

**KOREA SOUTHERN POWER CO., LTD. AND ITS SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2019 and 2018**

*In millions of won*

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Profit (loss) for the year	₩ (34,238)	₩ 95,067
Adjustments for:		
Income tax expense (benefit)	15,398	(51,324)
Interest expense	153,505	141,408
Interest income	(8,492)	(8,248)
Dividend income	(14,220)	(5,651)
Depreciation	863,499	729,813
Amortization of intangible assets	7,593	4,340
Retirement benefit expenses	35,563	23,326
Loss on disposal of property, plant and equipment, net	14,418	5,723
Gain on foreign currency transactions, net	(220)	(97)
Loss on foreign currency translations, net	43,006	19,859
Gain on valuation of derivative instruments, net	(16,999)	(19,497)
Gain on transaction of derivative instruments, net	(10,681)	(8,379)
Loss (gain) on disposal of inventories, net	(21)	564
Loss on disposal of financial assets at fair value through other comprehensive income	17	-
Equity method loss of associates	15,228	13,530
Gain on assets contributed	(411)	(7,566)
Compensation and compensation costs	-	1,005
Reversal of provisions	(1,140)	(39)
Accrual of provisions	117,546	37,282
	<u>1,213,589</u>	<u>876,049</u>
Changes in:		
Trade and other receivables	28,621	(40,683)
Inventories	33,663	(32,670)
Non-financial assets	(83,059)	(1,469)
Investments in associates	245	-
Trade and other payables	(157,518)	45,246
Current derivative instruments	-	4,105
Non-financial liabilities	8,797	(4,946)
Use of current provisions	(30,179)	(34,150)
Payments of retirement benefit obligations	(14,087)	(12,715)
Other long-term employee benefits	(129)	(36)
	<u>(213,646)</u>	<u>(77,318)</u>
Cash generated from operating activities		
Interest received	14,316	3,731
Interest paid	(155,247)	(142,504)
Dividends received	14,220	6,481
Income tax paid	12,884	(18,876)
	<u>(113,827)</u>	<u>(151,168)</u>
<b>Net cash provided by operating activities</b>	<u>851,878</u>	<u>742,630</u>

*(Continued)*

**KOREA SOUTHERN POWER CO., LTD. AND ITS SUBSIDIARIES**  
**Consolidated Statements of Cash Flows, Continued**  
**For the years ended December 31, 2019 and 2018**

*In millions of won*

	<b>2019</b>	<b>2018</b>
<b>Cash flows from investing activities</b>		
Increase in financial instruments	₩ (184,122)	₩ -
Decrease in financial instruments	172,378	-
Increase in loans	(7,157)	(2,638)
Decrease in loans	14,122	6,691
Receipt of finance lease receivables	42	198
Acquisition of financial assets at fair value through profit or loss	(870)	(150)
Proceeds from disposal of financial assets at fair value through other comprehensive income	3,424	-
Proceeds from disposal of property, plant and equipment	2,027	16,149
Receipt of government grants	143	928
Acquisition of property, plant and equipment	(960,324)	(715,014)
Acquisition of intangible assets	(1,127)	(539)
Increase in guarantee deposits	(9,042)	(20,702)
Decrease in guarantee deposits	3,200	8,048
Acquisition of investments in associates and joint ventures	(287)	(4,692)
<b>Net cash used in investing activities</b>	<b>(967,593)</b>	<b>(711,721)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,324,564	681,743
Repayment of borrowings	(1,173,668)	(837,106)
Proceeds from debentures	738,427	822,311
Repayment of debentures	(690,000)	(691,551)
Repayment of lease liabilities	(83,165)	-
Settlement of derivative instruments	10,450	(1,664)
Payment of cash dividends	(15,685)	(26,319)
<b>Net cash provided (used) in financing activities</b>	<b>110,923</b>	<b>(52,586)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,792)</b>	<b>(21,677)</b>
Cash and cash equivalents at beginning of the year	65,354	86,933
Effect of exchange rate fluctuations on cash held	608	98
<b>Cash and cash equivalents at end of the year</b>	<b>₩ 61,170</b>	<b>₩ 65,354</b>

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