

SK Advanced Co., Ltd.
Statements of financial position
as at December 31, 2019 and 2018
(Korean won)

	Notes	2019	2018
Assets			
Current assets:			
Cash and cash equivalents	3, 24	₩ 6,602,662,011	₩ 7,872,169,693
Short-term financial instruments	3, 24	80,178,454,789	213,689,599,990
Trade and other receivables	3, 4, 24	57,844,231,093	60,727,539,633
Derivatives financial assets	3, 24	5,483,926,539	132,737,618
Short-term deposits	3, 24	1,415,158,313	5,000,000
Inventories	5	22,358,916,228	12,326,347,793
Other current assets	6	7,282,379,168	3,568,541,257
Total current assets		<u>181,165,728,141</u>	<u>298,321,935,984</u>
Non-current assets:			
Long-term financial instruments	3, 24	4,000,000	4,000,000
Long-term trade and other receivables	3, 4, 24	3,178,359,356	-
Investment in a joint venture	7	41,014,903,869	21,692,618,910
Property, plant and equipment, net	8	801,595,169,649	822,956,648,095
Right-of-use assets	9	1,018,540,631	-
Intangible assets	10	262,811,800	262,811,800
Long-term deposits	3, 24	169,276,000	169,276,000
Other non-current assets	6	336,617,612	129,240,516
Total non-current assets		<u>847,579,678,917</u>	<u>845,214,595,321</u>
Total assets		<u>₩ 1,028,745,407,058</u>	<u>₩ 1,143,536,531,305</u>
Liabilities and equity			
Current liabilities:			
Trade and other payables	3, 11, 23, 24	₩ 115,252,657,930	₩ 138,656,213,220
Derivatives financial liabilities	3, 12, 23, 24	3,258,061,936	26,378,404
Short-term borrowings	3, 12, 23, 24	10,000,000,000	-
Current portion of long-term liabilities	3, 12, 23, 24	-	226,779,653,764
Current tax liabilities	20	8,195,355,595	10,377,794,078
Current portion of lease liabilities	3, 9, 24	246,614,230	-
Other current liabilities		138,415,706	113,582,338
Total current liabilities		<u>137,091,105,397</u>	<u>375,953,621,804</u>
Non-current liabilities:			
Bonds payable	3, 12, 23, 24	249,349,596,288	99,833,001,784
Long-term borrowings	3, 12, 23, 24	-	107,500,000,000
Defined benefit liability	13	382,040,775	85,853,650
Deferred income tax liabilities	20	16,590,426,814	11,545,673,577
Lease liabilities	3, 9, 23, 24	783,676,117	-
Other non-current liabilities	3, 23, 24	50,000,000	50,000,000
Total non-current liabilities		<u>267,155,739,994</u>	<u>219,014,529,011</u>
Total liabilities		<u>404,246,845,391</u>	<u>594,968,150,815</u>
Equity:			
Issued capital	16	34,006,600,000	34,006,600,000
Capital surplus	16	353,695,008,542	353,695,008,542
Retained earnings	16	236,796,953,125	160,866,771,948
Total equity		<u>624,498,561,667</u>	<u>548,568,380,490</u>
Total liabilities and equity		<u>₩ 1,028,745,407,058</u>	<u>₩ 1,143,536,531,305</u>

The accompanying notes are an integral part of the financial statements.

SK Advanced Co., Ltd.
Statements of comprehensive income
for the years ended December 31, 2019 and 2018
(Korean won)

	Notes	2019	2018
Sales	17, 18	₩ 780,772,615,908	₩ 860,458,486,705
Cost of sales	18	(675,617,122,910)	(751,025,204,947)
Gross profit		105,155,492,998	109,433,281,758
Selling and administrative expenses	18	(9,643,992,811)	(10,338,526,287)
Operating income		95,511,500,187	99,094,755,471
Finance income	19	21,131,908,105	9,721,708,250
Finance costs	19	(27,123,926,091)	(20,703,395,735)
Other non-operating income	19	759,798,812	1,251,142,701
Other non-operating expenses	19	(876,729,562)	(1,542,875,080)
Equity-method losses	7	(927,715,041)	(57,181,090)
Profit before income tax		88,474,836,410	87,764,154,517
Income tax expense	20	(12,362,800,898)	(17,065,371,657)
Profit for the year		₩ 76,112,035,512	₩ 70,698,782,860
Other comprehensive loss	13	(181,854,335)	(205,503,599)
Total comprehensive income		₩ 75,930,181,177	₩ 70,493,279,261
Earnings per share			
Basic and diluted	21	₩ 22,382	₩ 20,790

The accompanying notes are an integral part of the financial statements.

SK Advanced Co., Ltd.
Statements of changes in equity
for the years ended December 31, 2019 and 2018

(Korean won)

	Issued capital	Capital surplus	Retained earnings	Total equity
As at January 1, 2018	₩ 34,006,600,000	₩ 353,695,008,542	₩ 90,373,492,687	₩ 478,075,101,229
Profit for the year	-	-	70,698,782,860	70,698,782,860
Other comprehensive income:				
Re-measurement loss on defined benefit liability	-	-	(205,503,599)	(205,503,599)
Total comprehensive income	-	-	70,493,279,261	70,493,279,261
Paid-in capital increase	-	-	-	-
As at December 31, 2018	₩ 34,006,600,000	₩ 353,695,008,542	₩ 160,866,771,948	₩ 548,568,380,490
As at January 1, 2019	₩ 34,006,600,000	₩ 353,695,008,542	₩ 160,866,771,948	₩ 548,568,380,490
Profit for the year	-	-	76,112,035,512	76,112,035,512
Other comprehensive income:				
Re-measurement loss on defined benefit liability	-	-	(181,854,335)	(181,854,335)
Total comprehensive income	-	-	75,930,181,177	75,930,181,177
Paid-in capital increase	-	-	-	-
As at December 31, 2019	₩ 34,006,600,000	₩ 353,695,008,542	₩ 236,796,953,125	₩ 624,498,561,667

The accompanying notes are an integral part of the financial statements.

SK Advanced Co., Ltd.
Statements of cash flows
for the years ended December 31, 2019 and 2018
(Korean won)

	2019	2018
Operating activities		
Profit for the year	₩ 76,112,035,512	₩ 70,698,782,860
Adjustments to reconcile profit for the year to net cash flows:		
Salary and bonus	2,662,677,920	3,411,930,000
Severance and retirement benefits	667,554,147	831,612,504
Depreciation and impairment of property, plant and equipments	45,397,340,681	48,911,874,638
Depreciation of right-of-use	221,237,293	-
Interest income	(161,831,313)	(189,139,118)
Gain on transaction of financial assets at FVPL	(2,610,363,023)	(2,707,785,648)
Gain on valuation of financial assets at FVPL	(178,454,789)	(549,326,018)
Interest expense	10,677,761,111	13,883,639,751
Income tax expense	12,362,800,898	17,065,371,657
Loss on valuation of inventories	55,391,152	45,466,172
Gain on transaction of derivative instruments	(7,673,832,278)	(1,534,848,529)
Loss on transaction of derivative instruments	9,071,525,638	4,119,822,536
Gain on valuation of derivative instruments	(5,483,926,539)	(132,737,618)
Loss on valuation of derivative instruments	3,258,061,936	26,378,404
Gain on foreign currency translation	(53,769,857)	(13,495,563)
Loss on foreign currency translation	280,317,693	205,563,826
Loss on valuation of equity method	927,715,041	57,181,090
Gain on disposal of property, plant and equipment	(388,888,880)	(7,488,147)
Loss on disposal of property, plant and equipment	-	856,795,063
	69,031,316,831	84,280,815,000
Working capital adjustments:		
Trade receivables	3,837,131,107	(8,603,216,148)
Other receivables	(1,082,333,690)	(1,766,459,986)
Inventories	(8,012,467,430)	1,237,813,388
Other current assets	(3,713,837,911)	403,131,430
Other non-current assets	11,110,384	(129,240,516)
Trade payables	(29,158,848,469)	44,937,570,211
Other payables	6,637,833,935	(3,655,653,808)
Other current liabilities	24,833,368	(22,275,963)
Contribution to plan assets	(1,000,000,000)	(700,000,000)
Transfer to affiliates	342,549,885	(220,731,943)
Pension benefits paid	46,169,722	(266,341,232)
	(32,067,859,099)	31,214,595,433
Interest received	3,438,835,804	3,186,883,663
Income tax paid	(9,442,427,108)	(6,835,205,711)
Net cash flows provided by operating activities	107,071,901,940	182,545,871,245
Investing activities		
Net decrease (increase) in short-term financial instruments	133,000,000,000	(168,000,000,000)
Decrease in other current assets	-	377,028,328
Increase in other non-current assets	(218,487,480)	-
Increase in long-term deposits	-	(3,317,680)
Acquisition of equity investments	(20,250,000,000)	(21,749,800,000)
Acquisition of property, plant and equipment	(31,097,056,839)	(26,533,640,421)
Proceeds from disposal of property, plant and equipment	-	1,206,624,000
Decrease in finance lease receivables	207,832,960	-
Settlement from disposal of derivative instruments	(2,716,532,823)	(2,584,974,007)
Net cash flows provided by (used in) investing activities	78,925,755,818	(217,288,079,780)
Financing activities		
Interest paid	(12,090,357,863)	(13,642,062,459)
Increase in short-term borrowings	10,000,000,000	-
Redemption of current portion of long-term borrowings	(67,187,500,000)	-
Issuance of corporate bonds	149,407,680,000	-
Redemption of corporate bonds	(200,000,000,000)	-
Redemption of long-term borrowings	(67,187,500,000)	-
Redemption of lease liabilities	(209,487,577)	-
Net cash flows used in financing activities	(187,267,165,440)	(13,642,062,459)
Net decrease in cash and cash equivalents	(1,269,507,682)	(48,384,270,994)
Cash and cash equivalents at the beginning of the year	7,872,169,693	56,256,440,687
Cash and cash equivalents at the end of the year	₩ 6,602,662,011	₩ 7,872,169,693

The accompanying notes are an integral part of the financial statements.