefit liability

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 17).

(f) Warranty provision

The Group provides warranty for products when the related revenue is recognized. At the end of each reporting period, provisions are recorded for the best estimated costs to fulfill current and future warranty obligations. These estimates may change in future due to additional provisions required under local legislation and practice (Note 18).

(g) Impairment of financial assets

The provision for impairment for financial assets are based on assumptions about risk of default and expected loss rates in accordance with K-IFRS 1109. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period (Note 4).

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

4. Financial Risk Management

4.1 Financial Risk Factors

The Group's financial risk management focuses on improving financial structure and efficiency of liquidity management for stable and consistent financial performance of the Group by minimizing market risk, credit risk and liquidity risk.

The Group's financial risk management activities are mainly carried out by its treasury function with the cooperation of the Group's other functions, financial risks are identified, assessed and hedged based on financial risk management policies and potential impacts of financial risks are regularly monitored.

4.1.1 Market Risk

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from recognized assets and liabilities and net investments in foreign entities.

Foreign currency risk is managed based on the Group's policy on foreign currencies and the Group's key strategy for managing this risk is to reduce a volatility of financial performances due to fluctuations in foreign exchange rates.

The Group's financial assets and liabilities exposed to foreign exchange risk as at December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	December 31, 2021				
	USD	EUR	GBP	Others ¹	Total
Financial assets	\$ 398,976	\$ 29,141	\$ 66,490	\$ 57,333	\$ 551,940
Financial liabilities	(1,060,903)	(59,455)	(89,054)	(197,223)	(1,406,635)
Net	\$ (661,927)	\$ (30,314)	\$ (22,564)	\$ (139,890)	\$ (854,695)

(in thousands of USD)

	December 31, 2020				
	USD	EUR	GBP	Others ¹	Total
Financial assets	\$ 287,342	\$ 6,975	\$ 17,575	\$ 19,596	\$ 331,488
Financial liabilities	(388,049)	(56,158)	(2,624)	(12,822)	(459,653)
Net	\$ (100,707)	\$ (49,183)	\$ 14,951	\$ 6,774	\$ (128,165)

¹ Others are assets and liabilities denominated in foreign currencies other than USD, EUR and GBP.

The table below summarizes the impact of weakened/strengthened functional currency on the Group's profit before income tax expense for the year. The analysis is based on the assumption that the functional currency has weakened/strengthened by 10% against the respective foreign currencies above with all other variables held constant.

(in thousands of USD)

	Year ended December 31, 2021		Year ended December 31, 2020	
	10% increase in foreign exchange currency rate	10% decrease in foreign exchange currency rate	10% increase in foreign exchange currency rate	10% decrease in foreign exchange currency rate
Profit (loss) before income tax expense	\$ (85,470)	\$ 85,470	\$ (12,817)	\$ 12,817

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

(b) Interest rate risk

Interest rate risk is defined as the risk that the interest income or expenses arising from deposits and borrowings will fluctuate because of changes in future market interest rate. The interest rate risk mainly arises on floating rate deposits and borrowings.

The Group manages interest rate risk through various activities. These include minimizing external borrowings by utilizing internal fund availability, reducing borrowings with higher interest rates, improving maturity structure of borrowings, maintaining appropriate balance between floating rate and fixed rate, and a regular monitoring of market trend and developing action plans.

Financial liabilities with floating interest rates exposed to interest rate risk as at December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	December 31, 2021	December 31, 2020
Financial liabilities	\$ 1,135,486	\$ 643,563

The table below summarizes the impact of increases/decreases of interest rate on the Group's annual income before income tax expense. The analysis is based on the assumption that the interest rate has increased/decreased by 1% (100 basis points) with all other variables held constant.

<i>(in thousands of USD)</i>	Impact on the profit before income tax estimated for the year ended			
	December 31, 2021		December 31, 2020	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Profit (loss) before income tax expense	\$ (11,355)	\$ 11,355	\$ (6,436)	\$ 6,436

4.1.2 Credit Risk

Credit risk arises during the normal course of transactions and investing activities where customers or other parties are unable to comply with contractual obligations. The Group sets out and monitors credit limits for its customers and counterparts on a periodic basis considering financial conditions, historical experiences and other factors.

Credit risk arises from cash and cash equivalents, derivatives and deposits in banks and financial institutions, as well as the Group's receivables.

Main objectives of credit risk management are to efficiently manage credit risk based on the Group's credit policies, to promptly support decision-making processes and to minimize financial losses through safeguarding receivables. An allowance for doubtful accounts is specifically recognized for the receivables with impairment indicators individually identified. The Group uses the simplified approach to recognize the loss allowance for lifetime expected credit loss for a group of receivables with similar credit-risk nature that are not individually significant.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Maximum exposures of financial assets of the Group exposed to credit risk as at December 31, 2021 and 2020, are as follows.

<i>(in thousands of USD)</i>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash and cash equivalents	\$ 802,834	\$ 718,937
Short-term financial instruments	16,633	13,787
Trade and other receivables	363,748	324,501
Long-term financial instruments ¹	3,107	526
Long-term financial investments	854	98
Long-term trade and other receivables	16,074	10,368
Derivative assets	-	25
Other non-current assets	9,080	4,870
	<u>\$ 1,212,330</u>	<u>\$ 1,073,112</u>

¹ Long-term financial instruments include deposits restricted in use in relation to government bids, and deposits pledged as collaterals in relation to sublease deposits.

Aging analysis of the Group's receivables as at December 31, 2021 and 2020, is as follows:

<i>(in thousands of USD)</i>	<u>December 31, 2021</u>						
Individually impaired receivables	\$	Receivables assessed for impairment on a collective basis					Total
		Within due	0-3 months	3-6 months	6-12 months	Over 12 months	
Trade receivables	9,025	\$ 275,521	\$ 44,172	\$ 3,353	\$ 1,970	\$ 4,259	\$ 338,300
Other receivables	1,091	30,193	3,562	-	230	104	35,180
Accrued income	71	198	-	-	-	-	269
Short-term loans	3,038	61	-	-	-	-	3,099
Long-term other receivables	-	16,074	-	-	-	-	16,074
	<u>\$ 13,225</u>	<u>\$ 322,047</u>	<u>\$ 47,734</u>	<u>\$ 3,353</u>	<u>\$ 2,200</u>	<u>\$ 4,363</u>	<u>\$ 392,922</u>

<i>(in thousands of USD)</i>	<u>December 31, 2020</u>						
Individually impaired receivables	\$	Receivables assessed for impairment on a collective basis					Total
		Within due	0-3 months	3-6 months	6-12 months	Over 12 months	
Trade receivables	13,550	\$ 173,246	\$ 30,252	\$ 2,822	\$ 2,820	\$ 7,996	\$ 230,686
Other receivables	61,715	17,580	195	50	-	1	79,541
Accrued income	-	1,399	-	-	-	-	1,399
Short-term loans	24,000	54	-	-	-	-	24,054
Long-term trade receivables	-	157	-	-	-	-	157
Long-term other receivables	10,126	86	-	-	-	-	10,212
	<u>\$ 109,391</u>	<u>\$ 192,522</u>	<u>\$ 30,447</u>	<u>\$ 2,872</u>	<u>\$ 2,820</u>	<u>\$ 7,997</u>	<u>\$ 346,049</u>

Receivables with specific impairment indicators such as insolvency and bankruptcy are individually assessed using appropriate allowance rates. A group of financial assets with similar credit risk

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

natures that are not individually significant is assessed on expected credit losses based on aging analysis and the credit risk characteristics.

As at the end of the reporting period, the aging analysis of allowance for bad debts on trade receivables and other receivables are as follows.

(in thousands of USD)

	December 31, 2021						
	Allowance for bad debts for individually impaired receivables	Allowance for bad debts assessed for impairment on a collective basis					Total
		Within due	0-3 months	3-6 months	6-12 months	Over 12 months	
Trade receivables	\$ 8,747	\$ 667	\$ 487	\$ 249	\$ 350	\$ 2,520	\$ 13,020
Other receivables	1	-	31	-	46	2	80
	<u>\$ 8,748</u>	<u>\$ 667</u>	<u>\$ 518</u>	<u>\$ 249</u>	<u>\$ 396</u>	<u>\$ 2,522</u>	<u>\$ 13,100</u>

(in thousands of USD)

	December 31, 2020						
	Allowance for bad debts for individually impaired receivables	Allowance for bad debts assessed for impairment on a collective basis					Total
		Within due	0-3 months	3-6 months	6-12 months	Over 12 months	
Trade receivables	\$ 5,023	\$ 699	\$ 363	\$ 358	\$ 833	\$ 3,902	\$ 11,178
Other receivables	1	-	-	-	-	-	1
	<u>\$ 5,024</u>	<u>\$ 699</u>	<u>\$ 363</u>	<u>\$ 358</u>	<u>\$ 833</u>	<u>\$ 3,902</u>	<u>\$ 11,179</u>

4.1.3 Liquidity Risk

Liquidity risk represents the risk that the Group may encounter difficulties in fulfilling its obligations to repay financial liabilities or in being able to have additional funding for its normal business operations due to liquidity shortage.

The Group secures and maintains the appropriate level of liquidity volume and accordingly manages the liquidity risk in advance by forecasting the projected cash flows from operating, investing and financing activities for a three-month period as well as annual fiscal year.

Details of the Group's liquidity risk analysis as at December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	December 31, 2021					
	Book value	Total	Nominal cash flows			More than 5 years
			Less than 1 year	1-2 years	2-5 years	
Trade payables	\$ 668,252	\$ 668,252	\$ 668,252	\$ -	\$ -	\$ -
Other payables (current and non-current)	255,448	255,448	243,474	5,505	2,291	4,178
Other current liabilities	4,545	4,545	4,545	-	-	-
Borrowings	1,194,225	1,266,273	68,167	77,650	1,120,456	-
Lease liabilities	88,642	98,062	22,503	17,863	35,607	22,089
Bonds	296,197	361,100	17,870	17,870	325,360	-
Sales and leaseback liabilities	92,598	99,726	29,106	30,069	34,140	6,411

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

	<u>\$ 2,599,907</u>	<u>\$ 2,753,406</u>	<u>\$ 1,053,917</u>	<u>\$ 148,957</u>	<u>\$ 1,517,854</u>	<u>\$ 32,678</u>
<i>(in thousands of USD)</i>						
	December 31, 2020					
	Nominal cash flows					
	Book value	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
Trade payables	\$ 378,307	\$ 378,307	\$ 378,307	\$ -	\$ -	\$ -
Other payables (current and non-current)	286,063	286,063	275,178	6,670	-	4,215
Borrowings	662,936	713,289	36,804	34,193	642,292	-
Lease liabilities	55,448	61,905	18,883	12,213	20,647	10,162
Bonds	295,090	378,970	17,870	17,870	343,230	-
	<u>\$ 1,677,844</u>	<u>\$ 1,818,534</u>	<u>\$ 727,042</u>	<u>\$ 70,946</u>	<u>\$ 1,006,169</u>	<u>\$ 14,377</u>

The amounts of financial liabilities by remaining maturity included in above represent undiscounted contractual nominal cash flows (including interest expenses), assuming the earliest period in which the Group can be required to pay, and therefore differ from the financial liabilities recognized in the consolidated statements of financial position. In addition, apart from the financial liabilities above, the maximum exposure related with financial guarantees provided by the Group as at December 31, 2021 is discussed in Note 32.

4.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so the Group can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the debt-to-equity ratio which is calculated by dividing total liabilities by total equity in the financial statements.

Debt-to-equity ratio as at December 31, 2021 and 2020, are as follows:

	<i>(in thousands of USD)</i>	
	December 31, 2021	December 31, 2020
Debt	\$ 3,593,111	\$ 2,653,312
Equity	<u>3,645,100</u>	<u>3,744,306</u>
Debt-to-equity ratio	<u>98.57%</u>	<u>70.86%</u>

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

5. Financial Instruments by Category

5.1 Carrying Amounts of Financial Instruments by Category

Categorizations of financial assets and liabilities as at December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	December 31, 2021			Total
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	
Assets				
Cash and cash equivalents	\$ 802,834	\$ -	\$ -	\$ 802,834
Short-term financial instruments	16,633	-	-	16,633
Trade and other receivables	346,459	-	17,289	363,748
Long-term trade and other receivables	16,074	-	-	16,074
Long-term financial instruments	3,107	-	-	3,107
Long-term financial investments	-	111	743	854
Other non-current assets	9,080	-	-	9,080
	<u>\$ 1,194,187</u>	<u>\$ 111</u>	<u>\$ 18,032</u>	<u>\$ 1,212,330</u>

(in thousands of USD)

	December 31, 2021		
	Financial liabilities at amortized cost	Other financial liabilities ¹	Total
Liabilities			
Trade and other payables	\$ 910,013	\$ -	\$ 910,013
Bonds	296,197	-	296,197
Borrowings	1,194,225	-	1,194,225
Derivative liabilities (current and non-current)	-	586	586
	92,598	-	92,598
	4,545	-	4,545
Other non-current payables	13,687	-	13,687
Finance guaranty liabilities	-	1	1
Lease liabilities (current and non-current)	-	88,642	88,642
	<u>\$ 2,511,265</u>	<u>\$ 89,229</u>	<u>\$ 2,600,494</u>

¹ Other financial liabilities include hedging derivative liabilities, finance guaranty, and lease liabilities that are not subject to financial liabilities by category.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of USD)

Assets	December 31, 2020				Total
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Other financial assets	
Cash and cash equivalents	\$ 718,937	\$ -	\$ -	\$ -	\$ 718,937
Short-term financial instruments	13,787	-	-	-	13,787
Trade and other receivables	308,234	-	16,267	-	324,501
Derivative assets (current and non-current)	-	-	-	25	25
Long-term trade and other receivables	10,368	-	-	-	10,368
Long-term financial instruments	526	-	-	-	526
Long-term financial investments	-	98	-	-	98
Other non-current assets	4,870	-	-	-	4,870
	<u>\$ 1,056,722</u>	<u>\$ 98</u>	<u>\$ 16,267</u>	<u>\$ 25</u>	<u>\$ 1,073,112</u>

(in thousands of USD)

Liabilities	December 31, 2020		Total
	Financial liabilities at amortized cost	Other financial liabilities ¹	
Trade and other payables	\$ 653,485	\$ -	\$ 653,485
Bonds	295,090	-	295,090
Borrowings	662,936	-	662,936
Derivative liabilities (current and non-current)	-	86	86
Other non-current payables	10,884	-	10,884
Finance guaranty liabilities	-	105	105
Lease liabilities (current and non-current)	-	55,448	55,448
	<u>\$ 1,622,395</u>	<u>\$ 55,639</u>	<u>\$ 1,678,034</u>

¹ Other financial liabilities include hedging derivative liabilities, finance guaranty, and lease liabilities that are not subject to financial liabilities by category.

During the year ended December 31, 2021, there have been no significant changes in the business and economic environment affecting the fair value of the Group's financial assets and liabilities. Assets and liabilities whose carrying value is a reasonable approximation of fair value are excluded from the fair value disclosure above.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

5.2 Fair Value Hierarchy

Fair value hierarchy classifications of the financial instruments, based on the levels defined as below, that are measured at fair value as at December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	December 31, 2021			
	Level 1¹	Level 2¹	Level 3¹	Total
Financial assets:				
Financial assets at fair value through profit or loss	\$ -	\$ -	\$ 111	\$ 111
Financial assets at fair value through OCI		17,289	743	18,032
Other financial assets(Hedge derivatives)	-	-	-	-
	<u>\$ -</u>	<u>\$ 17,289</u>	<u>\$ 854</u>	<u>\$ 18,143</u>
Financial liabilities:				
Financial liabilities at fair value through profit or loss	\$ -	\$ -	\$ -	\$ -
Other financial liabilities(Hedge derivatives)	-	(586)	-	(586)
	<u>\$ -</u>	<u>\$ (586)</u>	<u>\$ -</u>	<u>\$ (586)</u>

(in thousands of USD)

	December 31, 2020			
	Level 1¹	Level 2¹	Level 3¹	Total
Financial assets:				
Financial assets at fair value through profit or loss	\$ -	\$ -	\$ 98	\$ 98
Financial assets at fair value through OCI	-	16,267	-	16,267
Other financial assets(Hedge derivatives)	-	25	-	25
	<u>\$ -</u>	<u>\$ 16,292</u>	<u>\$ 98</u>	<u>\$ 16,390</u>
Financial liabilities:				
Other financial liabilities(Hedge derivatives)	\$ -	\$ (86)	\$ -	\$ (86)
	<u>\$ -</u>	<u>\$ (86)</u>	<u>\$ -</u>	<u>\$ (86)</u>

- ¹ Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability.
Level 3 – Unobservable inputs for the asset or liability.

5.3 Net Gains or Losses by Category of Financial Instruments

Changes in level 3 financial instruments among the financial instruments that are measured at fair value for the year ended December 31, 2021 is as follows:

(in thousands of USD)	Beginning balance	Valuation of fair value	Acquisition	Other¹	Ending balance
Financial assets at fair value through profit or loss	\$ 98	\$ -	\$ 22	\$ (9)	\$ 111
Financial assets at fair value through OCI	-	761	-	(18)	743
	<u>\$ 98</u>	<u>\$ 761</u>	<u>\$ 22</u>	<u>\$ (27)</u>	<u>\$ 854</u>

- ¹ Other include foreign currency translation effects and others.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

5.4 Net Gains or Losses by Category of Financial Instruments

Net gains or losses on each category of financial instruments for the years ended December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	Year ended December 31, 2021					
	Interest income (expense)	Bad debt expense	Loss on disposal	Gain (loss) on derivatives	Other	Other comprehensive income(loss)
Financial assets:						
Financial assets at amortized cost	\$ 2,183	\$ (925)	\$ -	\$ -	\$ -	\$ -
Financial assets at fair value through profit or loss	-	-	-	2	-	-
Financial assets at fair value through other comprehensive income	-	-	(4,319)	-	-	-
Other financial assets (Hedge derivatives)	-	-	-	-	-	(223)
	<u>\$ 2,183</u>	<u>\$ (925)</u>	<u>\$ (4,319)</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ (223)</u>
Financial liabilities:						
Financial liabilities at amortized cost	\$ (46,046)	\$ -	\$ -	\$ -	\$ (299)	\$ -
Other financial liabilities	(2,513)	-	-	(8)	4	-
	<u>\$ (48,559)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8)</u>	<u>\$ (295)</u>	<u>\$ -</u>

(in thousands of USD)

	Year ended December 31, 2020					
	Interest income (expense)	Bad debt expense	Loss on disposal	Gain (loss) on derivatives	Other	Other comprehensive income(loss)
Financial assets:						
Financial assets at amortized cost	\$ 4,411	\$ (2,375)	\$ -	\$ -	\$ -	\$ -
Financial assets at fair value through profit or loss	-	-	(843)	581	(22)	-
Financial assets at fair value through other comprehensive income	-	-	(3,906)	-	-	-
Other financial assets (Hedge derivatives)	-	-	-	-	-	227
	<u>\$ 4,411</u>	<u>\$ (2,375)</u>	<u>\$ (4,749)</u>	<u>\$ 581</u>	<u>\$ (22)</u>	<u>\$ 227</u>
Financial liabilities:						
Financial liabilities at amortized cost	\$ (34,738)	\$ -	\$ -	\$ -	\$ (383)	\$ -
Other financial liabilities	(2,697)	-	-	-	103	-
	<u>\$ (37,435)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (280)</u>	<u>\$ -</u>

All of other comprehensive income or loss noted above was resulted from cash flow hedge derivatives.

In addition, foreign exchange differences, either realized or not, related to foreign currency transactions (other than derivative contracts) are mostly resulted from loans and receivables, financial assets at fair value through OCI and financial liabilities measured at amortized cost.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

6. Trade and Other Receivables

Trade and other receivables as at December 31, 2021 and 2020, are as follows:

	December 31, 2021		
	Gross	Allowance for doubtful accounts	Net
<i>(in thousands of USD)</i>			
Current:			
Trade receivables	\$ 338,300	\$ (13,020)	\$ 325,280
Other receivables	35,180	(80)	35,100
Accrued income	269	-	269
Short-term loans	3,099	-	3,099
	<u>\$ 376,848</u>	<u>\$ (13,100)</u>	<u>\$ 363,748</u>
Non-current:			
Long-term trade receivables	\$ -	\$ -	\$ -
Long-term other receivables	16,074	-	16,074
	<u>\$ 16,074</u>	<u>\$ -</u>	<u>\$ 16,074</u>
<i>(in thousands of USD)</i>			
	December 31, 2020		
	Gross	Allowance for doubtful accounts	Net
Current:			
Trade receivables	\$ 230,686	\$ (11,178)	\$ 219,508
Other receivables	79,541	(1)	79,540
Accrued income	1,399	-	1,399
Short-term loans	24,054	-	24,054
	<u>\$ 335,680</u>	<u>\$ (11,179)</u>	<u>\$ 324,501</u>
Non-current:			
Long-term trade receivables	\$ 156	\$ -	\$ 156
Long-term other receivables	10,212	-	10,212
	<u>\$ 10,368</u>	<u>\$ -</u>	<u>\$ 10,368</u>

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Changes in allowance for doubtful accounts for the years ended December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	Year ended December 31, 2021		
	Trade receivables	Other receivables	Total
Beginning balance	\$ 11,178	\$ 1	\$ 11,179
Business combination	3,322	207	3,529
Increase (decrease)	926	-	926
Held-for-sale ¹	(268)	-	(268)
Write-off	(918)	-	(918)
Others	(1,220)	(128)	(1,348)
Ending balance	<u>\$ 13,020</u>	<u>\$ 80</u>	<u>\$ 13,100</u>

¹ As the Group decided to sell its shares of Doosan Bobcat Chile Compact SpA, the amount has been reclassified into Held-for-sale.

(in thousands of USD)

	Year ended December 31, 2020		
	Trade receivables	Other receivables	Total
Beginning balance	\$ 9,012	\$ 1	\$ 9,013
Increase (decrease)	2,375	-	2,375
Write-off	(1,096)	-	(1,096)
Others	887	-	887
Ending balance	<u>\$ 11,178</u>	<u>\$ 1</u>	<u>\$ 11,179</u>

Past due receivables are considered impaired. An allowance for doubtful accounts is specifically recognized for the receivables with impairment indicators individually identified. The Group applies the aging analysis to recognize the lifetime expected credit losses as loss allowances for a group of financial assets with similar credit risk natures that are not individually significant. The allowance for doubtful accounts is included in selling and administrative expenses in the consolidated statements of income.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

7. Inventories

Inventories as at December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	December 31, 2021		
	Acquisition cost	Valuation allowance	Net book value
Merchandise and finished goods	\$ 417,166	\$ (31,991)	\$ 385,175
Work in progress	52,840	-	52,840
Raw materials	391,022	(14,823)	376,199
Materials in transit	158,627	-	158,627
	<u>\$ 1,019,655</u>	<u>\$ (46,814)</u>	<u>\$ 972,841</u>

(in thousands of USD)

	December 31, 2020		
	Acquisition cost	Valuation allowance	Net book value
Merchandise and finished goods	\$ 253,229	\$ (27,996)	\$ 225,233
Work in progress	28,480	-	28,480
Raw materials	265,631	(11,137)	254,494
Materials in transit	98,217	-	98,217
	<u>\$ 645,557</u>	<u>\$ (39,133)</u>	<u>\$ 606,424</u>

The cost of inventories recognized as expense and included in 'cost of sales' for the year ended December 31, 2021, amounts to \$ 3,733,128 thousand (December 31, 2020: \$ 2,719,324 thousand). Losses on inventory valuation added to 'cost of sales' amounts to \$ 7,681 thousand on the same period (December 31, 2020: loss of \$ 653 thousand).

8. Derivatives

The Group's derivative contracts are classified as follows:

Purpose	Type of derivative instruments	Description
Cash flow hedge	Foreign currency forward	A contract to avoid cash flow risk arising from forecasted sales in foreign currencies
	Foreign currency swap	Foreign currency swap to hedge future cash flow
Trading purpose	Foreign currency forward	Foreign currency forward to hedge future cash flow

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Details of valuation of derivatives as at December 31, 2021 and 2020, are as follows:

<i>(in thousands of all currencies)</i>	December 31, 2021					
	Buy		Sell		Derivative liabilities	Accumulated other comprehensive loss¹
	Currency	Amount	Currency	Amount		
Foreign currency swap	JPY	1,906,578	KRW	20,000,000	\$ (582)	\$ (280)
Foreign currency forward		23,197		248,789	(4)	(4)
					<u>\$ (586)</u>	<u>\$ (284)</u>

¹ Tax effects were not reflected.

<i>(in thousands of all currencies)</i>	December 31, 2020					
	Buy		Sell		Derivative liabilities	Accumulated other comprehensive loss¹
	Currency	Amount	Currency	Amount		
Foreign currency forward	EUR	8,296	GBP	7,467	\$ (62)	\$ (62)
					<u>\$ (62)</u>	<u>\$ (62)</u>

¹ Tax effects were not reflected.

Derivatives are classified as non-current assets (liabilities) if their remaining maturities exceed 12 months from the end of the reporting period; otherwise, they are classified as current assets (liabilities).

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

9. Property, Plant and Equipment

Changes in property, plant and equipment for the years ended December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	Year ended December 31, 2021						
	Land	Buildings	Machinery	Vehicles	Equipment	Construction in progress	Total
Beginning balance	\$ 33,714	\$ 161,810	\$ 240,594	\$ 1,177	\$ 11,526	\$ 60,180	\$ 509,001
Acquisition & capital expenditure	52,407	19,007	30,097	376	9,593	78,599	190,079
Disposal	-	(4,455)	(6,661)	(291)	(1,671)	-	(13,078)
Depreciation	-	(10,238)	(71,326)	(556)	(6,311)	-	(88,431)
Revaluation	6,703	-	-	-	-	-	6,703
Impairment	-	(51)	(1,202)	-	-	-	(1,253)
Impairment reversed	-	37	-	-	-	-	37
Transfer to assets held-for-sale ¹	-	-	(1,041)	-	-	-	(1,041)
Business combination	51,734	11,997	134,641	1,615	21,034	5,712	226,733
Others & transfer	(5,330)	9,076	33,946	(35)	(2,562)	(58,814)	(23,719)
Ending balance	<u>\$ 139,228</u>	<u>\$ 187,183</u>	<u>\$ 359,048</u>	<u>\$ 2,286</u>	<u>\$ 31,609</u>	<u>\$ 85,677</u>	<u>\$ 805,031</u>
Acquisition cost	\$ 139,228	\$ 288,057	\$ 763,268	\$ 6,834	\$ 76,471	\$ 85,677	\$ 1,359,535
Accumulated depreciation	-	(98,025)	(401,190)	(4,545)	(44,760)	-	(548,520)
Government grants	-	(1,377)	(1,120)	-	(50)	-	(2,547)
Accumulated impairment losses	-	(1,472)	(1,910)	(3)	(52)	-	(3,437)

¹ The Group decided to sell its shares of Doosan Bobcat Chile Compact SpA, a subsidiary of the Company, and reclassified the amount to assets held-for-sale during the year ended December 31, 2021.

(in thousands of USD)

	Year ended December 31, 2020								
	Land	Buildings	Structures	Machinery	Vehicles	Tools	Equipment	Construction in progress	Total
Beginning balance	\$ 32,787	\$ 150,504	\$ 4,361	\$ 181,209	\$ 750	\$ 3,570	\$ 7,931	\$ 75,896	\$ 457,008
Acquisition & capital expenditure	-	12,245	-	85,109	718	-	5,177	2,886	106,135
Disposal	-	(78)	-	(565)	(109)	-	(84)	-	(836)
Depreciation	-	(8,450)	-	(50,727)	(288)	-	(3,072)	-	(62,537)
Business combination	-	-	-	(34)	53	-	22	161	202
Transfer to assets held-for-sale ¹	-	(7,522)	-	-	-	-	(2)	-	(7,524)
Others & transfer	927	15,111	(4,361)	25,602	53	(3,570)	1,554	(18,763)	16,553
Ending balance	<u>\$ 33,714</u>	<u>\$ 161,810</u>	<u>\$ -</u>	<u>\$ 240,594</u>	<u>\$ 1,177</u>	<u>\$ -</u>	<u>\$ 11,526</u>	<u>\$ 60,180</u>	<u>\$ 509,001</u>
Acquisition cost	\$ 33,714	\$ 251,137	\$ -	\$ 504,016	\$ 3,276	\$ -	\$ 19,292	\$ 60,180	\$ 871,615
Accumulated depreciation	-	(87,863)	-	(262,690)	(2,094)	-	(7,715)	-	(360,362)
Accumulated impairment losses	-	(1,464)	-	(732)	(5)	-	(51)	-	(2,252)

¹ The Group reclassified the buildings and others held by Doosan Bobcat China Co. to assets held-for-sale as the Group entered into a sales contract during the year ended December 31, 2020. The sale has been completed during the year ended December 31, 2021.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Land is measured at fair value. If measured at a historical cost as at December 31, 2021, its carrying value would be \$ 116,401 thousand.

As at December 31, 2021, certain property, plant and equipment included above are pledged as collateral in relation to the borrowings (Notes 15 and 33).

Classification of depreciation expenses for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Cost of sales	\$ 78,994	\$ 52,743
Selling and administrative expenses		
Depreciation expenses	5,603	5,947
Research and development expenses	3,834	3,847
	<u>\$ 88,431</u>	<u>\$ 62,537</u>

10. Intangible Assets

Changes in intangible assets for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021				
	Goodwill	Industrial rights	Development costs	Others	Total
Beginning balance	\$ 2,718,718	\$ 1,027,913	\$ 129,511	\$ 49,493	\$ 3,925,635
Internal development	-	-	31,028	-	31,028
Acquisition	-	171	1,485	13,573	15,229
Amortization	-	(63)	(33,406)	(12,363)	(45,832)
Impairment	-	(8)	(224)	(1,506)	(1,738)
Business combination	72,097	238	15,345	7,729	95,409
Others	(93,972)	(30,168)	(2,946)	2,142	(124,944)
Ending balance	<u>\$ 2,696,843</u>	<u>\$ 998,083</u>	<u>\$ 140,793</u>	<u>\$ 59,068</u>	<u>\$ 3,894,787</u>
Acquisition cost	\$ 2,696,843	\$ 1,139,425	\$ 383,465	\$ 168,820	\$ 4,388,553
Accumulated amortization and impairment loss	-	(141,342)	(242,672)	(109,752)	(493,766)

<i>(in thousands of USD)</i>	Year ended December 31, 2020				
	Goodwill	Industrial rights	Development costs	Others	Total
Beginning balance	\$ 2,610,539	\$ 994,183	\$ 118,551	\$ 47,695	\$ 3,770,968
Internal development	-	-	33,792	-	33,792
Acquisition	-	-	-	11,993	11,993
Disposal	-	-	-	(988)	(988)
Amortization	-	(35)	(25,752)	(11,018)	(36,805)
Others	108,179	33,765	2,920	1,811	146,675
Ending balance	<u>\$ 2,718,718</u>	<u>\$ 1,027,913</u>	<u>\$ 129,511</u>	<u>\$ 49,493</u>	<u>\$ 3,925,635</u>
Acquisition cost	\$ 2,718,718	\$ 1,173,090	\$ 338,660	\$ 131,237	\$ 4,361,705
Accumulated amortization and impairment loss	-	(145,177)	(209,149)	(81,744)	(436,070)

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

As at December 31, 2021, the carrying amount of goodwill and other intangible with indefinite useful lives is \$3,695,935 thousand (December 31, 2020: \$3,747,450 thousand).

The Group performed an impairment assessment on industrial rights by estimating recoverable amount of industrial rights, and recognized no impairment as the recoverable amount exceeded its carrying amount.

Certain intangible assets included above are pledged as collateral as at December 31, 2021 in connection with the borrowings (Notes 15 and 33).

Details of development costs as at December 31, 2021, is as follows:

(in thousands of USD)

		Balance at December 31, 2021	Remaining amortization period
Compact product development (relating to new models and emission regulations)	Development in progress	\$ 32,725	-
	Being amortized	79,059	41 months
Portable Power product development (relating to new models and emission regulations)	Development in progress	1,590	-
	Being amortized	12,409	46 months
Forklift product development (relating to new models and emission regulations)	Development in progress	7,646	
	Being amortized	<u>7,364</u>	50 months
		<u>\$ 140,793</u>	

Impairment losses on intangible assets for the years ended December 31, 2021 and 2020, are as follows:

(in thousands of USD)

		Impairment losses		
		Book value	Year ended December 31, 2021	Year ended December 31, 2020
Development costs	Medium Frame GenV and others	\$ -	\$ 4,355	\$ 4,139
Industrial rights	Forklift control method and others	-	8	-
Other intangible assets	DS Platform(software) and others	1,069	1,453	-

Classification of impairment losses on intangible assets for the years ended December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	Year ended December 31, 2021	Year ended December 31, 2020
Other non-operating expenses	\$ 1,738	\$ -

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Classification of amortization expenses for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Cost of sales	\$ 36,535	\$ 29,254
Selling and administrative expenses		
Amortization expenses	9,293	7,528
Research and development expenses and others	4	23
	<u>\$ 45,832</u>	<u>\$ 36,805</u>

Expenditures on research and development recognized as expenses amounted to \$94,164 thousand for the year ended December 31, 2021 (December 31, 2020: \$77,710 thousand).

Impairment Tests for Goodwill

The Group allocates goodwill to cash-generating unit group, and allocated goodwill for impairment testing purposes is as follows.

<i>(in thousands of USD)</i>		December 31, 2021	December 31, 2020
Cash-generating unit group	Description		
Doosan Bobcat	Manufacturing and sales of construction equipment	\$ 2,626,857	\$ 2,718,718
Industrial Vehicle ¹	Manufacturing and sales of forklift	69,986	-
		<u>\$ 2,696,843</u>	<u>\$ 2,718,718</u>

¹ Goodwill has been recognized as a result of the business combination during the year ended December 31, 2021. (Note 36).

The Group uses cash flow projections based on the five-year period financial budgets approved by the management. The financial budgets are determined based on historical result and expectation of market growth. Key assumptions used for value-in-use calculation are as follows:

	Rate Used	
	DOOSAN BOBCAT INC.	Industrial Vehicle
Growth rate of sales	4.8%~13.8%	4.8%~21.4%
Permanent growth rate	1.5%	1.0%
Discount rate ¹	7.8%	9.7%

¹ The discount rate is applied to the expected cash flow.

The growth rate is calculated by continuing the estimated cash flows at the end of the five-year period, and this growth rate does not exceed long-term average growth rate of market. The discount rates used reflect relevant risks specific to the cash-generating units. The Group performed an impairment test in consideration of the value-in-use and concluded that the carrying value of cash generating units does not exceed the recoverable amount. Therefore, no impairment loss is recognized based on the impairment test for the year ended December 31, 2021.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

11. Investment Properties

Changes in investment properties for the years ended December 31, 2021 and 2020 are as follows:

(in thousands of USD)

	Year ended December 31, 2021		
	Land	Building	Total
Beginning balance	\$ 84,719	\$ 21,218	\$ 105,937
Acquisitions/ capitalized expenditure ¹	-	5,182	5,182
Depreciation	-	(1,667)	(1,667)
Others	(6,967)	(1,868)	(8,835)
Ending balance	<u>\$ 77,752</u>	<u>\$ 22,865</u>	<u>\$ 100,617</u>
Acquisition cost	\$ 77,752	\$ 25,949	\$ 103,701
Accumulated amortization and impairment loss	-	(3,084)	(3,084)

¹ During the years ended December 31, 2021, the Group purchased these properties from related parties (Note 34).

(in thousands of USD)

	Year ended December 31, 2020		
	Land	Building	Total
Beginning balance	\$ 60,994	\$ 16,099	\$ 77,093
Acquisitions/ capitalized expenditure ¹	18,267	4,669	22,936
Depreciation	-	(902)	(902)
Others	5,458	1,352	6,810
Ending balance	<u>\$ 84,719</u>	<u>\$ 21,218</u>	<u>\$ 105,937</u>
Acquisition cost	\$ 84,719	\$ 22,824	\$ 107,543
Accumulated amortization and impairment loss		(1,606)	(1,606)

¹ During the years ended December 31, 2020, the Group purchased these properties from related parties (Note 34).

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Changes in right-of-use assets classified as investment properties for the year ended December 31, 2021, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	
Beginning balance	\$	-
Acquisition ¹		5,114
Depreciation		(469)
Others		(160)
Ending balance	<u>\$</u>	<u>4,485</u>

¹ The Group presents right-of-use assets for sub-lease income as investment properties.

Rental income from investment properties occurred during year ended December 31, 2021 amounted to \$6,259 thousand (2020: \$2,571 thousand).

Fair value of investment properties as at December 31, 2021 is as follows:

<i>(in thousands of USD)</i>	December 31, 2021	
Land	\$	84,972
Building		19,288
	<u>\$</u>	<u>104,260</u>

The assessment of investment properties at the fair value was performed by an independent appraiser. The Group considers the change in fair value subsequent to its initial recognition is immaterial. On the other hand, the fair value of investment properties is classified as level 3 based on inputs used in valuation techniques. The valuation techniques used to measure fair value are the individual valuation method, the transaction comparison method, and the return on revenue method.

However, for right-of-use assets classified as investment property, the value-in-use of IFRS 1116 *Lease* was reflected as the carrying amount at the time of initial acquisition. Since there has been no significant change in assumptions such as cash flows and interest rates after acquisition, the value-in-use of IFRS 1116 *Lease* was regarded as a substitute for fair value, and fair value evaluation was not performed.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

12. Investment in Associates

Investments in associates that are accounted for using the equity method as at December 31, 2021, are as follows:

Investee	Main business	Location	Fiscal year end	Percentages of ownership (%)
Doosan Property Co., Ltd. ¹	Rent of real estate	Korea	December	22.89
Doosan Cuvex Co., Ltd. ²	Operation of golf club and others	Korea	December	4.93
Ainstein AI, Inc. ³	Manufacturing of electronicsensing devices and others	U.S.A	December	9.09
Presto Lite Asia Co., Ltd. ⁴	Manufacturing of motors and generators	Korea	December	32.31

¹ DBC Co., Ltd. changed its name to Doosan Property Co., Ltd. during the year ended December 31, 2021.

² The Group acquired additional 0.95% stake in Doosan Cuvex Co., Ltd. by participating in its capital increase during the year ended December 31, 2020. The Group considers it has significant influence over this investee as the Group holds a right to appoint representatives through a joint cooperation agreement.

³ The Group acquired a 9.09% stake in Ainstein AI, Inc., a venture company located in Kansas, USA, during the year ended December 31, 2020. The Group considers it has significant influence over the entity with the right of decision-making of the Board of Directors.

⁴ The Group acquired as part of business combination during the year ended December 31, 2021.

Details of investments in associates that are accounted for using the equity method as at December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	Percentage of ownership (%)	December 31, 2021		
		Acquisition cost	Book value	Net asset value
Doosan Property Co., Ltd.	22.89	\$ 20,238	\$ 29,062	\$ 28,779
Doosan Cuvex Co., Ltd.	4.93	8,075	9,218	8,904
Ainstein AI, Inc	9.09	2,000	1,933	84
Presto Lite Asia Co., Ltd.	32.31	2,467	2,431	2,431
		<u>\$ 32,780</u>	<u>\$ 42,644</u>	<u>\$ 40,198</u>

(in thousands of USD)

	Percentage of ownership (%)	December 31, 2020		
		Acquisition cost	Book value	Net asset value
Doosan Property Co., Ltd.	22.89	\$ 20,238	\$ 21,833	\$ 21,524
Doosan Cuvex Co., Ltd.	4.93	8,075	8,769	8,428
Ainstein AI, Inc	9.09	2,000	2,000	145
		<u>\$ 30,313</u>	<u>\$ 32,602</u>	<u>\$ 30,097</u>

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Changes in investment in associates for the years ended December 31, 2021 and 2020, are as follows:

(in thousands of USD)

Investee	Year ended December 31, 2021						
	Beginning balance	Business combination	Share of gain (loss)	Capital reduction	Share of other comprehensive income of associate	Others	Ending balance
Doosan Property Co., Ltd.	\$ 21,833	\$ -	\$ 9,349	\$ -	\$ -	\$ (2,120)	\$ 29,062
Doosan Cuvex Co., Ltd.	8,769	-	372	(22)	861	(762)	9,218
Ainstein AI, Inc	2,000	-	(67)	-	-	-	1,933
Presto Lite Asia Co., Ltd.	-	2,467	83	-	-	(119)	2,431
	<u>\$ 32,602</u>	<u>\$ 2,467</u>	<u>\$ 9,737</u>	<u>\$ (22)</u>	<u>\$ 861</u>	<u>\$ (3,001)</u>	<u>\$ 42,644</u>

(in thousands of USD)

Investee	Year ended December 31, 2020					
	Beginning balance	Acquisition ¹	Share of gain (loss)	Capital reduction	Others	Ending balance
DBC Co., Ltd.	\$ 20,702	\$ -	\$ (182)	\$ (1)	\$ 1,314	\$ 21,833
Doosan Cuvex Co., Ltd.	3,780	4,163	135	6	685	8,769
Ainstein AI, Inc	-	2,000	-	-	-	2,000
	<u>\$ 24,482</u>	<u>\$ 6,163</u>	<u>\$ (47)</u>	<u>\$ 5</u>	<u>\$ 1,999</u>	<u>\$ 32,602</u>

Summarized financial information of associates for the year and as at December 31, 2021, is as follows:

(in thousands of USD)

	December 31, 2021					
	Assets	Liabilities	Sales	Profit (loss) for the year	Total comprehensive income (loss)	
Doosan Property Co., Ltd.	\$ 130,352	\$ 4,626	\$ 1,193	\$ 40,842	\$ 40,842	
Doosan Cuvex Co., Ltd.	272,970	92,190	61,299	8,317	25,788	
Ainstein AI, Inc	2,112	1,183	3,567	(739)	(739)	
Presto Lite Asia Co., Ltd.	11,381	3,856	7,532	257	257	

On January 8, 2021, Doosan Property Co., Ltd. signed a contract to sell Bundang Doosan Tower located at 155 Jeongja-ro, Bundang-gu, Seongnam-si, Gyeonggi-do to Doosan Tower Consignment Real Estate Investment Company, and Doosan Bobcat Korea Co., Ltd., Doosan Heavy Industries & Construction Co., Ltd. and Hyundai Doosan Infracore Co., Ltd. jointly sign a lease agreement for five years. Doosan Bobcat Korea Co., Ltd., a subsidiary of the Group, has agreed to jointly lease and sublease the real estate and owns a 9.7% stake. Doosan Bobcat Korea Co., Ltd. has the right to rental income to the extent that it corresponds to the portion of its share excluding the self-used portion, and bears the share of the jointly incurred expenses.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

13. Lease

Changes in right-of-use assets for the years ended December 31, 2021 and 2020 are as follows:

(in thousands of USD)

	Year ended December 31, 2021						
	Land	Buildings	Machinery	Vehicles	Tools	Equipment	Total
Beginning balance	\$ 2,961	\$ 42,260	\$ 539	\$ 4,655	\$ 15	\$ 2,478	\$ 52,908
Acquisition	208	36,768	1,414	2,861	-	1,611	42,862
Business combination	130	8,291	-	284	-	-	8,705
Depreciation	(114)	(18,048)	(604)	(3,404)	(6)	(1,868)	(24,044)
Others	1,695	(1,774)	(24)	2,516	4	(185)	2,232
Ending balance	<u>\$ 4,880</u>	<u>\$ 67,497</u>	<u>\$ 1,325</u>	<u>\$ 6,912</u>	<u>\$ 13</u>	<u>\$ 2,036</u>	<u>\$ 82,663</u>
Acquisition cost	\$ 4,931	\$ 109,992	\$ 2,755	\$ 12,643	\$ 19	\$ 6,869	\$ 137,209
Accumulated depreciation	(51)	(42,495)	(1,430)	(5,731)	(6)	(4,833)	(54,546)

(in thousands of USD)

	Year ended December 31, 2020						
	Land	Buildings	Machinery	Vehicles	Tools	Equipment	Total
Beginning balance	\$ 5,164	\$ 38,583	\$ 1,067	\$ 4,952	\$ 16	\$ 3,414	\$ 53,196
Acquisition	-	19,847	-	2,857	-	1,373	24,077
Depreciation	17	(13,428)	(558)	(2,925)	(2)	(2,369)	(19,265)
Transfer to assets held-for-sale ¹	(2,220)	(2,742)	30	(229)	1	60	(5,100)
Ending balance	<u>\$ 2,961</u>	<u>\$ 42,260</u>	<u>\$ 539</u>	<u>\$ 4,655</u>	<u>\$ 15</u>	<u>\$ 2,478</u>	<u>\$ 52,908</u>
Acquisition cost	\$ 3,090	\$ 63,504	\$ 1,756	\$ 8,872	\$ 25	\$ 6,785	\$ 84,032
Accumulated depreciation	(129)	(21,244)	(1,217)	(4,217)	(10)	(4,307)	(31,124)

¹ The Group reclassified the buildings held by Doosan Bobcat China Co. to assets held-for-sale as the Group entered into a sales contract during the year ended December 31, 2020. The sale has been completed during the year ended December 31, 2021.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Changes in lease liabilities for the years ended December 31, 2021 and 2020 are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Beginning balance	\$ 55,448	\$ 51,310
Business combination	8,919	-
Lease payments	(25,741)	(21,032)
Acquisition of lease assets	48,700	25,199
Interest expenses	2,569	2,696
Termination of lease agreement	(2,443)	(4,173)
Others	4,271	-
Foreign exchange differences	(3,081)	1,448
Ending balance	<u>\$ 88,642</u>	<u>\$ 55,448</u>

Classification of amortization expenses for the years ended December 31, 2021 and 2020 is as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Cost of sales	\$ 10,790	\$ 10,026
Selling and administrative expenses	12,736	8,701
R&D expenses	518	538
	<u>\$ 24,044</u>	<u>\$ 19,265</u>

Maturity of lease liability as at December 31, 2021 are as follows:

<i>(in thousands of USD)</i>	Contractual nominal cash flow				
	Total	Less than 1 year	Less than 2 years	Less than 5 years	More than 5 years
Lease liabilities	\$ 98,062	\$ 22,503	\$ 17,863	\$ 35,607	\$ 22,089

Expenditures on short-term leases or leases of low-value assets for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Cost of sales	\$ 303	\$ 178
Selling and administrative expenses	2,625	2,219
R&D expenses and etc.	5	7
	<u>\$ 2,933</u>	<u>\$ 2,404</u>

Total cash outflow of lease for the years ended December 31, 2021 and 2020 is as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Lease liabilities	\$ 25,741	\$ 21,032
Short-term lease and low-value assets payment	2,933	2,404
	<u>\$ 28,674</u>	<u>\$ 23,436</u>

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

14. Trade and Other Payables

Trade and other payables as at December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	December 31, 2021	December 31, 2020
Current:		
Trade payables	\$ 668,252	\$ 378,307
Other payables	105,265	105,741
Accrued expenses	136,496	169,437
	<u>\$ 910,013</u>	<u>\$ 653,485</u>
Non-current:		
Accrued expenses	\$ 7,218	\$ 6,669
Leasehold deposits received	6,469	4,215
	<u>\$ 13,687</u>	<u>\$ 10,884</u>

15. Borrowings

Bonds as at December 31, 2021 and 2020, are as follows:

(in thousands of USD)

Lender	Annual interest rate	December 31, 2021	December 31, 2020
Public bonds ¹	5.88%	\$ 300,000	\$ 300,000
Subtotal		300,000	300,000
Discount on bonds payable		(3,803)	(4,910)
		<u>\$ 296,197</u>	<u>\$ 295,090</u>

¹ In connection with the bonds above, financial guarantees have been provided by DBI. In addition, the equity shares held by DBI and Clark Equipment Co. in their respective subsidiaries as well as certain property, plant and equipment, intangible assets and other assets of Clark Equipment Co. are pledged as collateral as at December 31, 2021 (Notes 9, 10 and 33).

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Borrowings as at December 31, 2021 and 2020, are as follows:

1) Short-term Borrowings

(in thousands of USD)

Lender	Annual interest rate	December 31, 2021	December 31, 2020
Belfius Bank	1.36%	\$ 1,132	\$ -
Export-Import Bank of Korea ¹	1.90%	10,018	-
Wells Fargo ¹	3Month LIBOR+1.37%	3,395	-
Woori Bank	4.78%	2,357	-
	4.98%	628	-
KEB Hana Bank	1Month EUR LIBOR+2.1%	329	-
Sparkasse	2.15%	29	-
Total		<u>\$ 17,888</u>	<u>\$ -</u>

¹ In connection with the short-term borrowings above, property, plant and equipment and others are pledged as collateral (Notes 9, 10 and 33).

2) Long-term Borrowings

(in thousands of USD)

Lender	Annual interest rate	December 31, 2021	December 31, 2020
Syndicated lenders ¹	3Month LIBOR+1.84%	\$ 630,113	\$ 643,563
Syndicated lenders ¹	3Month LIBOR+2.25%	496,250	-
Bank of New York	8.00%	-	4,250
BNP Paribas ²	2.60% ~ 3.15%	-	20,034
Chilean Government ⁴	3.50%	-	1,694
Korea Development Bank ³	3Month GBP LIBOR+2.50%	5,399	-
Sparkasse	2.15%	89	-
Bank of America ⁵	2.2% ~ 4.3%	282	-
Belfius	1.36%	2,831	-
Mizuho Bank ⁵	3.25%	33,741	-
Shinhan Bank Japan ³	3.28%	16,569	-
Subtotal		<u>1,185,274</u>	<u>669,541</u>
Less: present value of discount		<u>(8,937)</u>	<u>(6,605)</u>
		<u>1,176,337</u>	<u>662,936</u>
Less: current portion		<u>(23,849)</u>	<u>(23,230)</u>
Total		<u>\$ 1,152,488</u>	<u>\$ 639,706</u>

¹ In connection with the long-term borrowings above, financial guarantees have been provided by DBI. In addition, the equity shares held by DBI and Clark Equipment Co. in their respective subsidiaries as well as certain property, plant and equipment, intangible assets and other assets of Clark Equipment Co. are pledged as collateral as at December 31, 2021 (Notes 9, 10 and 33).

² Long-term borrowings were reclassified as sales and leaseback liabilities (Note 16).

³ Long-term borrowings are guaranteed by the ultimate parent company (Note 34).

⁴ Long-term borrowings were reclassified as liabilities held-for-sale as at December 31, 2021 (Note 37).

⁵ In connection with the long-term borrowings above, property, plant and equipment and others are pledged as collateral (Notes 9, 10 and 33).

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

16. Sales and Leaseback Liabilities

Sales and leaseback liabilities as at December 31, 2021 and 2020, are as follows:

(in thousands of USD)

Lender	Annual interest rate	December 31, 2021	December 31, 2020
BNP Paribas ¹	2.60% ~ 3.15%	\$ 6,791	\$ -
HSBC	3.59%	35,205	-
Investec	3.59%	11,959	-
CMF	3.59%	4,307	-
Lombard	3.59%	23,952	-
Delagelanden	5.9% ~ 6.0%	8,240	-
Han Kook Capital Co., Ltd.	5.70%	2,144	-
Sub total		92,598	-
Less: current portion		(26,096)	-
Total		<u>\$ 66,502</u>	<u>\$ -</u>

¹ The Group entered into a sale-leaseback agreement with a financial institution for forklifts and others. In order to reflect the substance of transactions and present them in a more appropriate line item, the balance as at December 31, 2021 in relation to the sale-leaseback agreement of Bobcat Bensheim GbmH was reclassified from borrowings to sales and leaseback liabilities (Note 15). DBI provides the guarantees in relation to the agreement.

17. Net Defined Benefit Liabilities

Details of net defined benefit liabilities recognized in the statements of financial position as at December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	\$ 677,279	\$ 756,944
Fair value of plan assets	(385,143)	(389,782)
Net defined benefit liabilities	<u>\$ 292,136</u>	<u>\$ 367,162</u>

Income and loss recognized for the years ended December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	Year ended December 31, 2021	Year ended December 31, 2020
Current service cost	\$ 23,643	\$ 19,256
Past service cost and (gains) or losses on settlements	(11,069)	(4,069)
Net interest cost	9,062	10,922
	<u>\$ 21,636</u>	<u>\$ 26,109</u>

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Classification of expenses related to defined benefit plan for the years ended December 31, 2021 and 2020, is as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Cost of sales	\$ 19,491	\$ 15,209
Selling and administrative expenses	1,832	10,382
Research and development expenses and others	313	518
	<u>\$ 21,636</u>	<u>\$ 26,109</u>

The Group recognized expenses of \$ 18,860 thousand in relation to its defined contribution plan for the year ended December 31, 2021 (2020: \$ 16,117 thousand).

Movements in the defined benefit obligations for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Beginning balance	\$ 756,944	\$ 719,191
Current service cost	23,643	19,256
Past service cost and (gains) or losses on settlements	(11,069)	(4,069)
Interest expense	16,994	21,718
Remeasurements:		
Actuarial gain from change in demographic assumptions	(1,616)	(5,160)
Actuarial loss from change in financial assumptions	(52,533)	88,479
Other	2,158	(3,792)
Contributions by employees	2,498	2,600
Benefits paid	(82,704)	(84,661)
Transfers	621	26
Business combination	26,090	-
Foreign exchange differences	(3,747)	3,356
Ending balance	<u>\$ 677,279</u>	<u>\$ 756,944</u>

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Movements in the fair value of plan assets for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Beginning balance	\$ 389,782	\$ 388,275
Interest income	7,932	10,796
Remeasurements	7,890	51,771
Contributions:		
Employers	22,457	4,635
Employees	21	21
Benefits paid	(65,663)	(68,374)
Transfers	383	204
Business combination	25,010	-
Foreign exchange differences	(2,669)	2,454
Ending balance	<u>\$ 385,143</u>	<u>\$ 389,782</u>

Actual gains (losses) on plan assets recognized are \$15,822 thousand and \$62,575 thousand thousand for the years ended December 31, 2021 and 2020, respectively. Contributions to defined benefit plans for the year ending December 31, 2022 is expected to be \$ 23,633 thousand.

The significant actuarial assumptions as at December 31, 2021 and 2020, are as follows:

<i>(in percentage, %)</i>	December 31, 2021	December 31, 2020
Discount rate	1.3~2.9	1.0~2.5
Future salary growth rate	0.8~4.6	0.0~4.2

Plan assets as at December 31, 2021 and 2020, consist of:

<i>(in thousands of USD)</i>	December 31, 2021	December 31, 2020
Equity instruments	\$ 123,241	\$ 144,030
Debt instruments	198,725	209,642
Others	63,177	36,110
	<u>\$ 385,143</u>	<u>\$ 389,782</u>

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

The sensitivity of the defined benefit obligation to changes in the principal assumptions as at December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	December 31, 2021		December 31, 2020	
	Amount	Rate	Amount	Rate
Discount rate:				
1%p increase	\$ (97,761)	(14.43)%	\$ (112,335)	(14.84)%
1%p decrease	127,195	18.78%	147,087	19.43%
Salary growth rate:				
1%p increase	\$ 12,153	1.79%	\$ 11,127	1.47%
1%p decrease	(10,772)	(1.59)%	(10,268)	(1.36)%

The weighted average maturity of the defined benefit obligations is 17 years.

18. Provisions

The Group estimates provisions based on expected expenditures required to settle its obligations for product warranty, refund, related after sales service activities and factors such as warranty period and historical experiences.

Changes in provisions for the years ended December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	Year ended December 31, 2021							
	Beginning balance	Increase	Decrease	Business Combination	Others	Ending balance	Current	Non-current
Warranty	\$ 137,299	\$ 63,573	\$ (54,110)	\$ 3,850	\$ (1,613)	\$ 148,999	\$ 80,576	\$ 68,423
Product liability	18,684	7,919	(6,076)	-	-	20,527	3,198	17,329
Litigation	729	167	(94)	-	(192)	610	610	-
Restructuring	3,484	-	(1,973)	-	(191)	1,320	1,320	-
Others	-	238	-	-	-	238	-	238
	<u>\$ 160,196</u>	<u>\$ 71,897</u>	<u>\$ (62,253)</u>	<u>\$ 3,850</u>	<u>\$ (1,996)</u>	<u>\$ 171,694</u>	<u>\$ 85,704</u>	<u>\$ 85,990</u>

(in thousands of USD)

	Year ended December 31, 2020							
	Beginning balance	Increase	Decrease	Business Combination	Others	Ending balance	Current	Non-current
Warranty	\$ 135,638	\$ 45,380	\$ (46,487)	\$ 862	\$ 1,906	\$ 137,299	\$ 86,677	\$ 50,622
Product liability	24,711	14,209	(20,236)	-	-	18,684	1,711	16,973
Litigation	1,683	203	(199)	-	(958)	729	729	-
Restructuring	2,391	4,200	(3,312)	-	204	3,483	3,483	-
	<u>\$ 164,423</u>	<u>\$ 63,992</u>	<u>\$ (70,234)</u>	<u>\$ 862</u>	<u>\$ 1,152</u>	<u>\$ 160,195</u>	<u>\$ 92,600</u>	<u>\$ 67,595</u>

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

19. Capital Stock and Capital Surplus

DBI is authorized to issue up to 400,000,000 ordinary shares with a par value of ₩500 per share. As at December 31, 2021, 100,249,166 ordinary shares are issued and there are no ordinary shares of which voting rights are restricted under the Korean Commercial Law. Changes on capital surplus for year ended December 31, 2021 are as follows. There have been no changes in capital stock and capital surplus for the year ended December 31, 2020.

(in thousands of USD)

	Share premium	Other capital surplus
As at December 31, 2020	\$ 2,427,640	\$ 171,238
Business combination	-	(349,116)
Collection of preferred share issuance costs	5,113	-
As at December 31, 2021	<u>\$ 2,432,753</u>	<u>\$ (177,878)</u>

(in thousands of USD)

	Share premium	Other capital surplus
As at December 31, 2020	<u>\$ 2,427,640</u>	<u>\$ 171,238</u>
As at December 31, 2021	<u>\$ 2,427,640</u>	<u>\$ 171,238</u>

20. Other Equity Items

Other equity items as at December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	December 31, 2021	December 31, 2020
Capital adjustment from equity transactions among subsidiaries	\$ 7,700	\$ 7,700
Ordinary shares issued in kind ¹	<u>(186,108)</u>	<u>(186,108)</u>
	<u>\$ (178,408)</u>	<u>\$ (178,408)</u>

¹ Represented the difference between i) the value of contribution in kind made by Doosan Engine prior to the previous year and ii) carrying amount of non-controlling interest reduced.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

21. Accumulated Other Comprehensive Income

Changes in accumulated other comprehensive income (loss) for the years ended December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	Year ended December 31, 2021				
	Loss on translation of foreign operation	Loss on valuation of derivatives	Gain on revaluation of property, plant and equipment	Share of other comprehensive income	Total
Beginning balance	\$ (68,525)	\$ (27)	\$ 6,282	\$ 208	\$ (62,062)
Increase	(144,133)	(169)	4,797	643	(138,862)
Ending balance	<u>\$ (212,658)</u>	<u>\$ (196)</u>	<u>\$ 11,079</u>	<u>\$ 851</u>	<u>\$ (200,924)</u>

(in thousands of USD)

	Year ended December 31, 2020				
	Gain (loss) on translation of foreign operation	Gain (loss) on valuation of derivatives	Gain on revaluation of property, plant and equipment	Share of other comprehensive income	Total
Beginning balance	\$ (233,308)	\$ (195)	\$ 6,282	\$ 208	\$ (227,013)
Increase	164,783	168	-	-	164,951
Ending balance	<u>\$ (68,525)</u>	<u>\$ (27)</u>	<u>\$ 6,282</u>	<u>\$ 208</u>	<u>\$ (62,062)</u>

22. Retained Earnings

Details of retained earnings as at December 31, 2021 and 2020, are as follow:

(in thousands of USD)

	December 31, 2021	December 31, 2020
Legal reserves	\$ 22,566	\$ 22,566
Retained earnings before appropriation	1,703,895	1,320,236
	<u>\$ 1,726,461</u>	<u>\$ 1,342,802</u>

Changes in retained earnings for the years ended December 31, 2021 and 2020, are as follow:

(in thousands of USD)

	Year ended December 31, 2021	Year ended December 31, 2020
Unappropriated retained earnings carried over from prior year	\$ 1,342,802	\$ 1,200,195
Consolidated profit for the year	337,191	209,698
Remeasurement of net defined benefit liabilities	46,484	(19,904)
Share of other comprehensive income of associates	(16)	4
Dividends	-	(47,191)
Unappropriated retained earnings to be carried forward	<u>\$ 1,726,461</u>	<u>\$ 1,342,802</u>

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

23. Segment Information

Details of operating segments and its main products are as follows:

Segment	Main products
Doosan Bobcat	Compact (Skid Steer Loader, Compact Track Loader, Mini Excavator), Portable Power, Forklift
Industrial Vehicle	Sales and manufacturing of forklift

Details of profit and loss for each segments during the years ended December 31, 2021 and 2020, are as follows.

(in thousands of USD)

	Total Sales	Internal Sales	Net Sales	Operating Income	Net Income
Doosan Bobcat	\$ 4,614,529	\$ (314)	\$ 4,614,215	\$ 516,227	\$ 340,752
Industrial Vehicle	468,010	-	468,010	3,983	(3,560)
Subtotal	5,082,539	(314)	5,082,225	520,210	337,191
Consolidated Adjustment	(314)	314	-	-	-
After Consolidation	<u>\$ 5,082,225</u>	<u>-</u>	<u>\$ 5,082,225</u>	<u>\$ 520,210</u>	<u>\$ 337,191</u>

In prior year, the Group operated a single operating segments, Doosan Bobcat.

As of the end of the reporting period, the Group's assets and liabilities by each segments are as follows.

(in thousands of USD)

	Asset	Liabilities
Doosan Bobcat	\$ 6,568,000	\$ 3,220,142
Industrial Vehicle	751,915	454,673
Subtotal	7,319,915	3,674,815
Consolidated Adjustment	(81,704)	(81,704)
After Consolidation	<u>\$ 7,238,211</u>	<u>\$ 3,593,111</u>

In prior year, the Group operated a single operating segments, Doosan Bobcat.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Non-current assets by region for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
North America and Oceania	\$ 1,274,376	\$ 1,235,525
Europe, Middle East and Africa	633,208	569,067
Asia, Latin America and Oceania	278,671	70,172
	<u>\$ 2,186,255</u>	<u>\$ 1,874,764</u>

Non-current assets by region are based on the country where the asset is located and are the sum of tangible assets, investment real estate, leased assets and intangible assets (excluding goodwill). The Group allocated goodwill into cash generating unit of Doosan Bobcat and Industrial Vehicles, and as of the end of the year, it recognizes \$ 2,626,857 thousand and \$ 69,986 thousand, respectively.

24. Revenue

Details of revenue for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Revenue from contracts with customers		
By type of goods or services		
- Manufactured products/merchandise	\$ 4,981,533	\$ 3,557,428
- Others	32,635	37,572
	<u>5,014,168</u>	<u>3,595,000</u>
By timing of recognition		
- Products transferred at a point in time	4,981,533	3,557,428
- Service rendered over time	32,635	37,572
	<u>5,014,168</u>	<u>3,595,000</u>
Revenue from other sources		
Rental income, etc.	68,057	33,709
	<u>\$ 5,082,225</u>	<u>\$ 3,628,709</u>

Sales by main products for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Compact	\$ 4,361,523	\$ 3,406,458
Portable Power	252,692	222,251
Industrial Vehicle	468,010	-
	<u>\$ 5,082,225</u>	<u>\$ 3,628,709</u>

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Sales by region for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
North America	\$ 3,553,782	\$ 2,663,929
Europe, Middle East and Africa	1,002,588	703,446
Asia, Latin America and Oceania	525,855	261,334
	<u>\$ 5,082,225</u>	<u>\$ 3,628,709</u>

There is no single external customer accounted for 10% or more of the Group's sales for the years ended December 31, 2021 and 2020.

25. Contract Assets and Liabilities

Details of receivables, contract assets and contract liabilities from contracts with customers as at December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	December 31, 2021	December 31, 2020
Trade and others receivables	\$ 338,300	\$ 230,843
Contract liabilities ¹	182,693	238,563

¹ Contract liabilities are included in the trade payables and other payables, other current liabilities and other non-current liabilities.

Among the contract liabilities, \$ 17,014 thousands were recognized as revenue during the year ended December 31, 2021 (December 31, 2020: \$25,603 thousand).

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

26. Expenses by Nature

Expenses classified by nature for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Purchases of inventories (Raw materials & merchandises)	\$ 3,113,403	\$ 1,790,759
Changes in inventories	(366,417)	92,274
Employee benefits	581,660	459,007
Depreciation and amortization	159,974	100,243
Other expenses	1,073,395	852,657
	<u>\$ 4,562,015</u>	<u>\$ 3,294,940</u>

27. Selling and Administrative Expenses

Selling and administrative expenses for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Salaries	\$ 186,211	\$ 126,666
Post-employment benefits ¹	2,226	10,521
Employee benefits	28,666	23,395
Rent	9,523	4,378
Depreciation	5,603	5,947
Amortization	9,293	7,528
Research and development	94,164	77,710
Advertising	36,867	27,021
Commission expenses	83,471	70,324
Bad debt expenses	883	2,371
Insurance expenses	15,731	9,939
Others	85,117	54,508
	<u>\$ 557,755</u>	<u>\$ 420,308</u>

¹Include retirement bonus and others.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

28. Finance Income and Expenses

Finance income and expenses for the years ended December 31, 2021 and 2020, are summarized as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Finance income:		
Interest income	\$ 2,183	\$ 4,411
Gain on foreign currency transactions	31,417	18,146
Gain on foreign currency translation	16,328	42,514
Gain on derivative transactions	2	581
Income on financial guarantee	4	103
	<u>\$ 49,934</u>	<u>\$ 65,755</u>
Finance expenses:		
Interest expenses	\$ (48,559)	\$ (37,435)
Loss on foreign currency transactions	(19,250)	(17,069)
Loss on foreign currency translation	(63,894)	(35,137)
Loss on derivatives	(8)	-
Financial guarantee expenses	(18)	-
Others	(283)	(382)
	<u>(132,012)</u>	<u>(90,023)</u>
Net finance expenses	<u>\$ (82,078)</u>	<u>\$ (24,268)</u>

29. Other Non-operating Income and Expenses

Other non-operating income and expenses for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Other non-operating income:		
Gain on disposal of property, plant and equipment	\$ 68	\$ 122
Impairment loss reversed on property, plant and equipment	37	-
Gain on disposal of assets held-for-sale	18,591	-
Others	4,373	3,287
	<u>23,069</u>	<u>3,409</u>
Other non-operating expenses:		
Loss on disposal of trade receivables	(4,319)	(3,906)
Other bad debt expenses	(42)	(4)
Loss on disposal of property, plant and equipment	(175)	(42)
Impairment loss on property, plant and equipment	(1,254)	-
Impairment loss on intangible assets	(1,738)	-
Donations	(1,866)	(2,283)
Loss on disposal of investment in subsidiaries	(975)	-
Loss on disposal of Long-term financial instruments	-	(843)
Others	(5,297)	(4,263)
	<u>(15,666)</u>	<u>(11,341)</u>
Net other non-operating expense	<u>\$ 7,403</u>	<u>\$ (7,932)</u>

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

30. Income Tax Expense

Income tax expense for the years ended December 31, 2021 and 2020, consists of:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Current tax	\$ 105,385	\$ 56,227
Changes in deferred tax assets and liabilities	22,140	26,458
Deferred tax due to changes in scope of consolidation	9,877	-
Deferred tax charged directly to equity	(19,321)	9,140
Income tax expense	<u>\$ 118,081</u>	<u>\$ 91,825</u>

The Group offsets deferred tax assets and deferred tax liabilities if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Changes in deferred tax assets (liabilities) for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December, 2021			
	Beginning balance	Increase (decrease)	Business combination	Ending balance
Net defined benefit liabilities	\$ 88,420	\$ (20,875)	\$ 263	\$ 67,808
Property, plant and equipment	(36,240)	978	(2,009)	(37,271)
Development costs	(21,568)	467	-	(21,101)
Intangible assets	(313,401)	(32,009)	(1,152)	(346,562)
Provisions	35,530	4,467	-	39,997
Inventories	10,065	2,964	1,308	14,337
Others	35,462	13,972	10,513	59,947
Consolidation adjustments	(17,406)	(1,981)	954	(18,433)
	<u>\$ (219,138)</u>	<u>\$ (32,017)</u>	<u>\$ 9,877</u>	<u>\$ (241,278)</u>

<i>(in thousands of USD)</i>	Year ended December, 2020		
	Beginning balance	Increase (decrease)	Ending balance
Net defined benefit liabilities	\$ 77,391	\$ 11,029	\$ 88,420
Property, plant and equipment	(22,727)	(13,513)	(36,240)
Development costs	(20,542)	(1,026)	(21,568)
Intangible assets	(271,629)	(41,772)	(313,401)
Provisions	15,708	19,822	35,530
Inventories	10,872	(807)	10,065
Others	30,839	4,623	35,462
Consolidation adjustments	(12,590)	(4,816)	(17,406)
	<u>\$ (192,678)</u>	<u>\$ (26,460)</u>	<u>\$ (219,138)</u>

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Carryforwards of tax losses, temporary differences and tax credits for which deferred tax assets (liabilities) are not recognized as at December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	December 31, 2021	December 31, 2020
Tax loss carryforwards	\$ 313	\$ 11,486
Temporary differences	57,482	65,139
Tax credits	12,613	9,844

Realization of the future tax benefits related to deferred tax assets (liabilities) is dependent on many factors, including the Group's ability to generate taxable income within the period during which temporary differences reverse and, outlook of the economic environment and the overall future industry. The Group evaluates these factors each period.

Temporary differences from investments in subsidiaries for which deferred tax assets as at December 31, 2021 and 2020, are not recognized are as follows:

<i>(in thousands of USD)</i>	December 31, 2021	December 31, 2020
Investments in subsidiaries and others	\$ (832,280)	\$ (607,549)

Reconciliation between profit before income tax and income tax expense for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Income before income tax expense	\$ 455,272	\$ 301,522
Income tax based on statutory tax rate in the respective countries	111,054	109,820
Tax effects of:		
Permanent difference	(1,135)	(123)
Changes in unrecognized deferred tax assets	(105)	(2,273)
Tax credits	(8,026)	(12,428)
Additional tax	(357)	(561)
Changes in tax rate	(870)	1,390
Others	17,520	(4,000)
Income tax expense	\$ 118,081	\$ 91,825
Average effective tax rate (Income tax expense / Profit before income tax)	25.9%	30.5%

Statutory tax rates in the respective countries vary from 12.5% to 30.0%.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

31. Earnings Per Share

30.1 Basic Earnings Per Share

Basic earnings per share is computed by dividing profit for the year attributable to owners of the Group by the weighted average number of ordinary shares outstanding during the period excluding treasury shares

Earnings per share attributable to owners of the Group for the years ended December 31, 2021 and 2020, are computed as follows:

<i>(in USD and in shares)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Profit attributable to owners of Group	\$ 337,191,440	\$ 209,697,584
Weighted average number of ordinary shares outstanding ¹	100,249,166	100,249,166
Basic earnings per share	<u>3.36</u>	<u>2.09</u>

¹ Weighted average number of ordinary shares outstanding are calculated as follows:

<i>(in shares)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Outstanding shares at the beginning	100,249,166	100,249,166
Weighted average number of ordinary shares outstanding	<u>100,249,166</u>	<u>100,249,166</u>

30.2 Diluted Earnings Per Share

For the years ended December 31, 2021 and 2020, the earnings per share of the Group also represents the diluted earnings per share as no dilutive potential ordinary shares are issued during the year.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

32. Commitments and Contingencies

32.1 Litigations

As at December 31, 2021, the Group was a defendant in several legal actions arising from the normal course of business, including suits related to product liability claim. Provisions are recognized for those cases with high probability of outflow of resources expected (Note 18). For other cases, the Group believes that the outcome of the cases, as well as timing and outflow of resources are uncertain, and they would not result in a material impact on the consolidated financial statements.

32.2 Financial Guarantees and Assets Provided as Collaterals

Guarantees provided by the Group for third parties as at December 31, 2021, are as follows:

(in thousands of USD)

Provided by	Provided for	Amount guaranteed
Clark Equipment Co. and others	End customers, etc.	\$ 138,042
Doosan Bobcat EMEA and others	End customers, etc.	151
Doosan Bobcat Korea Co., Ltd. and Others	End customers, etc.	36,177
		<u>\$ 174,370</u>

The Group provides a payment guarantee of \$ 130,000 thousand for Supply chain financing contracts entered into by Clark Equipment Co. and Doosan Bobcat EMEA,s.r.o, the subsidiaries of the Group.

The Machinery Financial Cooperative has provided a payment guarantee of \$ 3,802 thousands for the Group's contracts and defects. In this regard, equity investment of \$ 111 thousand in Machinery Financial Cooperative is also pledged as a collateral. Also, the Group is provided with a performance guarantee of \$ 743 thousand from the Seoul Guarantee Insurance Company. Further, guarantees amounting to \$ 1,748 thousand and \$ 1,177 thousand are provided by the Woori Bank in relation to the foreign currency performance of the agreement and import usance.

32.3 Key Commitments

- Loan agreement

As at December 31, 2021, the Group has general loans and overdrafts of \$ 353,451 thousand with financial institutions.

- Investment commitment

As of May 29, 2020, Clark Equipment Co., a subsidiary of the Group, issued bonds worth \$ 300,000 thousand, and the contract amount is \$ 300,000 thousand.

- Supply Chain Financing commitments

The Group entered into Supply chain financing contract and records it as accounts payable.

- Other commitments

The Group terminated the lease contract for Bundang Doosan Tower with DBC Co., Ltd. in January 2021, and entered into a new co-lease contract with Doosan Bobcat Korea Co., Doosan Corp., and Doosan Infracore Co., Ltd. for 5 years. Unless certain conditions are met, the lease contract will be extended for another 5 years under the same conditions.

DOOSAN BOBCAT INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

In connection with the business combination during the year, the Group has succeeded the joint debts for financial and operating liabilities of Doosan Corporation and Doosan Industrial Vehicle Co. Ltd., and the Group believes that the possibility of outflow of resources is low.

33. Assets Provided as Collaterals

The Group entered into an agreement for its borrowing of \$ 1,345,000 thousand and a credit line agreement up to \$ 150,000 thousand on May 18, 2017, and the Group issued bonds of \$ 300,000 thousand on May 29, 2020. In addition, the Group entered into an agreement for its new borrowing of \$ 500,000 thousand and a credit line agreement up to \$ 50,000 thousand on June 8, 2021. DBI has provided all of its equity shares in CEC, DBEM, DBGCC and DBSG as collateral. In addition, CEC's certain property, plant and equipment and intangible assets and its equity shares in subsidiaries are also pledged as collateral as at December 31, 2021. The book value of related borrowings and bonds as at December 31, 2021, is \$ 1,426,363 thousand.

In addition, Doosan Industrial Vehicle Co., Ltd. and its subsidiaries provided property, plant and equipment as collateral for its borrowings and credit limit agreements. As of the end of the reporting period, the balance of related borrowings is \$ 40,403 thousand.

34. Related Party Transactions

The Group's related party disclosures for the years ended December 31, 2021 and 2020, are as follows:

Nature of Relationship

Relationship	Name
Ultimate parent	Doosan Corp.
Immediate parent	Doosan Heavy Industries and Construction Co., Ltd.
Associates	Doosan Property Co., Ltd. Doosan Cuvex Co., Ltd. Ainstein AI, Inc Presto Lite Asia Co., Ltd.
Others	Doosan Engineering & Construction Co., Ltd. Oricom Inc. Doosan Bears Inc. and others

For 2021, Doosan Infracore Co., Ltd., which was the immediate parent of the Group, lost control of the Group. As a result, Doosan Infracore Co., Ltd. and its subsidiaries, such as Doosan Infracore North America LLC, Doosan Infracore Europe s.r.o. and others, are excluded from related parties.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Significant transactions with related parties for the years ended December 31, 2021 and 2020, are as follows:

(in thousands of USD)

		Year ended December 31, 2021					
Relationship	Related party	Sales	Other income	Purchases	Other expense	Purchases of investment properties & fixed asset	Acquisition of right-of-use asset
Ultimate parent	Doosan Corp.	\$ 4,365	\$ -	\$ -	\$ 13,568	\$ 51	\$ -
Immediate parent	Doosan Heavy Industries and Construction Co., Ltd.	726	31	-	-	51,039	-
Associate	Doosan Cuvex Co., Ltd.	-	-	-	1,628	-	-
Others	Doosan Digital Innovation America, LLC,	-	16	-	40,436	-	1,242
	Oricom Inc.	-	25	-	2,868	-	-
	DLI Inc.	-	-	-	1,866	-	-
	Doosan Heavy Industries America Holdings Inc.	-	400	-	-	-	-
	BUNDANG DOOSAN TOWER REIT Co., Ltd.	-	-	-	387	5,114	16,990
	Others ¹	22,191	463	160,228	4,838	356	-
	Subtotal	22,191	904	160,228	50,395	5,470	18,232
	Total	\$ 27,282	\$ 935	\$ 160,228	\$ 65,591	\$ 56,560	\$ 18,232

¹ In 2021, transactions with Doosan Infracore Co., Ltd. and its subsidiaries, such as Doosan Infracore North America LLC, Doosan Infracore Europe s.r.o. and others, are included.

(in thousands of USD)

		Year ended December 31, 2020					
Relationship	Related party	Sales	Other income	Purchases	Other expense	Purchases of investment properties & fixed asset	Acquisition of right-of-use asset
Ultimate parent	Doosan Corp.	\$ 3,396	\$ -	\$ 8,469	\$ 5,031	\$ 537	\$ -
Next most senior parent	Doosan Heavy Industries and Construction Co., Ltd.	972	9	-	-	-	-
Immediate parent	Doosan Infracore Co., Ltd.	434	1,468	222,189	801	22,836	-
Associate	Doosan Cuvex Co., Ltd.	-	-	-	1,215	-	-
Others	Doosan Digital Innovation America, LLC,	-	374	-	37,844	-	63
	Doosan Infracore North America LLC	9,004	569	24,329	-	-	-
	Doosan Infracore Europe s.r.o ¹	19,119	1,115	5,550	-	-	-
	Others	4,905	335	6,701	8,516	483	-
	Subtotal	33,028	2,393	36,580	46,360	483	63
	Total	\$ 37,830	\$ 3,870	\$ 267,238	\$ 53,407	\$ 23,856	\$ 63

¹ Doosan Infracore Czech Republics.r.o. has merged with Doosan Infracore Europe B.V., and changed its entity name to Doosan Infracore Europe.r.o during the year ended December 31, 2020.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Related significant balances as at December 31, 2021 and 2020, are as follows:

(in thousands of USD)

Relationship	Related party	Year ended December 31, 2021				
		Trade receivables	Other receivables	Trade payables	Other payables	Lease Liabilities
Ultimate parent	Doosan Corp.	\$ 399	\$ 687	\$ -	\$ 5,291	\$ -
Immediate parent	Doosan Heavy Industries and Construction Co., Ltd.	1,225	39	-	644	-
Associate	Doosan Cuvex Co., Ltd.	-	702	-	110	-
Others	Doosan Digital Innovation America, LLC,	-	212	-	22	1,501
	Oricom Inc.	-	-	-	1,385	-
	DLI Inc.	-	-	-	423	-
	BUNDANG DOOSAN TOWER REIT Co., Ltd.	-	-	-	-	21,464
	Others	104	-	-	1,199	-
	Subtotal	104	212	-	3,029	22,965
	Total	\$ 1,728	\$ 1,640	\$ -	\$ 9,074	\$ 22,965

(in thousands of USD)

Relationship	Related party	Year ended December 31, 2020				
		Trade receivables	Other receivables	Trade payables	Other payables	Lease Liabilities
Ultimate parent	Doosan Corp.	\$ 342	\$ 941	\$ -	\$ 2,795	\$ -
Next most senior parent	Doosan Heavy Industries and Construction Co., Ltd.	495	10	-	701	-
Immediate parent	Doosan Infracore Co., Ltd.	1,711	2,476	46,037	381	-
Associate	Doosan Cuvex Co., Ltd.	-	3,360	-	99	-
Others	Doosan Digital Innovation America, LLC,	-	164	-	44	866
	Doosan Infracore North America LLC	2,604	36,429	4,379	-	-
	Doosan Infracore Europe s.r.o ¹	3,969	17,884	1,061	-	-
	Others	580	24,811	-	2,475	-
	Subtotal	7,153	79,288	5,440	2,519	866
	Total	\$ 9,701	\$ 86,075	\$ 51,477	\$ 6,495	\$ 866

¹ Doosan Infracore Czech Republics.r.o. has merged with Doosan Infracore Europe B.V., and changed its entity name to Doosan Infracore Europe.r.o during the year ended December 31, 2021.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Fund transactions (including equity transactions) with related parties for the years ended December 31, 2021 and 2020, are as follows:

(in thousands of USD)

		Year ended December 31, 2021					
Relationship	Related party	Loan transactions		Capital transactions		Repayment of lease liabilities	Business combination
		Loans	Repayments	Dividend paid	Capital contribution		
Ultimate parent	Doosan Co., Ltd	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 664,100
Others	Doosan Digital Innovation America, LLC	-	-	-	-	801	-
	BUNDANG DOOSAN TOWER REIT Co., Ltd.	-	-	-	-	2,198	-
	Doosan Heavy Industries America Holdings Inc	-	24,000	-	-	-	-
		\$ -	\$ 24,000	\$ -	\$ -	\$ 2,999	\$ 664,100

(in thousands of USD)

		Year ended December 31, 2020				
Relationship	Related party	Loan transactions		Capital transactions		Repayment of lease liabilities
		Loans	Repayments	Dividend paid	Capital contribution	
Ultimate parent	Doosan Co., Ltd	\$ -	\$ -	\$ -	\$ -	\$ 944
Immediate parent	Doosan Infracore Co., Ltd	-	-	24,090	-	-
Others	Doosan Heavy Industries America Holdings INC	24,000	-	-	-	-
	Doosan Digital Innovation America, LLC	-	-	-	-	757
		\$ 24,000	\$ -	\$ 24,090	\$ -	\$ 1,702

Details of payment guarantees provided by the related parties as at December 31, 2021, are as follows:

(in thousands of CNY, EUR, GBP)

Guaranteed by	Guaranteed entity	Guarantee period		Transaction Currency	Guaranteed amount
Ultimate parent					
Doosan Co., Ltd.	Doosan Industrial Vehicle China Co., Ltd.	2020.06.29	2022.06.29	CNY	4,800
	Doosan Industrial Vehicle U.K. Ltd.	2020.02.26	2022.02.26	GBP	4,000
	Doosan Industrial Vehicle Europe N.V.	2020.07.01	2022.06.30	EUR	10,000

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

The Group defines key management personnel including registered officer and non-registered officer who have the authority and responsibility for planning, operation and control. Compensation to key management personnel for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Employee benefits	\$ 4,057	\$ 2,753
Post-employment benefits	221	265
	<u>\$ 4,278</u>	<u>\$ 3,018</u>

35. Consolidated Financial Statements of Cash Flows

Details of adjustments and changes in operating assets and liabilities in the consolidated statements of cash flows for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Adjustments:		
Income tax expense	\$ 118,081	\$ 91,825
Finance income	(18,511)	(46,925)
Finance expenses	112,451	72,572
Post-employment benefits (defined benefit plan)	21,636	26,110
Depreciation	88,432	62,537
Depreciation on right-of-use asset	24,044	19,265
Depreciation on investment properties	1,667	902
Amortization	45,832	36,805
Gain on disposal of property, plant and equipment	(68)	(122)
Loss on disposal of property, plant and equipment	175	42
Impairment loss on property, plant and equipment	1,254	-
Impairment loss on property, plant and equipment (reversal)	(37)	-
Impairment loss on intangible assets	1,738	-
Gain (Loss) on equity method investments	(9,737)	47
Impairment loss on long-term financial asset	-	859
Loss on disposal of investment in subsidiaries	975	-
Gain from termination of lease agreement	(819)	100
Gain on disposal of non-current assets held-for-sale	(18,591)	-
Loss on disposal of non-current assets held-for-sale	1,612	-
Revaluation gain of property, plant and equipment	(261)	-
	<u>\$ 369,873</u>	<u>\$ 264,017</u>

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Changes in operating assets and liabilities:		
Trade receivables and other receivables	\$ (22,129)	\$ 92,219
Inventories	(209,350)	85,700
Other current assets	(20,687)	9,021
Other non-current assets	(4,009)	1,563
Trade payables and other payables	100,115	(82,644)
Derivative liabilities	302	-
Provisions	5,675	(5,283)
Other current liabilities	(143)	14,190
Defined benefit obligations (defined benefit plan)	(79,586)	(82,036)
Plan assets	42,803	63,515
Other non-current liabilities	14,860	11,581
	<u>\$ (172,149)</u>	<u>\$ 107,826</u>

Significant non-cash transactions for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2021	Year ended December 31, 2020
Reclassified from construction-in-progress	\$ 57,731	\$ 19,642
Increase (decrease) in other payables related to purchase of property, plant, and equipment	9,801	(1,867)
Decrease in other payables related to purchase of intangible assets	(14)	(632)
Acquisition of right-of-use assets	42,862	24,077
Transfer to liabilities held-for-sale	7,006	-
	<u>\$ 117,386</u>	<u>\$ 41,220</u>

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

Details of adjustments in liabilities arising from financing activities for the years ended December 31, 2021 and 2020, are as follows:

(in thousands of USD)

	Year ended December 31, 2021				
	Bonds	Borrowings	Sales and leaseback liabilities	Lease liabilities	Total
Beginning balance	\$ 295,090	\$ 662,936	\$ -	\$ 55,448	\$ 1,013,474
Acquisition of right-of-use asset	-	-	-	48,700	48,700
Cash flows	-	467,188	(6,971)	(25,741)	434,476
Foreign exchange differences	-	(3,339)	(2,973)	(3,081)	(9,393)
Transfer to other accounts	-	(11,653)	11,653	-	-
Business combination	-	77,994	90,889	8,919	177,802
Transfer to liabilities held-for-sale	-	(1,013)	-	-	(1,013)
Other non-financial changes	1,107	2,112	-	4,397	7,616
Ending balance	<u>\$ 296,197</u>	<u>\$ 1,194,225</u>	<u>\$ 92,598</u>	<u>\$ 88,642</u>	<u>\$ 1,671,662</u>

(in thousands of USD)

	Year ended December 31, 2020			
	Bonds	Borrowings	Lease Liabilities	Total
Beginning balance	\$ -	\$ 665,820	\$ 51,310	\$ 717,130
Acquisition of right-of-use assets	-	-	25,199	25,199
Cash flows	294,803	(6,499)	(21,032)	267,272
Foreign exchange differences	-	1,584	1,448	3,032
Other non-financial changes	287	2,031	(1,477)	841
Ending balance	<u>\$ 295,090</u>	<u>\$ 662,936</u>	<u>\$ 55,448</u>	<u>\$ 1,013,474</u>

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

36. Business Combination

In accordance with the resolution of the board of directors on March 11, 2021, the Group acquired 100% of shares in Doosan Industrial Vehicle Co., Ltd. and its subsidiaries from Doosan Corporation, the ultimate parent company, on July 6, 2021. As a result of the acquisition, the main business activity of Doosan Industrial Vehicle Co., Ltd. and its subsidiaries is forklift manufacturing/sales business, and the Group expects synergies through product and regional portfolio diversification.

The consideration transferred to the counterparty in connection with the business combination and details of assets acquired and liabilities assumed in the consolidated financial statements at the acquisition date are as follows:

<i>(in thousands of USD)</i>	Amount
Consideration	
Cash	\$ 664,100
Recognized amounts of identifiable assets acquired, and liabilities assumed	
Cash and cash equivalents	68,139
Trade and other receivables	108,288
Inventories	165,191
Property, plant and equipment	226,733
Intangible assets	95,409
Right-of-use assets	8,705
Other assets	31,261
Trade and other payables	175,322
Borrowings	77,994
Sales and leaseback liabilities	90,889
Lease liabilities	8,919
Other liabilities	35,618
Net assets	<u>\$ 314,984</u>

The assets and liabilities from the business combination were recognized as the book amount on the consolidated financial statements of the ultimate parent company. Also, the difference between the consideration paid and the book amount of acquired net assets was recognized as capital surplus. The expense incurred from the business combination amount to \$ 3,284 thousand and the entire amount was recognized as expenses as incurred.

The consolidated financial statements have been prepared by the Group as if business combination occurred as of July 1, 2021. The sales and loss for the year contributed by Doosan Industrial Vehicle Co., Ltd. and the subsidiaries since the acquisition amount to USD \$ 468,010 thousand and \$ (3,560) thousand, respectively.

DOOSAN BOBCAT INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

If Doosan Industrial Vehicle Co., Ltd. and its subsidiaries were included in the consolidated financial statements from the beginning of the reporting period, the sales and net income that would have been included in the consolidated statements of income are as follows.

<i>(in thousands of USD)</i>	Amount before adjustment	Adjustment	Amount after adjustment
Sales	\$ 5,082,225	\$ 435,676	\$ 5,517,901
Profit for the year	337,191	13,414	350,605

37. Assets and Liabilities Held-for-sale

On December 22, 2021, the Group decided to sell its shares of Doosan Bobcat Chile Compact SpA, wholly owned by Doosan Bobcat Singapore Pte. Ltd., in accordance with a resolution of the board of directors of Doosan Bobcat Singapore Pte. Ltd. Assets and liabilities related to Doosan Bobcat Chile Compact SpA. were classified as assets and liabilities held-for-sale. The transaction was completed on January 4, 2022.

Details of assets and liabilities classified as held-for-sale as at December 31, 2021, are as follows:

<i>(in thousands of USD)</i>	Amount
Assets held-for-sale	
Cash and cash equivalents	\$ 3,809
Trade and other receivables	2,117
Other current assets	700
Inventories	3,829
Property, plant and equipment	1,041
Long-term trade and other receivables	80
Deferred tax assets	80
	<u>\$ 11,656</u>
Liabilities held-for-sale	
Trade and other payables	\$ 2,006
Income tax payable	41
Long-term borrowings	1,013
	<u>\$ 3,060</u>

As at December 31, 2021, there are no non-operating expenses (income) recognized in relation to the classification as held-for-sale due to the sale of subsidiary's shares.

38. Events After the Reporting Period

The Group sold Doosan Bobcat Chile Compact SpA, a subsidiary of the Group, on January 4, 2022 to improve management efficiency.