

SK Advanced Co., Ltd.
Statements of financial position
as of December 31, 2020 and 2019

(Korean won)

	Notes	2020	2019
Assets			
Current assets:			
Cash and cash equivalents	3, 24	₩ 1,582,632,847	₩ 6,602,662,011
Short-term financial instruments	3, 24	71,068,164,896	80,178,454,789
Trade and other receivables	3, 4, 24	58,372,883,560	57,844,231,093
Derivatives financial assets	3, 14, 24	77,895,666	5,483,926,539
Short-term deposits	3, 24	7,748,385	1,415,158,313
Inventories	5	9,373,831,791	22,358,916,228
Other current assets	6	2,974,197,558	7,282,379,168
Total current assets		143,457,354,703	181,165,728,141
Non-current assets:			
Long-term financial instruments	3, 24	4,000,000	4,000,000
Long-term trade and other receivables	3, 4, 24	3,090,629,238	3,178,359,356
Investment in the joint venture	7, 15	89,068,235,076	41,014,903,869
Property, plant and equipment, net	8	796,704,745,288	801,595,169,649
Right-of-use assets	9	920,758,752	1,018,540,631
Intangible assets	10	554,433,302	262,811,800
Long-term deposits	3, 24	173,507,900	169,276,000
Other non-current assets	6	1,089,232,948	336,617,612
Total non-current assets		891,605,542,504	847,579,678,917
Total assets		₩ 1,035,062,897,207	₩ 1,028,745,407,058
Liabilities and equity			
Current liabilities:			
Trade and other payables	3, 11, 23, 24	₩ 96,157,957,765	₩ 115,252,657,930
Derivatives financial liabilities	3, 14, 24	1,638,847	3,258,061,936
Short-term borrowings	3, 12, 23, 24	18,010,000,000	10,000,000,000
Current portion of long-term liabilities	3, 12, 23, 24	99,964,380,711	-
Current tax liabilities	20	1,630,064,951	8,195,355,595
Current portion of lease liabilities	3, 9, 23, 24	294,675,313	246,614,230
Other current liabilities		163,176,676	138,415,706
Total current liabilities		216,221,894,263	137,091,105,397
Non-current liabilities:			
Bonds payable	3, 12, 23, 24	149,646,490,614	249,349,596,288
Defined benefit liability	13	13,176,341	382,040,775
Deferred tax liabilities	20	28,461,526,360	16,590,426,814
Lease liabilities	3, 9, 23, 24	632,836,989	783,676,117
Other non-current liabilities	3, 23, 24	111,826,780	50,000,000
Total non-current liabilities		178,865,857,084	267,155,739,994
Total liabilities		395,087,751,347	404,246,845,391
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	252,273,537,318	236,796,953,125
Total equity		639,975,145,860	624,498,561,667
Total liabilities and equity		₩ 1,035,062,897,207	₩ 1,028,745,407,058

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, 2020 and 2019

(Korean won)

	Notes	2020	2019
Sales	17, 18	₩ 621,745,287,156	₩ 780,772,615,908
Cost of sales	18	(555,925,834,570)	(675,617,122,910)
Gross profit		65,819,452,586	105,155,492,998
Selling and administrative expenses	18	(7,452,012,710)	(9,643,992,811)
Operating income		58,367,439,876	95,511,500,187
Finance income	3, 19	5,472,354,115	21,131,908,105
Finance costs	3, 19	(11,918,155,605)	(27,123,926,091)
Other non-operating income	19	669,235,518	759,798,812
Other non-operating expenses	19	(1,929,787,341)	(876,729,562)
Loss on valuation of equity method	7	(2,446,668,793)	(927,715,041)
Profit before income tax		48,214,417,770	88,474,836,410
Income tax expense	20	(13,635,290,613)	(12,362,800,898)
Profit for the year		₩ 34,579,127,157	₩ 76,112,035,512
Other comprehensive loss	13	(58,846,964)	(181,854,335)
Total comprehensive income		₩ 34,520,280,193	₩ 75,930,181,177
Earnings per share			
Basic and diluted	21	₩ 10,168	₩ 22,382

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, 2020 and 2019
(Korean won)

	Issued capital		Capital surplus		Retained earnings		Total equity	
As of 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
As of December 31, 2019	₩	34,006,600,000	₩	353,695,008,542	₩	236,796,953,125	₩	624,498,561,667
As of January 1, 2020	₩	34,006,600,000	₩	353,695,008,542	₩	236,796,953,125	₩	624,498,561,667
Profit for the year		-		-		34,579,127,157		34,579,127,157
Other comprehensive income:								
Re-measurement loss on defined benefit liability		-		-		(58,846,964)		(58,846,964)
Total comprehensive income		-		-		34,520,280,193		34,520,280,193
Cash Dividends		-		-		(19,043,696,000)		(19,043,696,000)
As of December 31, 2020	₩	34,006,600,000	₩	353,695,008,542	₩	252,273,537,318	₩	639,975,145,860

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, 2020 and 2019
(Korean won)

	2020	2019
Operating activities		
Profit for the year	₩ 34,579,127,157	₩ 76,112,035,512
Adjustments to reconcile profit for the year to net cash flows:		
Salary and Bonus	2,690,914,568	2,662,677,920
Provision for pension benefits	789,296,148	667,554,147
Depreciation and impairment of property, plant and equipments	51,027,434,791	45,397,340,681
Depreciation of right-of-use assets	285,855,802	221,237,293
Depreciation of intangible assets	76,742,499	-
Interest income	(159,340,489)	(161,831,313)
Gain on valuation of financial assets at FVPL	(98,164,896)	(178,454,789)
Gain on transaction of financial assets at FVPL	(754,009,822)	(2,610,363,023)
Interest expenses	7,394,416,084	10,677,761,111
Income tax expenses	13,635,290,613	12,362,800,898
Loss (Gain) on valuation of inventories	(55,391,152)	55,391,152
Gain on valuation of derivative instruments	(77,895,666)	(5,483,926,539)
Loss on valuation of derivative instruments	1,638,847	3,258,061,936
Gain on transaction of derivative instruments	(2,945,147,092)	(7,673,832,278)
Loss on transaction of derivative instruments	873,009,658	9,071,525,638
Gain on foreign currency translation	(9,719,289)	(53,769,857)
Loss on foreign currency translation	92,560,182	280,317,693
Loss on valuation of equity method	2,446,668,793	927,715,041
Gain on disposal of property, plant and equipment	-	(388,888,880)
Loss on disposal of property, plant and equipment	1,592,816,517	-
	<u>76,806,976,096</u>	<u>69,031,316,831</u>
Working capital adjustments:		
Accounts receivable	(2,654,765,074)	3,837,131,107
Other receivables	2,007,595,681	(1,082,333,690)
Inventories	(2,807,738,498)	(8,012,467,430)
Other current assets	4,308,181,610	(3,713,837,911)
Other non-current assets	(516,618,686)	11,110,384
Accounts payable	(9,542,882,926)	(29,158,848,469)
Other payables	(10,534,331,152)	6,637,833,935
Other current liabilities	24,760,970	24,833,368
Other non-current liabilities	61,826,780	-
Contribution to plan assets	(1,000,000,000)	(1,000,000,000)
Transfer to affiliates	(37,531,613)	342,549,885
Pension benefits paid	(198,263,486)	46,169,722
	<u>(20,889,766,394)</u>	<u>(32,067,859,099)</u>
Interest received	154,890,376	3,438,835,804
Income tax paid	(8,310,694,158)	(9,442,427,108)
Net cash flows provided by (used in) operating activities	<u>82,340,533,077</u>	<u>107,071,901,940</u>
Investing activities		
Net decrease in short-term financial instruments	9,962,464,611	133,000,000,000
Increase in other non-current assets	(235,996,650)	(218,487,480)
Increase in long-term deposits	(4,231,900)	-
Acquisition of equity investments	(50,500,000,000)	(20,250,000,000)
Acquisition of property, plant and equipment	(33,929,106,180)	(31,097,056,839)
Acquisition of intangible assets	(42,000,000)	-
Decrease in finance lease receivables	113,807,683	207,832,960
Proceeds from disposal of derivative instruments	5,709,741,257	(2,716,532,823)
Net cash flows provided by (used in) investing activities	<u>(68,925,321,179)</u>	<u>78,925,755,818</u>
Financing activities		
Interest paid	(7,110,693,094)	(12,090,357,863)
Drawdown of short-term borrowings	109,010,000,000	10,000,000,000
Redemption of short-term borrowings	(101,000,000,000)	-
Redemption of current portion of long-term borrowings	-	(67,187,500,000)
Issuance of corporate bonds	-	149,407,680,000
Redemption of current portion of corporate bonds	-	(200,000,000,000)
Redemption of long-term borrowings	-	(67,187,500,000)
Drawdown of lease liabilities	(290,851,968)	(209,487,577)
Cash Dividends	(19,043,696,000)	-
Net cash flows used in financing activities	<u>(18,435,241,062)</u>	<u>(187,267,165,440)</u>
Net decrease in cash and cash equivalents	(5,020,029,164)	(1,269,507,682)
Cash and cash equivalents at the beginning of the year	6,602,662,011	7,872,169,693
Cash and cash equivalents at the end of the year	<u>₩ 1,582,632,847</u>	<u>₩ 6,602,662,011</u>

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