

**SAMSUNG SDI**



# **2021 Annual General Meeting of Shareholders**

## **Reference Material**

**Samsung SDI Co., Ltd.**

### **Note about forward-looking statements**

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Certain statements in this reference statement, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements”. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in our financial reports available on our website at <https://www.samsungsdi.com/ir/financial-information/audit-report.html>

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# Notice of Annual General Meeting of Shareholders

**Date / Time:** March 17, 2021 at 09:00 Korea Standard Time (UTC+9)

**Place:** The K Hotel Seoul Convention Center, Crystal ballroom (3<sup>rd</sup> Floor)  
(70, Baume-ro 12-gil, Seocho-gu, Seoul, Korea)

## Agenda for the Resolution

Agenda 1. Approval of Financial Statements (FY 2020)

Agenda 2. Election of Directors

2-1. Appointment of Executive Director, Hyuk Chang

2-2. Appointment of Executive Director, Jong Sung Kim

Agenda 3. Approval of Director Remuneration Limit (FY 2021)

# Summary of Agenda

This summary highlights information contained in the accompanying Reference Material

## Agenda 1. Approval of Financial Statements (FY 2020)

The Board of Directors (the “BOD”) is seeking your approval of the following financial statements for FY 2020 beginning on January 1, 2020 and ending on December 31, 2020.

- Consolidated Statements of Financial Position, Comprehensive Income, Changes in Equity, Cash Flows and Separate Statements of Appropriation of Retained Earnings

### □ Financial Highlights

(Unit: KRW billion)

Category	FY2020	FY2019	Change
Revenue	11,294.8	10,097.4	11.9%
Operating profit	671.3	462.2	45.2%
Net profit	631.0	402.4	56.8%
Assets	21,534.2	19,852.1	8.5%

\* Audited financial statements will be posted on the webpage on February 26, 2021.

<http://www.samsungsdi.com/ir/financial-information/audit-report.html>

### □ Annual Dividends

Category	FY2020	FY2019	Change
Dividends per common share(KRW)	Common 1,000 Preferred 1,050	Common 1,000 Preferred 1,050	-

## Agenda 2. Election of Directors

The BOD seeks to appoint two new Executive Directors, due to the resignation of two Executive Directors.

The BOD recommends two new nominees, Hyuk Chang and Jong Sung Kim. Both nominees are expected to lead the development and growth of Samsung SDI Co., Ltd (“Company or Samsung SDI”) with their expertise and experiences.

Hyuk Chang, the Head of the SDI R&D Center, is in charge of securing next-generation technologies of Samsung SDI. He will contribute to the decision-making process, serving a role of strengthening the Company's leadership in technology.

Jong Sung Kim, CFO of Samsung SDI, will contribute to the decision-making that enhancing the profitability of investments, given his high understandings of financial situations of

Samsung SDI and the overall industry.

□ **Changes of BOD Members**

<i>Board Composition (2020)</i>				<i>Proposed (2021)</i>			
Executive Director	Tenure (years)	Title	Gender	Executive Director	Tenure	Title	Gender
Young Hyun Jun	4 (since 2017)	CEO	M	Young Hyun Jun	5 (since 2017)	CEO	M
Young No Kwon	3 (since 2018)	CFO	M	Hyuk Chang	New	Head of SDI R&D Center	M
Tae Hyuk Ahn	2 (since 2019)	Head of mid-large sized battery	M	Jong Sung Kim	New	CFO	M

  

Independent Director	Tenure (years)	Expertise	Gender	Independent Director	Tenure	Expertise	Gender
Oh Kyung Kwon	New	Electric Engineering	M	Oh Kyung Kwon	2 (since 2020)	Electric Engineering	M
Duk Hyun Kim	New	Legal/ Human Rights	F	Duk Hyun Kim	2 (since 2020)	Legal/ Human Rights	F
Tae Ju Park	New	Labor/ Economics	M	Tae Ju Park	2 (since 2020)	Labor/ Economics	M
Won Wook Choi	New	Finance (accounting)	M	Won Wook Choi	2 (since 2020)	Finance (accounting)	M

**Agenda 3. Approval of Director Remuneration Limit (FY 2021)**

	FY 2021	FY 2020	
		Approved	Actual
Total remuneration limit	KRW 19 billion	KRW 19 billion	KRW 10 billion

The BOD is seeking your approval of a remuneration limit of KRW 19 billion for FY2021, unchanged from FY2020.

# Agenda 1. Approval of Financial Statements (FY 2020)

## Overview

The BOD is seeking your approval of the following financial statements for FY 2020 beginning on January 1, 2020 and ending on December 31, 2020.

- Consolidated Statements of Financial Position, Comprehensive Income, Changes in Equity, Cash Flows and Separate Statements of Appropriation of Retained Earnings

In addition, the BOD determined a year-end dividend of KRW 1,000 per share for Common Stock and KRW 1,050 per share for Preferred Stock.

Audited financial statements will be posted on the webpage on February 26.

<http://www.samsungsdi.com/ir/financial-information/audit-report.html>

### Financial performance (K-IFRS, consolidated)

(Unit: KRW billion)

Category	FY2020	FY2019	FY2018
Revenue	11,294.8	10,097.4	9,158.3
Operating profit	671.3	462.2	715.0
Net profit	631.0	402.4	745.0
EPS(KRW)	8,165	5,065	9,962
Assets	21,534.2	19,852.1	19,349.7
Liabilities	8,175.3	7,191.8	7,124.5
Equity	13,358.9	12,660.3	12,225.2
Liabilities/equity	61.2%	56.8%	58.3%
ROE	4.5%	2.9%	6.0%

## Business Performance

### □ Summary of key financial metrics, by business division

(Unit: KRW billion)

Division	Category	FY2020	FY2019	FY2018
<b>Energy Solution</b>	Revenue	8,728.8	7,719.3	6,954.2
	Operation profit	241.3	55.5	397.4
<b>Electronic Materials</b>	Revenue	2,566.0	2,378.1	2,204.1
	Operation profit	430.0	406.7	317.6
<b>Total</b>	Revenue	11,294.8	10,097.4	9,158.3
	Operation profit	671.3	462.2	715.0
	Margin	5.9%	4.6%	7.8%

In 2020, Samsung SDI recorded the all-time record revenue, followed by last year as all employees made the utmost effort in the uncertain global environment caused by COVID-19. The overall revenue was KRW 11.3 trillion, up 11.9% YoY and operating profit was KRW 671.3 billion, up 45.2% YoY as the large-sized battery business, the small-sized battery business and the electronic materials business all achieved growth.

The automotive battery business continued to expand supplies to European customers, and established a foothold for the mid-to long-term growth by increasing the capacity of Hungary battery plants and stabilizing the operation. For the ESS business, as the industry leader, Samsung SDI restored trust and led the ecosystem of the industry by applying special fire extinguishing systems.

In the small-sized battery business, Samsung SDI increased IT battery supplies for smartphones, wearable devices and wireless earphones. And in the non-IT market, we expanded the business to e-Bikes, e-Scooters, and electric vehicles, going beyond the traditional power tool market.

The electronic materials business, in response to changes in the product cycle and technology trends in downstream markets of semiconductors and displays, improved profitability as we increased share of our high-end products within the product portfolio. And we are proactively developing products to be prepared for the next-generation market such as foldable displays and semiconductor process materials.

The uncertainty in business environment caused by the COVID-19 is expected to continue in 2021. The competition over the fast-growing battery industry is getting fiercer, and technologies change rapidly in the electronic materials industry.

Samsung SDI will have competitive advantages for every business division, and achieve innovation and growth, thus turning market opportunities into our growth opportunities. For the Energy Solution Business Division, we will go one step ahead by applying innovative methods across all divisions to develop high-capacity materials and improve cost competitiveness. The Electronic Materials Business Division plans to establish an independent materials ecosystem by identifying high-value materials, conducting research and commercializing products.

In addition, Samsung SDI will not only achieve financial success but faithfully implement the ESG business strategy to become a socially responsible company who makes a sustainable growth.

## Return to Shareholders

For fiscal year 2020, the BOD decided a year-end dividend of KRW 1,000 per share for Common Stock and KRW 1,050 per share for Preferred Stock. The total dividend payout is KRW 66.9 billion. Samsung SDI decides its dividends by taking into account multiple factors such as investment outlook, cash flow, its financial structure and dividend stability.

Since Samsung SDI is heavily focused on rapidly growing businesses, Company needs to reinvest large portion of its earnings. Accordingly, it is facing difficulties in increasing dividend at the moment. Once the profitability of its new businesses improves and its cash flow becomes more stable, Company will be able to consider gradually increasing shareholder return.

### □ Dividend, Stock Price, etc.

(Unit: KRW billion)

Category	FY2020	FY2019	FY2018
Net Profit (attributable to Owners of the Parent Company)	574.7	356.5	701.2
Dividends	66.9	66.9	66.9
(Per share, KRW)	Common 1,000 Preferred 1,050	Common 1,000 Preferred 1,050	Common 1,000 Preferred 1,050
Year-end Stock Price (KRW)	628,000	236,000	219,000
Dividend Yield	Common 0.2% Preferred 0.4%	Common 0.4% Preferred 1.2%	Common 0.5% Preferred 1.2%



## Agenda 2. Election of Directors

### Overview

Currently, the Samsung SDI's BOD consists of a total of seven members, three Executive Directors and four Independent Directors.

Executive Directors are recommended by the BOD among candidates possessing the necessary qualities as a director such as expertise in the business, a strong sense of responsibility, outstanding achievements and experience. The Independent Directors are recommended by the Independent Director Recommendation Committee after careful consideration of many experts based on criteria such as relevance with Company's business, expertise in various fields such as technology, business management, finance and law as well as independence from the management and controlling shareholder.

For 2021 AGM, due to the resignation of two Executive Directors, the BOD seeks to appoint two new Executive Directors. The BOD recommends two new candidates, Hyuk Chang and Jong Sung Kim. Both candidates are expected to lead the development and growth of Samsung SDI with their expertise and experiences.

### □ Changes of the BOD Members

<i>Board Composition (2020)</i>				<i>Proposed (2021)</i>			
Executive Director	Tenure (years)	Title	Gender	Executive Director	Tenure	Title	Gender
Young Hyun Jun	4 (since 2017)	CEO	M	Young Hyun Jun	5 (since 2017)	CEO	M
Young No Kwon	3 (since 2018)	CFO	M	Hyuk Chang	New	Head of R&D Center	M
Tae Hyuk Ahn	2 (since 2019)	Head of mid-large sized battery	M	Jong Sung Kim	New	CFO	M
Independent Director	Tenure (years)	Expertise	Gender	Independent Director	Tenure	Expertise	Gender
Oh Kyung Kwon	New	Electric Engineering	M	Oh Kyung Kwon	2 (since 2020)	Electric Engineering	M
Duk Hyun Kim	New	Legal/ Human Rights	F	Duk Hyun Kim	2 (since 2020)	Legal/ Human Rights	F
Tae Ju Park	New	Labor/ Economics	M	Tae Ju Park	2 (since 2020)	Labor/ Economics	M
Won Wook Choi	New	Finance (accounting)	M	Won Wook Choi	2 (since 2020)	Finance (accounting)	M

## Executive Director Nominees

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### 2-1. Hyuk Chang

Head of SDI R&D Center,  
Executive Vice President



### 2-2. Jong Sung Kim

CFO,  
Executive Vice President



### 2-1. Hyuk Chang

The Executive Director nominee Hyuk Chang, the Head of SDI R&D Center, is in charge of securing next-generation technologies of Samsung SDI. He served as the Head of the Material R&D Center and the Energy Lab at SAIT(Samsung Advanced Institute of Technology), with his extensive expertise in R&D. He also has the capability of business management as he served as Executive Vice President of the Small-sized Battery Business Division and the Electronic Materials Business Division.

Given the nature of the battery and electronic materials business, it is critical to have a cutting-edge technology to improve the business. Therefore, the BOD believes that Executive Vice President Chang makes invaluable contributions to the decision-making process, serving a role of strengthening the Company's leadership in technology.

### 2-2. Jong Sung Kim

The Executive Director nominee Jong Sung Kim, CFO of Samsung SDI, has strategic and financial expertise, along with experiences in the electric and electronic business as he previously served as Senior Vice President of Business Management Team of Samsung Display and Executive Vice President of VD Business of Samsung Electronics.

It is a critical time that the Board needs to make sound financial decisions since Samsung SDI needs to make continuous investments and increase profitability. The BOD believes that Executive Vice President Kim plays a pivotal role as Executive Director when it comes to decision-making that enhancing the profitability of investments, given his high understandings of financial situations of Samsung SDI and the overall industry.

## Profile of Executive Director Nominees

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### Hyuk Chang

### Education

### Career

Date of Birth :  
Dec. 6, 1962

Ph.D. in Metal Engineering, Utah University  
M.S. in Metal Engineering, Utah University  
B.S. in Metal Engineering, Inha University

Start of term :  
Mar.17, 2021  
Expiration of term :  
Mar.17, 2024

2020~Present Executive Vice President of SDI R&D Center, Samsung SDI  
2020~2020 Executive Vice President of Small-sized Battery Business, Samsung SDI  
2018~2020 Executive Vice President of Electronic Materials Business, Samsung SDI  
2016~2018 Executive Vice President of SDI R&D Center, Samsung SDI  
2013~2016 Executive Vice President of Materials R&D Center, Samsung Advanced Institute of Technology  
2009~2013 Senior Vice President of Energy Lab, Samsung Advanced Institute of Technology

### Jong Sung Kim

### Education

### Career

Date of Birth :  
Feb.10, 1964

B.A. in Management, Seoul University

Start of term :  
Mar.17, 2021  
Expiration of term :  
Mar.17, 2024

2020~Present CFO, Executive Vice President of Business Management Office, Samsung SDI  
2017~2020 Executive Vice President of Business Management Team of VD Business, Samsung Electronics  
2012~2017 Senior Vice President of Business Management Team, Samsung Display  
2011~2012 Vice President of Strategy Team, Samsung Electronics  
2009~2011 Vice President of Business Management Team, Samsung Mobile Display

# Agenda 3. Approval of Director Remuneration Limit (FY 2021)

## Overview

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The BOD is seeking your approval of the total remuneration limit for the fiscal year 2021.

- Total Remuneration Limit: KRW 19 Billion

## Director Remuneration Structure

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Our Director Remuneration practices are designed to emphasize the link between performance and compensation. The Remuneration plan consists of salary, bonus, and other compensation. The bonus includes annual incentives and Long Term Incentive (LTI). Annual incentives includes Overall Performance Incentive (OPI), Target Achievement Incentive (TAI), and special bonus, and are based on target achievements and financial performance. LTI is determined by performance evaluations on a three year interval, and distribute 50%, 25%, and 25% of the incentive in the following three years, respectively. The evaluation criteria for LTI are ROE, stock performance and EBIT margin.

## Compensation Committee

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The Compensation Committee was established in 2014 by a resolution of the BOD, without legal mandates. To ensure objectivity and transparency in decision making on director remuneration, the Committee consists of two Independent Directors and one Executive Director, chaired by an Independent Director. It is responsible for assessing the appropriateness of director compensation and reviewing the limit on director compensation for the next fiscal year, which will be up for approval by the shareholders at the AGM.

## FY 2020 Remuneration (Actual)

### □ Directors Remuneration Paid

(Unit: KRW billion)

	FY2020		FY2019	
	Approved	Actual	Approved	Actual
Total	19.0	10.1	19.0	3.7

### Analysis

Remuneration payout increased in FY2020 due to severance benefit for two Executive Directors and LTI for former and present Executive Directors.

### □ Independent Director Remunerations

(Unit: KRW million, Person)

	FY 2020	FY 2019
Number of Directors	4	4
Total Amount	357	339
Average (per person)	89	85

\* Total Amount included the payout for four retired Independent Directors in March, 2020, Sung Jae Kim, Serck Joo Hong, Ran Do Kim and Jae Hie Kim.

## FY 2021 Remuneration (To Be Approved)

	FY 2021	FY 2020
Number of Directors(Independent)	7 (4)	7 (4)
Total remuneration limit	KRW 19 billion	KRW 19 billion

The BOD is seeking your approval of a remuneration limit of KRW 19 billion for FY2021. (General compensation KRW 18billion, Long-term incentive KRW 1billion)

# Appendix 1. Business Report

## Business Overview

In 2020, despite extreme uncertainties in the global business environment caused by COVID-19, Samsung SDI delivered meaningful results, recording the highest revenue, followed by last year.

Thanks to strong support of our shareholders and dedicated efforts of employees, Samsung SDI recorded revenue of KRW 11.3 trillion, up 11.9% YoY, and operating profit of KRW 671.3 billion, up 45.2% YoY. We could achieve a well-balanced growth across all divisions including large-sized battery, small-sized battery and electronic materials business. The debt-to-equity ratio was 61.0% and the ROE was 4.5%.

### □ Financial performance (K-IFRS, consolidated)

(Unit: KRW billion)

Category	FY2020	FY2019	FY2018
Revenue	11,294.8	10,097.4	9,158.3
Operating profit	671.3	462.2	715.0
Net profit	631.0	402.4	745.0
Net Profit (attributable to Owners of the Parent Company)	574.7	356.5	701.2
Assets	21,534.2	19,852.1	19,349.7
Liabilities	8,175.3	7,191.8	7,124.5
Equity	13,358.9	12,660.3	12,225.2
Liabilities/equity	61.2%	56.8%	58.3%
Dividend Per Share (KRW)	Common 1,000	Common 1,000	Common 1,000
	Preferred 1,050	Preferred 1,050	Preferred 1,050
Year-end Stock Price (KRW)	628,000	236,000	219,000

## Energy Solution

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In 2020, the Energy Solution Business Division saw a record-high revenue. The automotive battery business grew by more than 40% year-on-year and also saw increased profitability as the global electric vehicle market expands. The ESS business also grew by more than 20% as the overseas sales went up. In the small-sized battery business, we diversified sales channels including e-mobility, wearable devices and others, setting a solid foundation for the future growth.

In 2021, the automotive battery business is expected to record a significant growth thanks to increased electric vehicle demand as countries around the world implement green industry policies to help economic recovery in the post-COVID-19 era. Samsung SDI plans to increase automotive battery supply in the rapidly-growing European market, and enhance product competitiveness by releasing Gen.5 EV batteries.

The ESS business is also expected to see an increase in demand as the share of renewable energy sources such as solar and wind power goes up in line with ecofriendly policies. Samsung SDI will achieve growth in the rapidly-growing US and European markets with our ESS products.

In the small sized-battery business, we plan to increase sales with more optimized solutions for emerging markets such as e-mobility, 5G communication and wearable devices. Moreover, Samsung SDI will maintain the strong leadership in traditional markets such as mobile devices and power tools.

## Electronic Material

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In 2020, the Electronic Materials Division recorded the highest business performance, followed by last year, by achieving a well-balanced growth from both display and semiconductor materials business. Polarizer film business saw a huge increase in revenue with competitive products and the highest productivity. It is mostly driven by increased demand as screens are getting larger. The OLED materials business also grew significantly thanks to the increased adoption of OLED in the mobile display market. Semiconductor materials also saw a solid growth as downstream market conditions improved.

For the polarizer business, the LCD TV market is to experience slowdown in growth in 2021, so Samsung SDI plans to respond to market changes by maintaining competitiveness and the highest production efficiency, using our high-quality materials. We will promote growth by proactively responding to demand of 65-inch or larger-sized TVs, supplying new high-end products to be in line with the latest trend, and diversifying our customer base.

With the increased adoption of OLED panels and larger displays on mobile devices, the OLED material market is forecast to expand. Samsung SDI will increase supply to key customers with the timely supply for new platforms scheduled for launch this year and swiftly respond to the foldable display market, where demand for new materials goes up, thus expanding supply of new products. Samsung SDI will thoroughly prepare new materials to respond to changes of the next-generation technology such as QD display.

Samsung SDI's business performance of the semiconductor materials is expected to improve driven by stronger demand of memory chips for 5G smartphones and servers year-on-year. Our focus will be on improving the quality of key products, attract new customers, and expand our product portfolio to keep up with technological changes such as new EUV process.



## Appendix 2. Corporate Governance

### The Board of Directors

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The BOD is the highest permanent decision-making body of Company and decides matters such as those stipulated by law or Company's Articles of Incorporation, those delegated to the BOD by the General Meeting of Shareholders and important matters regarding Company's basic business policies and business execution. The BOD is also responsible for supervising the work of Company's executive team. To ensure that the BOD effectively performs its decision-making and supervisory function, Samsung SDI sets forth matters such as the power, composition and deliberation of the BOD in detail in the Regulation for the Operation of the Board of Directors.

The Board of Directors decides matters such as those related with the General Meeting of Shareholders, financial matters, matters related with individual Directors, the BOD and committees, and other key business issues. To enhance the efficiency of BOD operation as well as its expertise and independence, the BOD operates several committees including the Audit Committee, the Related Party Transaction Committee, the Management Committee, the Independent Director Recommendation Committee and the Compensation Committee, to which the BOD delegates the relevant matters.

#### □ BOD Members: 7 Directors (as of February 2021)

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Executive Directors(3) :	Young Hyun Jun(Chairman of the BOD), Young No Kwon, Tae Hyuk Ahn
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Independent Directors(4) :	Oh Kyung Kwon, Duk Hyun Kim, Tae Ju Park, Won Wook Choi
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#### □ Chairman of the Board

Pursuant to Company's Articles of Incorporation and the Regulation for the Operation of the BOD, the Chairman of the BOD is appointed among Directors through the resolution by the BOD, and different persons may be appointed respectively as the Chairman of the BOD and as the Representative Director of Company.

#### □ Responsibilities and duties of Directors

Pursuant to the Article 24 of our Articles of Incorporation, Directors shall take charge of the affairs determined by the BOD or the committee delegated by the BOD. If the Chairman is

unable to perform his or her duties, directors act on his or her behalf, as prescribed by the board of directors. Pursuant to the Article 24-2 of our Articles of Incorporation, when a director discovers that he or she is likely to cause significant damage to Company, he or she shall immediately report such fact to the Audit Committee. Pursuant to the Article 25 Prohibition of Competition by Directors, no Director shall effect any transaction which falls within the same class of business as that of Company without the consent of the BOD or such committee as authorized by the Board of Directors, except when a Director is elected with the knowledge that his business is in competition with Company.

#### **Director independence**

Director independence shall be determine by the independence requirements set forth by the Korean Stock Exchange listing standards, the Commercial Code, and other related regulations. A Director may not be deemed independent if he or she fails to meet the criteria of applicable standards.

#### **Election of Directors**

Regulations regarding the election, term of office, and election of Directors in case of a vacancy are provided in the Article 22 of our Articles of Incorporation.

It states that Company shall have at least three, but not more than nine, Directors and such Directors shall be appointed at a general meeting of shareholders; provided, however, that Independent Directors shall be elected from candidates recommended by the Independent Director Recommendation Committee.

Pursuant to the Article 23 of our Articles of Incorporation, all of Company's BOD members', who are elected by a resolution of the AGM, term of office is three years.

#### **Election of Directors in case of vacancy**

Any vacancy in the office of Director shall be filled by a resolution of a general meeting of shareholders. However, if the number of Directors does not fall below the number prescribed by the Article 22 of the Article of Incorporation and if there is no difficulty in the administration of business, the foregoing shall not be applicable.

#### **Convening of the meeting of the Board of Directors**

There are two types of the BOD meetings.

- Regular meetings—generally held four times a year (once every quarter)
- Extraordinary meetings—held whenever deemed necessary

The Chairman convenes meetings of the BOD, and shall provide members with a notice of

meeting, along with an agenda and reasons for the meeting, at least 24 hours in advance. The notice can be in written, oral, and/or electronic forms, and may be omitted with the consent of all Directors. The presence of a majority of all Directors shall constitute a quorum and resolutions shall be adopted by a majority of the votes of Directors attending the meeting; provided that the Board meeting may take place via electronic means, such as by conference call, within the scope provided by relevant laws. Any Director may convene a meeting with consent from the Chairman in the case where the meeting is deemed necessary for the purpose of carrying out his or her duties.

## **Board Committee**

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Company's BOD currently operates five sub-committees, i.e. the Management Committee, the Audit Committee, the Related Party Transaction Committee, the Independent Director Recommendation Committee and the Compensation Committee.

Among these committees, the establishment of the Audit Committee and the Independent Director Recommendation Committee is a statutory requirement under the law including the Korean Commercial Code, and the remaining three committees have been created voluntarily by the BOD to enhance its expertise, independence and efficiency. Details regarding the purpose, composition, authority, operation, qualification and appointment & dismissal of members for each committee are determined by the relevant laws and the resolution by the BOD, and have been set forth in writing in the form of the regulations for the operation of each committee.

Pursuant to the regulations for operation of each committee, resolutions taken by each committee must be notified to each Director, and pursuant to Article 15 of the Regulations for the Operation of the BOD, each Director may demand convocation of a BOD meeting within two days from receiving such notice. The BOD has the power to resolve on matters already resolved by one of its committees, notwithstanding however, that pursuant to Article 415-2(6) of the Korean Commercial Code, matters resolved by the Audit Committee cannot be resolved again by the BOD.

### ***The Management Committee***

The purpose of the Management Committee is to promote the efficiency of the BOD operation by addressing matters as delegated by the BOD such as matters of general business management, financial matters and other matters excluding those requiring BOD resolution by law or the Articles of Incorporation. To achieve timely and efficiency decision making, the Management Committee consists of three Executive Directors who possess expertise and experience in business management.

### *The Audit Committee*

The Audit Committee performs auditing of Company's accounting and key business activities, evaluation of Company's internal accounting control system operation, and inspection of the operation of Company's internal monitoring devices. The Audit Committee also supervises the Directors' and the management's professional activities to ensure that reasonable business decisions are reached by Directors and the management.

Currently, Samsung SDI's Audit Committee consists of four Independent Directors including one financial expert (Director Won Wook Choi). The Chairperson of the Audit Committee is appointed through resolution by the Audit Committee.

### *The Related Party Transaction Committee*

The Related Party Transaction Committee was created by the BOD even though there was no legal requirement to do so, in order to enhance the transparency of Company's business management and to inspect related party transactions among affiliates by creating a voluntary fair trade compliance program. Samsung SDI's Related Party Transaction Committee consists of four Independent Directors to guarantee a high degree of independence and fairness.

### *The Independent Director Recommendation Committee*

The Independent Director Recommendation Committee examines potential Independent Director candidates and recommends those to be appointed by the General Meeting of Shareholders. The Independent Director Recommendation Committee currently consists of three Executive Directors and four Independent Directors.

### *The Compensation Committee*

The BOD resolved to create the Compensation Committee in order to ensure objectivity and transparency in the process for determining director compensation. Pursuant to Article 3 of the Regulations for the Operation of the Compensation Committee, the Committee consists of two Independent Directors and one Executive Director. One of Independent Directors has been appointed as the Chairperson of the Compensation Committee, and a majority of committee members are appointed among Independent Directors to ensure independence from the executive team.

□ **Composition of the BOD committee (as of February 2021)**

Committee	Committee Members		
	Chair	Executive Directors	Independent Directors
Management	Young Hyun Jun (Executive)	Young No Kwon Tae Hyuk Ahn	-
Audit	Won Wook Choi (Independent)	-	Oh Kyung Kwon Duk Hyun Kim Tae Ju Park
Related Party Transactions	Oh Kyung Kwon (Independent)	-	Duk Hyun Kim Tae Ju Park Won Wook Choi
Independent Director Candidates Recommendation	-	Young Hyun Jun Young No Kwon Tae Hyuk Ahn	Oh Kyung Kwon Duk Hyun Kim Tae Ju Park Won Wook Choi
Compensation	Tae Ju Park (Independent)	Young No Kwon	Oh Kyung Kwon

\* The Chairperson of The Independent Director Candidates Recommendation has not been appointed because The Independent Director Candidates Recommendation has not been hold after new composition of members from March, 2020.

## Profile of BOD Members (As of February 2021)

### □ Executive Directors



#### Young Hyun Jun

Chairman of BOD  
Executive Director since 2017

Ph.D. in Electric Engineering, Korea Advanced Institute of Science  
M.A. in Electric Engineering, Korea Advanced Institute of Science  
B.A. in Electric Engineering, Hanyang University

#### Career

2017~Present CEO, Samsung SDI  
2014~2017 President & General Manager of Memory Business, Samsung Electronics  
2014~2014 Executive Vice President & General Manager of Memory Business, Samsung Electronics  
2012~2014 Executive Vice President of Marketing Team, Samsung Electronics  
2010~2012 Executive Vice President of Flash Product and Technology Division, Samsung Electronics  
2009~2010 Executive Vice President of DRAM Product and Technology division, Samsung Electronics



#### Young No Kwon

Executive Director since 2018

B.A in Industrial Psychology;  
Sungkyunkwan University

#### Career

2017~2020 Executive VP of Business Management Office, Samsung SDI  
2017~2017 Executive VP of Corporate Management & Planning Office, Samsung C&T  
2015~2017 Executive VP of Business Management Office, Samsung Electro-Mechanics  
2013~2015 Senior VP of LCR Business Management Office, Samsung Electro-Mechanics



#### Tae Hyuk Ahn

Executive Director since 2019

PhD. in Electric Engineering; Nagoya University  
M.S in Metal Engineering; Hanyang University  
B.S in Electronics Engineering; Kyungpook University

#### Career

2017~2020 Executive VP of Battery Business, Samsung SDI  
2015~2017 Executive VP of System LSI Manufacturing Center, Samsung Electronics  
2012~2015 Senior VP of Memory Technology Innovation Team, Samsung Electronics  
2011~2012 Senior VP of Memory FAB2 Team, Samsung Electronics

## □ Independent Directors



### Oh Kyung Kwon

Independent Director since 2020

Ph.D. in Electrical Engineering, Stanford University

M.A. in Electrical Engineering, Stanford University

B.A. in Electronic Engineering, Hanyang University

### Career

2020~Present Independent Director, Samsung SDI  
 2020~Present Chair-Professor of Electronic Engineering at Hanyang University  
 2020~Present Chairman of CAETS  
 2017~Present President of National Academy of Engineering, Korea  
 2017~Present Independent Director of Yumin Cultural Foundation  
 2017~Present Non-Executive Director of Korea Institute of S&T Evaluation and Planning  
 1992~2020 Professor of Electronic Engineering at Hanyang University  
 2014~2017 Vice Chairman of Korea Federation of Science and Technology Societies  
 2010~2011 President of Korea Information Display Association



### Duk Hyun Kim

Independent Director since 2020

Ph.D & M.A. in Law, Hanyang University

B.A. in Law, Hanyang University

### Career

2020~Present Independent Director, Samsung SDI  
 2018~Present Attorney of Law firm Jin-Sung  
 2017~Present Member of Central Committee of Korean Red Cross  
 2017~Present Chairperson of the Commission for Democratization movement Activists' Honor-restoration and Compensation  
 2018~2020 Human Right Officer of National Counterterrorism Committee  
 2011~2013 Deputy Chairperson of Korean Bar Association  
 2001~2007 President of Korean Women Lawyers' Association  
 1983~1986 Judge of Seoul District Court



### Tae Ju Park

Independent Director since 2020

Ph.D. in Labor and Industrial Relations, University of Warwick

M.A. in Labor Economics, Korea University

B.A. in Economics, Seoul National University

### Career

2020~Present Independent Director, Samsung SDI  
 2019~Present Senior Researcher of Korea University Institute for Research on Labor and Employment  
 2017~2019 Standing Commissioner of Economic, Social & Labor Council  
 2014~2017 President of Seoul Tripartite Model Council  
 2014~2016 President of Korean Society for Industrial and Labor  
 2004~2016 Professor of Employment and Labor Training at Korea Institute of Technology Education  
 2006~2012 President of Tripartite Committee of Hyundai Motor Company



### Won Wook Choi

Independent Director since 2020

Ph.D in Business, Columbia University

M.A. in Business, University of Michigan

B.A. in Economics, Yonsei University

### Career

2020~Present Independent Director, Samsung SDI  
 2004~Present Professor of School of Business of Yonsei University  
 2019~Present Independent Director of LIG Nex1  
 2016~Present Member of Deliberation Council at Tax Office of Ministry of Strategy and Finance  
 2018~2020 Chief Editor Korean Accounting Association  
 2015~2017 Chief Editor of Korean Academic Society of Taxation  
 2009~2011 Commissioner of National Tax Service  
 2009~2011 Member of IFRS, Korea Accounting Institute

## BOD Activities

### □ Board meetings in FY2020

#### - Board meetings and voting results of Independent Directors

Date	Contents of Agenda	Sung Jae Kim	Serck Joo Hong	Ran Do Kim	Jae Hie Kim
Jan 4 2020	Report on Samsung Compliance Committee	-	-	-	absent
Jan 30 2020	Approval of FY2019 financial statements and business report	For	For	For	For
	Purchase of product liability insurance	For	For	For	For
	Approval of cafeteria outsourcing contract	For	For	For	For
	Amendment of regulations of compensation committee	For	For	For	For
	Amendment of compliance standards	For	For	For	For
	Introduction of Samsung compliance committee	For	For	For	For
	Appointment of compliance support	For	For	For	For
Feb 24 2020	Convene of 50th regular general meeting of shareholders	For	For	For	For
	Accumulation of FY2020 DC retirement pension	For	For	For	For
	Appointment of person to exercise for DR voting right	For	For	For	For
	Payment guarantee in Samsung SDI Hungary Zrt.	For	For	For	For
	Approval of executing financial donations to Chungnam Samsung Academy	For	For	For	For
	Report of FY2020 operation status of internal accounting management system	-	-	-	-
	Report of operation status evaluation of internal accounting management system by audit committee	-	-	-	-
Feb 26 2020	Contribution related to COVID-19	For	For	For	For

\* Independent Directors Sung Jae Kim, Serck Joo Hong, Ran Do Kim and Jae Hie Kim has retired in March, 2020.



Date	Contents of Agenda	Oh Kyung Kwon	Duk Hyun Kim	Tae Ju Park	Won Wook Choi
Mar 18 2020	Appointment of chairman of the board of directors	For	For	For	For
	Appointment of CEO	For	For	For	For
	Appointment of business affairs and setting the remuneration of directors	For	For	For	For
	Appointment of member of management committee	For	For	For	For
Apr 28 2020	Approval of lease contract with Samsung Electronics Co., Ltd.	For	For	For	For
	Application for New Technology Business Investment Association	For	For	For	For
Jun 11 2020	Commission of Samsung Compliance Committee members	For	For	For	For
Jul 28 2020	Donation to Sungkyunkwan University	For	For	For	For
	Asset purchase agreement with STM	For	For	For	For
	Signing of contract for facility sales with a Samsung SDI Hungary Zrt.	For	For	For	For
	Agreement on quality compensation cost with Samsung Display Co.Ltd.	For	For	For	For
Oct 27 2020	Approval of executing financial donations	For	For	For	For
	Signing of contract for facility sales with a Samsung SDI Tianjin Battery Co.,Ltd	For	For	For	For
	Signing of contract for facility sales with a Samsung SDI Hungary Zrt.	For	For	For	For
	Payment guarantee in Samsung SDI Hungary Zrt.	For	For	For	For
	Package insurance purchase	For	For	For	For
	Report of inspection results of Compliance standards	-	-	-	-
	Report of the validity evaluation of Compliance System	-	-	-	-
	Report of the trend and impact of legal reform	-	-	-	-
Nov 30 2020	Contribution to Community Chest of Korea's annual fundraising campaign	For	For	For	For
Dec 11 2020	Approval of transaction with affiliated companies in FY2021	For	For	For	For
	Accumulation of FY2021 DC retirement pension	For	For	For	For

\* Independent Directors, Oh Kyung Kwon, Duk Hyun Kim, Tae Ju Park and Won Wook Choi has been newly appointed on March 18, 2020.

**Committee participation of Independent Directors in FY2020**

*Audit Committee*

Date	Agenda
Jan 30 2020	Report of operation status of internal accounting management system in FY2019
	Report on FY2019 final accounts and FY2020 business outlook
	Report on FY2019 audit results and FY2020 plan
Feb 24 2020	Report of FY2019 financial statements and annual business report
	Report of financial donations in FY2019.1Q
Apr 28 2020	Appointment of chairperson of the Audit Committee
	Report on FY2020.1Q final accounts
	Report of operation plan of internal accounting management system in FY2020
	Report of financial donations in FY2020.1Q
Jul 28 2020	Report on FY2020.2Q final accounts
	Report of financial donations in FY2020.2Q
Oct 27 2020	Report on FY2020.3Q final accounts
	Report of financial donations in FY2020.3Q
Dec 11 2020	Report on progress of internal accounting management system in FY2020

*Independent Director Candidate Recommendation Committee*

Date	Agenda
Feb 24 2020	Recommendation of candidates for independent directors

*Compensation Committee*

Date	Agenda
Feb 24 2020	Review of remuneration for Directors
	Review of remuneration limit for Directors

## Related Party Transactions Committee

Date	Agenda
Jan 30 2020	Report of internal trade in FY2019.4Q
	Deliberation of product liability insurance purchase
	Deliberation of cafeteria outsourcing contract
Feb 24 2020	Deliberation of payment guarantee for Samsung SDI Hungary Zrt.
	Deliberation of executing financial donations to Chungnam Samsung Academy
	Deliberation of accumulating FY2020 DC retirement pension
Apr 28 2020	Appointment of chairperson of the Related Party Transactions Committee
	Deliberation of lease contract with Samsung Electronics Co., Ltd.
	Deliberation of applying for New Technology Business Investment Association
	Report of internal trade in FY2020.1Q
Jul 28 2020	Deliberation of donation to Sungkyunkwan University
	Deliberation of asset purchase agreement with STM
	Deliberation of contract for facility sales with a Samsung SDI Hungary Zrt.
	Deliberation of quality compensation cost agreement with Samsung Display Co., Ltd.
	Report of internal trade in FY2020.2Q
Oct 27 2020	Review of external donation
	Deliberation of contract for facility sales with a Samsung SDI Hungary Zrt.
	Deliberation of contract for facility sales with a Tianjin Samsung SDI Co., Ltd.
	Deliberation of payment guarantee for Samsung SDI Hungary Zrt.
	Deliberation of package insurance purchase
	Report of internal trade in FY2020.3Q
Dec 11 2020	Deliberation of transaction limit with affiliated companies in FY2021
	Deliberation of accumulation of FY2021 DC retirement pension

## Share Ownership Structure

As of the end of 2020, the total number of Samsung SDI shares outstanding is 70,382,426.

The number of common shares outstanding and preferred shares outstanding are 68,764,530(98%) and 1,617,896 (2%), respectively.

The number of total treasury stocks of Samsung SDI is 3,509,791 with 3,331,391 common shares(5% of common shares issued) and 178,400 preferred shares(11% of preferred shares issued).

### Ownership Structure as of the End of FY2020

	Foreign Investors	Local Institution	Individuals	Treasury Shares	Controlling Shareholders	Total
Common	44.9%	17.9%	11.9%	4.8%	20.4%	100%

### Stock ownership status of shareholders over 5%

Shareholders	Holding shares	Ownership (%)	Note
Samsung Electronics	13,462,673	19.58%	End of FY2020
National Pension Service of Korea	6,857,609	9.97%	End of FY2020
BlackRock Fund Advisors	3,444,030	5.01%	August, 2020

\* BlackRock Fund Advisors disclosed publicly its stock ownership status on Aug 11th, 2020(<http://dart.fss.or.kr>).

\* As of December 31, 2020, the number of total common shares outstanding is 68,764,530

## Independent Auditor Fees

The following table presents fees for professional audit services rendered by KPMG Samjong Accounting Corp.(Samjong) for the audit of Samsung SDI's annual financial statements for the past three years (FY2017–2019), and fees billed for other services rendered by Samjong during those periods.

### Independent Auditor Fees between FY2017 to FY2019

FY	Auditor	Audit Services (KRW Million)	Non-Audit Services	Audit Opinion
50 <sup>th</sup> (FY2019)	Samjong KPMG	1,170	-	Fair
49 <sup>th</sup> (FY2018)	Samjong KPMG	710	-	Fair
48 <sup>th</sup> (FY2017)	Samjong KPMG	640	-	Fair

## Result of General Meeting of Shareholders

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### □ 50<sup>th</sup> General Meeting of Shareholders

Agenda for the Resolution		Approval Rate
Proposal 1	Approval of the 2019 Financial Statements of the Company	96.2%
Proposal 2-1	Reappointment of Executive Director, Young Hyun Jun	90.9%
Proposal 2-2	Appointment of Independent Director, Oh Kyung Kwon	99.7%
Proposal 2-3	Appointment of Independent Director, Duk Hyun Kim	99.7%
Proposal 2-4	Appointment of Independent Director, Tae Ju Park	99.7%
Proposal 2-5	Appointment of Independent Director, Won Wook Choi	99.6%
Proposal 3-1	Appointment of Audit Committee Member, Oh Kyung Kwon	99.5%
Proposal 3-2	Appointment of Audit Committee Member, Duk Hyun Kim	99.6%
Proposal 3-3	Appointment of Audit Committee Member, Tae Ju Park	99.5%
Proposal 3-4	Appointment of Audit Committee Member, Won Wook Choi	99.3%
Proposal 4	Approval of the Remuneration Limit of the Director in FY 2020	94.5%

\* Approval Rate : Number of shares approved / Number of shares exercising voting rights

### Corporate Website

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More details on Company's corporate governance structure can be found in Company's annual report (<http://dart.fss.or.kr>) and Company's website.

<https://www.samsungsdi.com/ir/corporate-governance/articles-of-incorporation.html>

## Appendix 3. Financial Statements (FY2020)

### Consolidated Financial Statements of Samsung SDI Co., LTD. and Subsidiaries

#### Index to Financial Statements

※ Audited financial statements with the independent auditor's opinion are not available as of today but will be disclosed separately at the IR webpage of Samsung SDI on February 26th.  
<https://www.samsungsdi.com/ir/financial-information/audit-report.html>

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## Consolidated Statements of Financial Position (As of December 31, 2020 and 2019)

<i>(In thousands of won)</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	1,545,974,322	1,156,295,421
Trade and other receivables, net	1,870,381,153	2,015,345,598
Inventories, net	1,810,785,261	1,707,920,529
Other investments	167,037,270	135,761,636
Other assets	256,395,938	154,545,416
Current Derivative Assets	6,831,222	11,546,297
<b>Total current assets</b>	<b>5,657,405,166</b>	<b>5,181,414,897</b>
Long-term trade and other receivables, net	25,279,489	27,812,098
Investments in equity-accounted investees	7,143,396,949	6,763,177,129
Property, plant and equipment, net	6,128,099,171	5,426,843,174
Intangible assets, net	793,573,297	831,370,662
Investment property	150,502,140	153,656,746
Deferred tax assets	96,846,429	85,799,169
Other non-current investments, including derivatives	1,358,684,147	1,262,913,960
Other non-current assets	106,629,883	113,253,135
Non-Current Derivative Assets	73,815,597	5,855,479
<b>Total non-current assets</b>	<b>15,876,827,102</b>	<b>14,670,681,552</b>
<b>Total assets</b>	<b>21,534,232,268</b>	<b>19,852,096,448</b>
<b>Liabilities</b>		
Trade and other payables	1,809,091,872	1,434,987,950
Income taxes payable	44,391,709	72,873,576
Advance received	353,726,971	60,860,324
Unearned revenue	17,761,782	5,513,614
Short-term borrowings	2,427,504,180	1,766,474,986
Derivative liabilities	28,783,094	-
Provisions	302,373,535	400,812,201
<b>Total current liabilities</b>	<b>4,983,633,143</b>	<b>3,741,522,651</b>
Trade and other payables	210,040,906	239,328,868
Long-term unearned revenue	1,344,199	2,863,949
Long-term unearned revenue	-	2,395,581
Long-term borrowings	1,484,319,605	1,801,994,890
Employee benefit liabilities, net	38,705,231	61,489,160
Derivative liabilities	-	2,420,075
Provisions	79,823,290	99,138,643
Deferred tax liabilities	1,377,439,006	1,240,597,436
<b>Total non-current liabilities</b>	<b>3,191,672,237</b>	<b>3,450,228,601</b>
<b>Total liabilities</b>	<b>8,175,305,380</b>	<b>7,191,751,252</b>
Capital stock	356,712,130	356,712,130
Capital surplus	5,001,974,693	5,001,974,693
Other capital	(345,131,584)	(345,131,584)
Accumulated other comprehensive income	545,959,020	404,513,004
Retained earnings	7,418,101,760	6,906,868,478
<b>Equity attributable to owners of the Parent Company</b>	<b>12,977,616,019</b>	<b>12,324,936,721</b>
<b>Non-controlling interests</b>	<b>381,310,869</b>	<b>335,408,475</b>
<b>Total equity</b>	<b>13,358,926,888</b>	<b>12,660,345,196</b>
<b>Total liabilities and equity</b>	<b>21,534,232,268</b>	<b>19,852,096,448</b>

## Consolidated Statements of Comprehensive Income (For the years ended December 31, 2020 and 2019)

*(In thousands of won, except per share information)*

	<u>2020</u>	<u>2019</u>
<b>Revenue</b>	<b>11,294,770,446</b>	<b>10,097,426,165</b>
Cost of sales	<u>(8,914,217,433)</u>	<u>(7,882,255,450)</u>
<b>Gross profit</b>	<b>2,380,553,013</b>	<b>2,215,170,715</b>
Selling, general and administrative expenses	<u>(1,709,217,655)</u>	<u>(1,752,994,251)</u>
<b>Operating income</b>	<b>671,335,358</b>	<b>462,176,464</b>
Other income	50,205,003	82,720,340
Other expenses	(147,740,368)	(89,624,717)
Finance income	528,826,124	314,411,077
Finance costs	(591,925,691)	(383,670,662)
Share of profit of equity accounted investees	<u>292,710,207</u>	<u>178,629,731</u>
<b>Profit before income taxes</b>	<b>803,410,633</b>	<b>564,642,233</b>
Income tax expense	<u>(172,444,336)</u>	<u>(162,275,802)</u>
<b>Profit for the year</b>	<b>630,966,297</b>	<b>402,366,431</b>
<b>Other comprehensive income</b>		
<b>Items that will never be reclassified to profit or loss:</b>		
Defined benefit plan actuarial losses	4,557,254	5,897,603
Unrealized net changes in fair value of FVOCI financial assets	73,814,357	41,532,379
Related tax	(18,965,930)	(11,199,966)
<b>Items that are or may be reclassified to profit or loss:</b>		
Effective portion of unrealized changes in fair values of cash flow hedges	77,530,705	28,819,436
Change in equity of equity-method accounted investees	60,009,573	21,850,440
Change in gain on translation of foreign operations	(26,482,304)	60,421,136
Related tax	<u>(33,853,803)</u>	<u>(8,605,119)</u>
<b>Other comprehensive income for the year, net of tax</b>	<b>136,609,852</b>	<b>138,715,909</b>
<b>Total comprehensive income</b>	<b>767,576,149</b>	<b>541,082,340</b>
<b>Profit attributable to:</b>		
Owners of the Parent Company	574,723,494	356,548,861
Non-controlling interests	56,242,804	45,817,569
<b>Total comprehensive income attributable to:</b>		
Owners of the Parent Company	719,623,908	493,820,677
Non-controlling interests	47,952,240	47,261,662
<b>Earnings per share</b>		
<b>Basic earnings per share (won) - Ordinary share</b>	8,593	5,332
<b>Basic earnings per share (won) - Preferred share</b>	8,643	5,382



## Consolidated Statements of Changes in Equity (For the years ended December 31, 2020 and 2019)

<i>(In thousands of won)</i>	<u>Capital stock</u>	<u>Capital surplus</u>	<u>Other capital</u>	<u>Accumulated other comprehensive income</u>	<u>Retained earnings</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
<b>Balance at January 1, 2019</b>	<b>356,712,130</b>	<b>5,037,936,784</b>	<b>(345,131,584)</b>	<b>271,989,660</b>	<b>6,612,515,754</b>	<b>291,196,472</b>	<b>12,225,219,216</b>
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	356,548,861	45,817,569	402,366,430
Remeasurements of defined benefit liability	-	-	-	-	4,748,473	-	4,748,473
Effective portion of unrealized changes in fair values of cash flow hedges	-	-	-	21,845,133	-	-	21,845,133
Changes in fair values of FVOCI financial assets	-	-	-	31,481,544	-	-	31,481,544
Change in equity of equity-accounted investees	-	-	-	16,599,622	-	-	16,599,622
Change in gain on translation of foreign operations	-	-	-	62,597,045	-	1,444,093	64,041,138
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,523,344</b>	<b>361,297,334</b>	<b>47,261,662</b>	<b>541,082,340</b>
<b>Transactions with shareholders directly recognized in equity</b>							
Dividends to owners of the Company	-	-	-	-	(66,944,610)	-	(66,944,610)
Capital contribution from non-controlling interests	-	-	-	-	-	14,871,010	14,871,010
Capital reduction to non-controlling interests	-	-	-	-	-	(84,400)	(84,400)
Disposal of subsidiaries	-	-	-	-	-	(8,543,359)	(8,543,359)
Liquidation of subsidiaries	-	(3,517,575)	-	-	-	(655,204)	(4,172,779)
Acquisition of non-controlling interest	-	(32,444,516)	-	-	-	(8,637,706)	(41,082,222)
<b>Balance at December 31, 2019</b>	<b>356,712,130</b>	<b>5,001,974,693</b>	<b>(345,131,584)</b>	<b>404,513,004</b>	<b>6,906,868,478</b>	<b>335,408,475</b>	<b>12,660,345,196</b>

<i>(In thousands of won)</i>	<u>Capital stock</u>	<u>Capital surplus</u>	<u>Other capital</u>	<u>Accumulated other comprehensive income</u>	<u>Retained earnings</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
<b>Balance at January 1, 2020</b>	<b>356,712,130</b>	<b>5,001,974,693</b>	<b>(345,131,584)</b>	<b>404,513,004</b>	<b>6,906,868,478</b>	<b>335,408,475</b>	<b>12,660,345,196</b>
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	574,723,494	56,242,803	630,966,297
Defined benefit plan actuarial gain	-	-	-	-	3,454,398	-	3,454,398
Effective portion of unrealized changes in fair values of cash flow hedges	-	-	-	58,768,274	-	-	58,768,274
Changes in fair values of FVOCI financial assets	-	-	-	55,951,283	-	-	55,951,283
Change in equity of equity-accounted investees	-	-	-	44,918,200	-	-	44,918,200
Change in gain on translation of foreign operations	-	-	-	(18,191,741)	-	(8,290,563)	(26,482,304)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>141,446,016</b>	<b>578,177,892</b>	<b>47,952,240</b>	<b>767,576,148</b>
<b>Transactions with shareholders</b>							
<b>directly recognized in equity</b>							
Dividends to owners of the Company	-	-	-	-	(66,944,610)	(2,231,986)	(69,176,596)
Capital contribution from non-controlling interests	-	-	-	-	-	172,620	172,620
Capital reduction to non-controlling interests	-	-	-	-	-	(30,480)	(30,480)
Foundation of Subsidiaries	-	-	-	-	-	40,000	40,000
<b>Balance at December 31, 2020</b>	<b>356,712,130</b>	<b>5,001,974,693</b>	<b>(345,131,584)</b>	<b>545,959,020</b>	<b>7,418,101,760</b>	<b>381,310,869</b>	<b>13,358,926,888</b>

## Consolidated Statements of Cash Flows (As of December 31, 2020 and 2019)

<i>(In thousands of won)</i>	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Profit for the year	630,966,298	402,366,430
Adjustments for expense (benefit)	1,083,053,413	981,811,235
Changes in assets and liabilities	391,515,982	(306,525,782)
Interest received	12,380,644	18,526,591
Interest paid	(58,100,631)	(76,707,916)
Dividends received	13,580,122	17,560,342
Income taxes paid	(124,575,586)	(113,959,268)
<b>Net cash provided by operating activities</b>	<b><u>1,948,820,242</u></b>	<b><u>923,071,632</u></b>
<b>Cash flows from investing activities</b>		
Sale of other investments	35,210,001	354,134,808
Disposal of non-current assets held for sale	1,038,723	14,985,000
Proceeds from sale of property, plant and equipment	9,976,840	19,321,226
Proceeds from sale of intangible assets	5,550,412	2,388,237
Government grants received	4,700,985	11,132,957
Acquisition of other investment assets	(73,340,022)	(28,435,487)
Acquisition of property, plant and equipment	(1,728,269,788)	(1,898,302,352)
Acquisition of intangible assets	(4,300,095)	(5,117,254)
Acquisition of subsidiaries, affiliates	(29,000,040)	-
Increase of loan receivables	-	(5,166,900)
<b>Net cash used in investing activities</b>	<b><u>(1,778,432,984)</u></b>	<b><u>(1,535,059,765)</u></b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	1,271,203,046	616,344,422
Proceeds from long-term borrowings	740,043,845	829,278,139
Capital contribution from non-controlling interest	213,300	14,871,010
Dividends paid	(69,176,596)	(66,937,929)
Repayment of debentures	(100,000,000)	-
Repayment of short-term borrowings	(1,095,524,549)	(862,536,301)
Repayment of long-term borrowings	(485,032,943)	(265,800,161)
Capital reduction from non-controlling interest	(30,480)	(84,400)
Repayment of lease liabilities	(21,076,670)	(26,200,032)
<b>Net cash from financing activities</b>	<b><u>240,618,953</u></b>	<b><u>238,934,748</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>411,006,209</b>	<b>(373,053,385)</b>
Cash and cash equivalents at January 1	1,156,295,421	1,516,585,547
Effect of exchange rate fluctuations on cash held	(21,327,308)	12,763,259
<b>Cash and cash equivalents at December 31</b>	<b><u>1,545,974,322</u></b>	<b><u>1,156,295,421</u></b>

## Separate Statements of Appropriation of Retained Earnings (For the year ended December 31, 2020 and 2019)

(1) Retained earnings as of December 31, 2020 and 2019 are summarized as follows:

<i>(In thousands of won)</i>	<u>2020</u>	<u>2019</u>
Legal reserve	166,144,661	159,198,482
Discretionary reserve	5,532,528,000	5,401,128,000
Unappropriated retained earnings	<u>1,719,429,099</u>	<u>1,346,541,996</u>
Total	<u><u>7,418,101,760</u></u>	<u><u>6,906,868,478</u></u>

(2) Statement of retained earnings of the Parent Company in equity for the years ended December 31, 2020 and 2019 are summarized as follows:

<i>(In thousands of won)</i>	<u>2020</u>	<u>2019</u>
(i) Unappropriated retained earnings	220,915,644	205,046,245
- Retained Earnings from Previous Year	7,174	3,041
- Defined benefit plan actuarial gain	3,592,427	5,374,682
- Change in accounting policies	-	-
- Profit (loss) for the Year	217,316,043	199,668,522
(ii) Transfer of discretionary reserve	-	-
(iii) Changed retained earnings	(220,909,071)	(205,039,071)
- Legal reserve	(6,694,461)	(6,694,461)
- Dividends	(66,944,610)	(66,944,610)
- Reserve of facility	(147,270,000)	(131,400,000)
Total	<u><u>6,573</u></u>	<u><u>7,174</u></u>

(END)