

Korea Southern Power Co., Ltd. and its subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019

In millions of won

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Loss for the year	₩ (7,438)	(34,238)
Adjustments for:		
Income tax expenses (benefits)	(13,634)	15,398
Interest expenses	137,174	153,505
Interest income	(6,427)	(8,492)
Dividend income	(3,163)	(14,220)
Depreciation	872,211	863,499
Amortization of intangible assets	10,451	7,593
Retirement benefits	26,955	35,563
Loss (gain) on disposal of property, plant and equipment, net	(30,762)	14,418
Loss (gain) on foreign currency translations, net	(59,586)	43,006
Gain on foreign currency transactions	-	(220)
Loss (gain) on valuation of derivative instruments, net	18,251	(16,999)
Loss on transaction of derivative instruments, net	(3,562)	(10,681)
Loss (gain) on disposal of inventories, net	261	(21)
Loss on disposal of financial assets at fair value through other comprehensive income	-	17
Share of loss of associates and joint ventures, net	(6,792)	(6,599)
Impairment loss on investments in associates and joint ventures	-	21,827
Gain on assets contributed	(1,176)	(411)
Compensation and reparations expenses	10,801	-
Reversal of provisions	(78,708)	(1,140)
Accrual of provisions	65,069	117,546
Others	(1)	-
	<u>937,362</u>	<u>1,213,589</u>
Changes in:		
Trade and other receivables	(14,641)	28,621
Inventories	84,395	33,663
Non-financial assets	(74,054)	(83,059)
Investments in associates and joint ventures	2,276	245
Trade and other payables	(27,427)	(157,518)
Non-financial liabilities	8,798	8,797
Use of provisions	(26,580)	(30,179)
Retirement benefits paid	(21,681)	(14,087)
Other long-term employee benefit liabilities	(38)	(129)
	<u>(68,952)</u>	<u>(213,646)</u>
Interest received	7,402	14,316
Interest paid	(150,480)	(155,247)
Dividends received	3,163	14,220
Income tax refunded (paid)	(31,638)	12,884
	<u>(171,553)</u>	<u>(113,827)</u>
Net cash provided by operating activities	<u>689,419</u>	<u>851,878</u>

(Continued)

Korea Southern Power Co., Ltd. and its subsidiaries
Consolidated Statements of Cash Flows, Continued
For the years ended December 31, 2020 and 2019

<i>In millions of won</i>	<u>2020</u>	<u>2019</u>
Cash flows from investing activities		
Increase in financial instruments	₩ (224,011)	(184,122)
Decrease in financial instruments	224,011	172,378
Increase in loans	(15,964)	(7,157)
Decrease in loans	2,176	14,122
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	3,424
Acquisition of financial assets at fair value through profit or loss	-	(870)
Collection of finance lease receivables	-	42
Proceeds from disposal of property, plant and equipment	45,597	2,027
Receipt of government grants	111	143
Acquisition of property, plant and equipment	(763,696)	(960,324)
Acquisition of intangible assets	(1,869)	(1,127)
Increase in guarantee deposits	(21,000)	(9,042)
Decrease in guarantee deposits	30,976	3,200
Acquisition of investments in associates and joint ventures	(55,084)	(287)
Net cash used in investing activities	<u>(778,753)</u>	<u>(967,593)</u>
Cash flows from financing activities		
Proceeds from borrowings	2,210,000	1,324,564
Repayment of borrowings	(2,073,034)	(1,173,668)
Proceeds from bonds	807,776	738,427
Repayment of bonds	(650,000)	(690,000)
Repayment of lease liabilities	(87,780)	(83,165)
Settlement of derivative instruments	1,773	10,450
Payment of cash dividends	-	(15,685)
Net cash provided by financing activities	<u>208,735</u>	<u>110,923</u>
Net increase (decrease) in cash and cash equivalents	119,401	(4,792)
Cash and cash equivalents at the beginning of the year	61,170	65,354
Net foreign exchange difference	(4,750)	608
Cash and cash equivalents at the end of the year	<u>₩ 175,821</u>	<u>61,170</u>

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