

SGC Energy

Quarterly IR Report April 2021



Disclaimer

Financial information contained in this document is based on consolidated K-IFRS that have not been reviewed by an independent auditor.

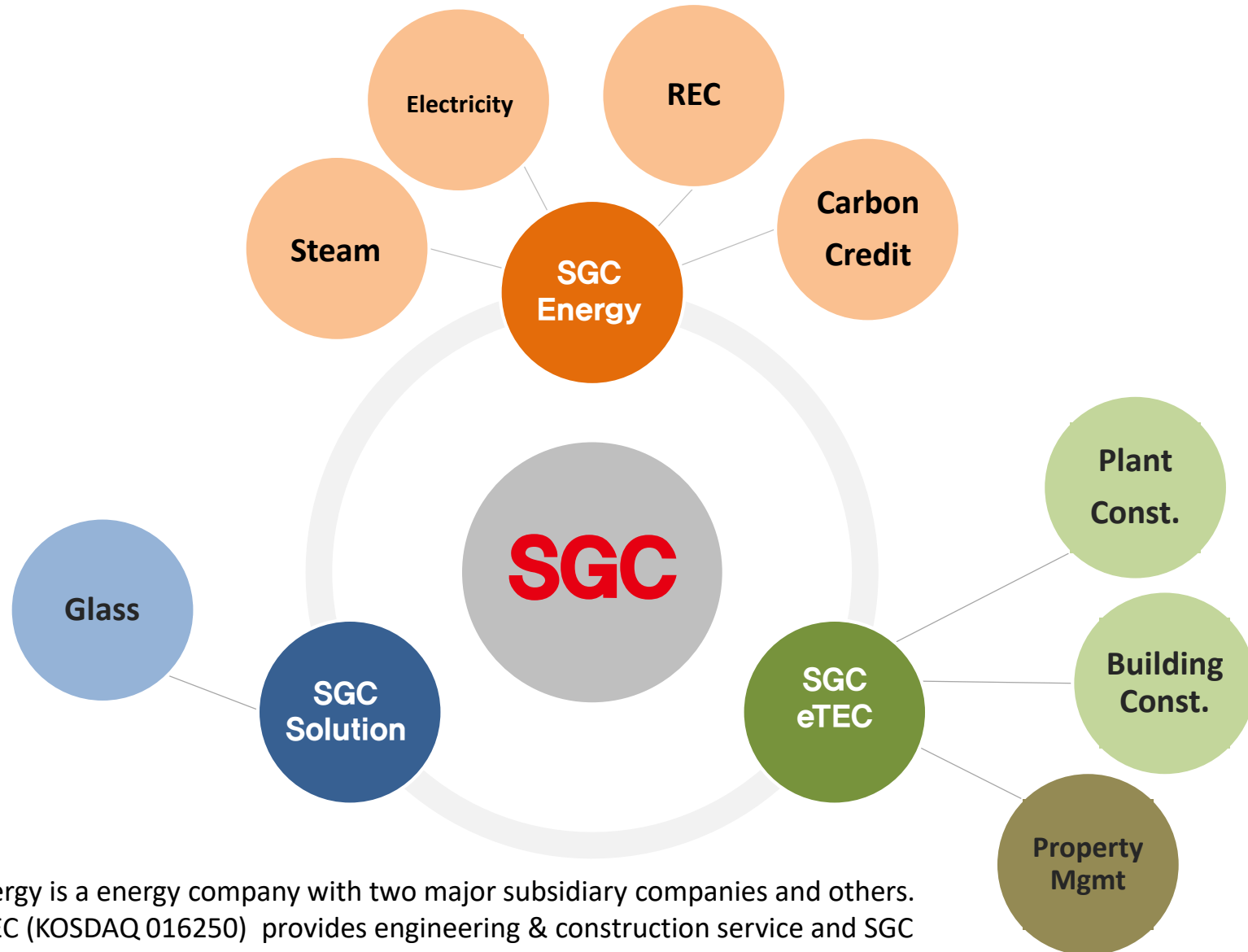
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01 Sales composition of SGC Energy & Subsidiary Companies

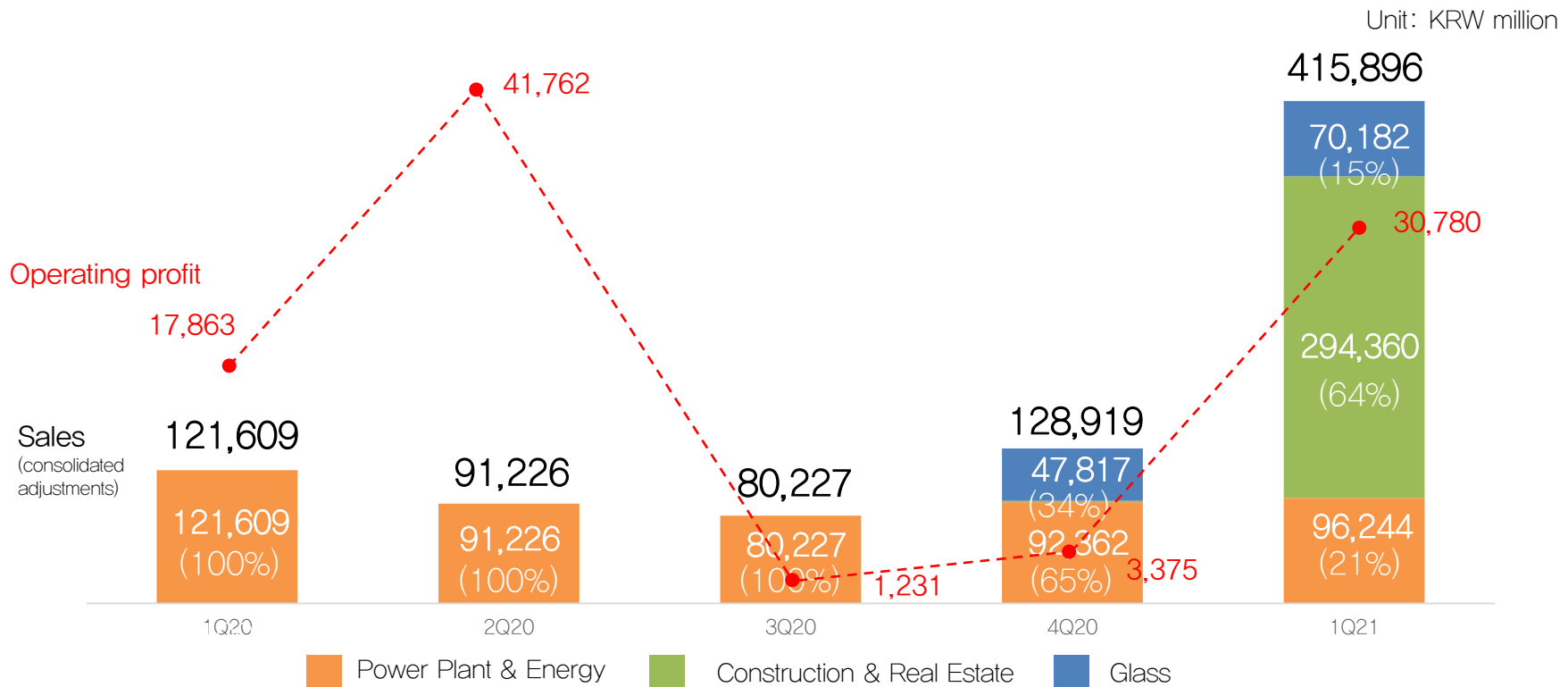


SGC Energy is a energy company with two major subsidiary companies and others. SGC eTEC (KOSDAQ 016250) provides engineering & construction service and SGC Solution manufactures glass-related products.

02 Gross Sales & Operating Profit (Consolidated)

Sales 4,159 KRW 100 mil.: QoQ +223%, YoY +242%

Operating profit 308 KRW 100 mil. : QoQ +812%, YoY +72%



* Figures in color for 1Q21 represent each company's sales prior to consolidated adjustments.

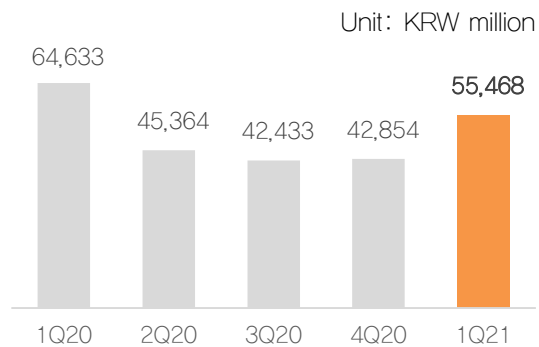
* Figure for 1Q20 represent sales of Gunjang Energy Co. for 1Q20. The company was not listed in 2020.

* Figures for 4Q.20 represents the addition of sales of Gunjang Energy in Oct, 2020 and sales of SGC Energy for Nov and Dec, 2020 as the company got listed from Nov, 2020.

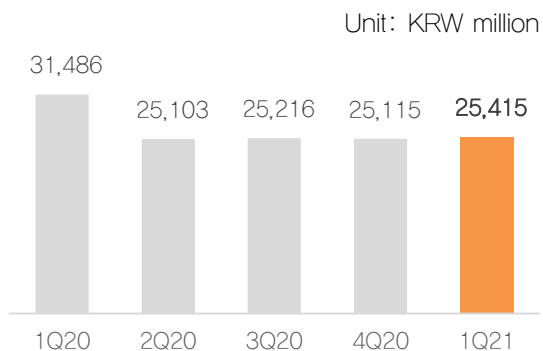
* Figures for 1Q.21 represent consolidated sales of SGC Energy for 1Q21 ENERGY. 4

03 Sales I (Power & Steam)

Power QoQ +29%, YoY -14%

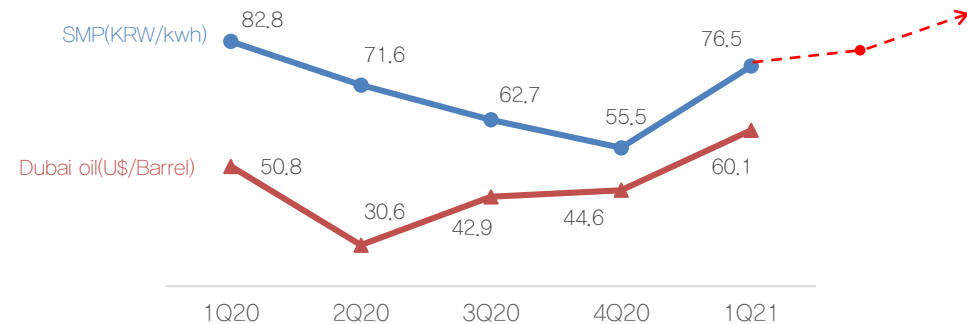


Steam QoQ + 1%, YoY -19%



SMP : In rise as oil price rises in 2021

- SMP stands for 'System Marginal Price, and the price KEPCO pays to power producers.



* Source : KPX, KNOC

New customer: Scheduled to provide from August

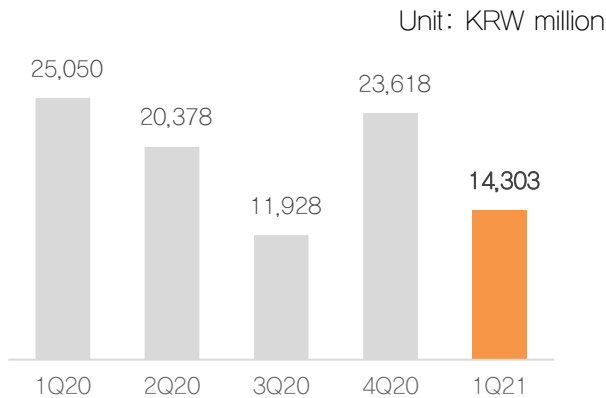
* Number of businesses : 19th → 20th

Use excess steam to generate more power

→ Expect additional revenue if SMP price rises

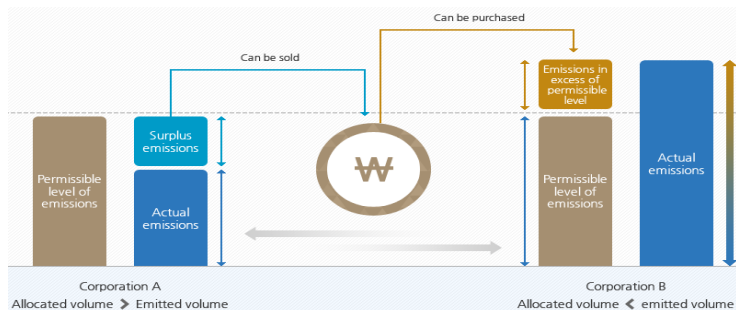
03 Sales II (REC & Carbon Credit)

REC QoQ -39%, YoY -43%



Carbon Credit (CC)

* CC available for sale in 2021: 1,400,000 Ton
 - Sales in Q1 : 350,000 Ton

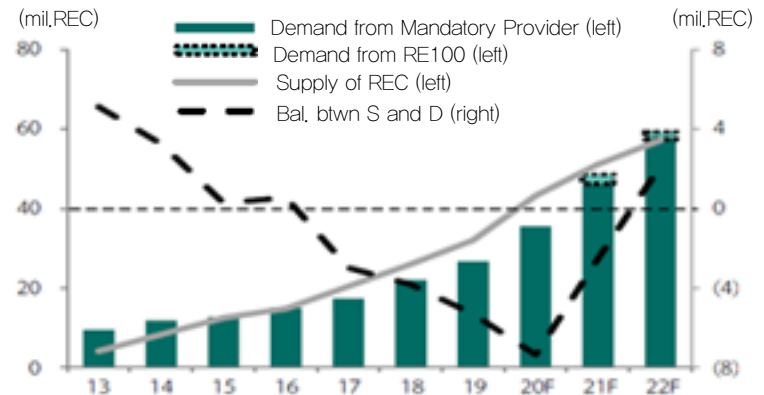


* source : KRX

REC : Supply vs Demand

(RPS mandatory supply ratio change from 10% to 25% will boost demand)

REC Supply and Demand (Assuming ratio set to 11% in 2022)



* Source : KOREA ENERGY AGENCY, Hana Financial Investment

Positive signs for Carbon Credit

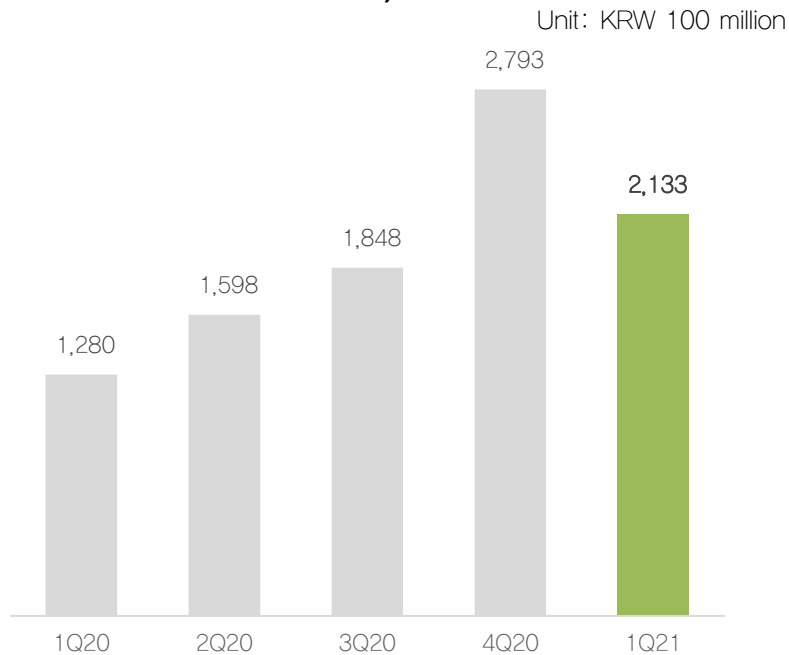
- * GHG reduction target additionally raised (Climate Summit, Apr. 2021)
- * Kor. Emissions Trading system 3rd Plan period ('21~'25)
 - KAU21(Korean Allowance Unit) trading starts and Free Emission Quota reduced
- * Increasing carbon emission reserve debt as the economy recovers.
 - Expecting the demand for carbon credit to increase

Sales 2,944 KRW 100 mil. : QoQ -24%, YoY +40%
 Operating profit 127 KRW 100 mil.: QoQ +129%, YoY +391%

Plant Construction

QoQ -24%, YoY +67%

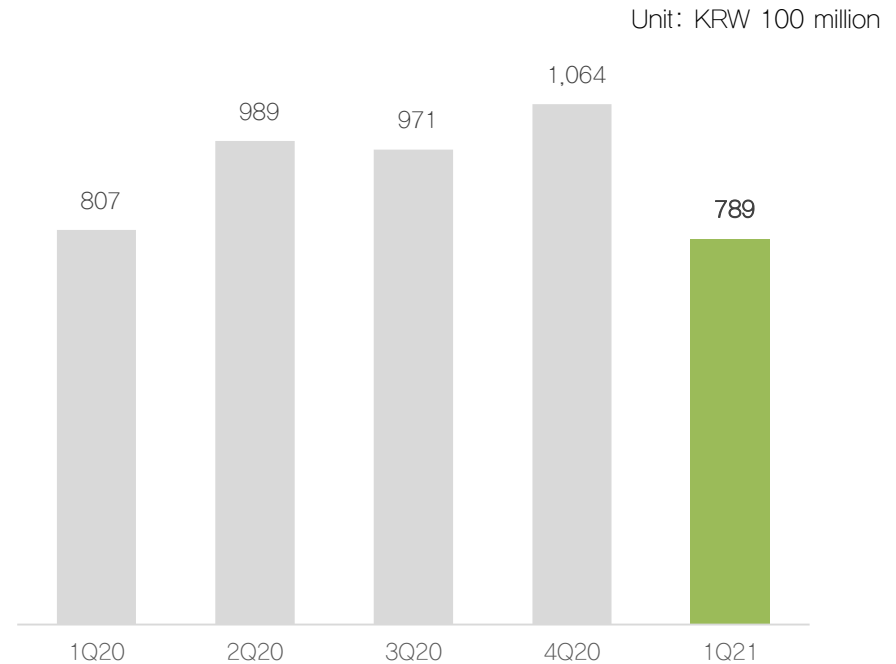
- COVID19 creates demand for smart plant for distribution centers as online orders rise,



Building Construction

QoQ -26%, YoY - 2%

- 'Housing brand THE LIV' improves profitability



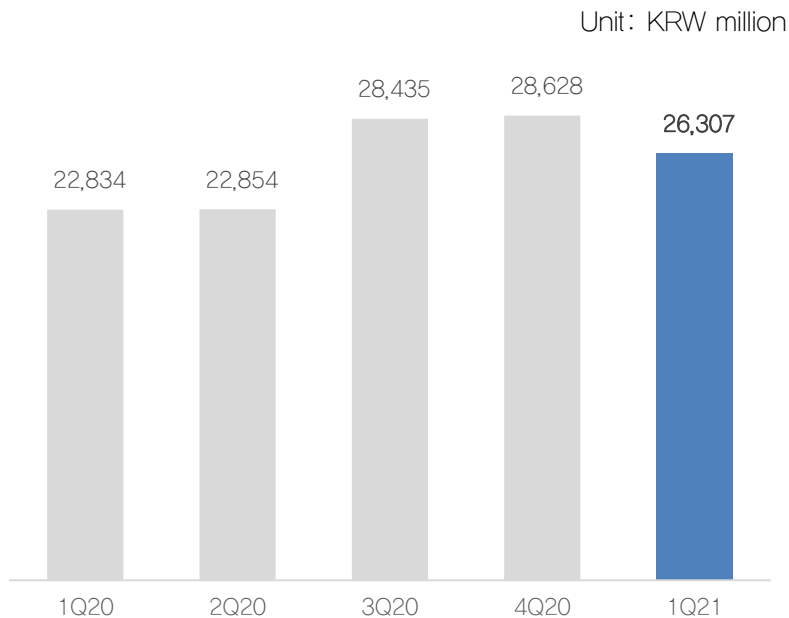
* SGC Development co.,Ltd : Including 2 billion won in sales

Sales 702 KRW 100 mil. : QoQ +3%, YoY -14%
 Operating profit 13 KRW 100 mil. : QoQ -8%, YoY -48%

B2B (Glass Bottle manufacturing)

QoQ -8%, YoY +15%

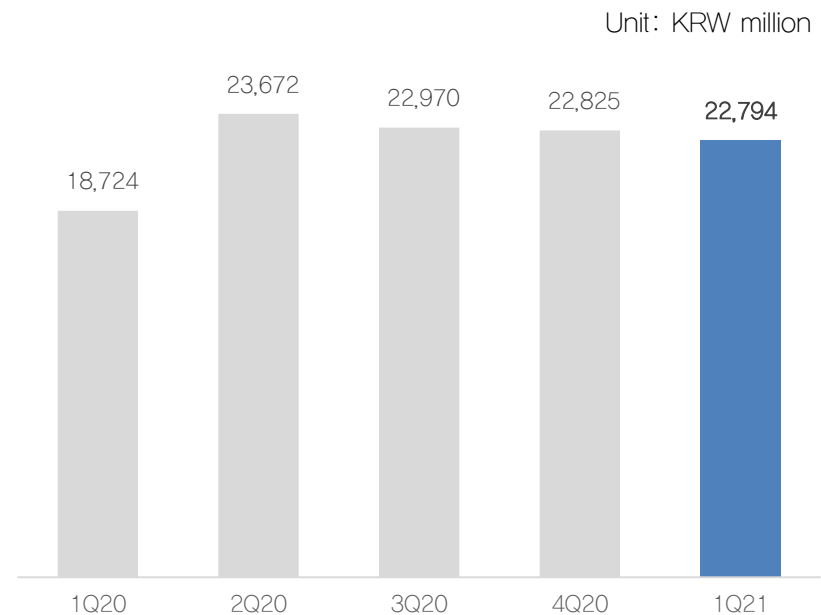
- Sales in rise as exports for bottled liquor increase



B2C (Glass-made Kitchenware)

QoQ -%, YoY +22%

- Sales increased due to expansion of online channels both domestic and abroad



* Other business : Sales 21,081 KRW million

04 Summary of performance

Unit: KRW million

Sort	2020		2021	Rate	
	1Q20	4Q20	1Q21	QoQ	YoY
Sales ^{Note 1}	121,609	128,919	415,896	223%	242%
Power Plant & Energy	121,609	92,362	96,244	4%	- 21%
Construction & Real Estate	-	^{Note2} 1,327	294,360	22,082%	-
Glass Manufacturing	-	47,817	70,182	47%	-
Operating profit	17,863	3,375	30,780	812%	72%
<i>Operating profit Margin</i>	14.7%	2.6%	7.4%	5%	- 7%
Net income	8,909	13,903	20,630	48%	132%
profit, attributable to controlling interest	8,972	13,912	13,406	-4%	49%
profit, attributable to non-controlling interests	- 63	- 9	7,224	80,367%	11,567%

* 1Q.20 : Gunjang Energy Co.,Ltd. (Con)
 4Q.20 : 20.10M Gunjang Energy Co.,Ltd (Con) + 20.11M~12M SGC Energy Co.,Ltd (Con)
 1Q.21 : SGC Energy Co.,Ltd (Con)

^{Note1} Sales : consolidated adjustments

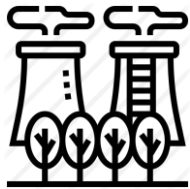
^{Note2} Construction & Real Estate : SGC Development (SGC eTEC E&C not included)

05 Progress Update on New Business

New business

Status

Expect



Green Power

- Progress of construction : 96% (as of June)

- Completion : Oct. `21
- Commercial operation : 4Q. `21
 - Expected sales : 100 ~ 120 billion KRW



CARBON CAPTURE

Carbon Capture

- Business to utilize power, steam and CO2 from existing power plant.
- Partnership to be formed among tech provider, power producer and CO2 off-taker in July.

- Benefits
 - To reduce carbon emission.
 - Securing carbon credits
 - To strengthen eco-friendly power producer
 - To commit to ESG management
 - To participate in Carbon to X business
- Expected capacity : 200~300 ton/d



Fuel cell Power Plant

- License obtained (Mar. `21)
 - Capacity : 19.5MWh

- Stand-by status, waiting for HPS announcement from GOK

Consolidated Statements of Comprehensive Income

Unit: KRW million	1Q20	2Q20	3Q20	4Q20	1Q21
Sales ^{Note1}	121,609	91,226	80,227	128,919	415,896
Power Plant & Energy	121,609	91,226	80,227	92,362	96,244
Construction & Real Estate	—	—	—	1,327	294,360
Glass	—	—	—	47,817	70,182
Operating profit	17,863	41,762	1,231	3,375	30,780
Operating profit Margin (%)	15%	46%	2%	3%	7%
Finance income	261	105	69	791	1,939
Finance costs	6,240	5,816	5,502	7,495	8,527
Share of net profit of associates accounted for using the equity method	153	-25	164	44	—
Income before taxes	11,779	36,352	-3,961	14,132	26,058
Income tax expense	2,870	10,396	-1,027	230	5,428
Net income	8,909	25,956	-2,935	13,903	20,630
profit, attributable to owners of parent	8,972	25,972	-2,950	13,912	13,406
profit, attributable to non-controlling interests	-63	-15	14	-9	7,224
EBITDA Rate	30%	67%	17%	20%	14%

Note1 Sales : consolidated adjustments

* 1Q,20 : Gunjang Energy Co.,Ltd. (Con)

4Q,20 : 20.10M Gunjang Energy Co.,Ltd (Con) + 20.11M~12M SGC Energy Co.,Ltd (Con)

1Q,21 : SGC Energy Co.,Ltd (Con)

Consolidated Statements of Financial Position

Unit: KRW million	Years Ended December 31, 2019	Years Ended December 31, 2020	Years Ended March 31, 2021
Current assets	197,446	780,569	765,814
Cash and cash equivalents	18,974	174,682	191,464
Short-term financial instruments	85,398	18,111	5,108
Account & Other Receivables	45,415	337,897	330,781
Non-current assets	1,288,727	1,885,101	1,903,332
Tangible assets	1,178,031	1,451,249	1,460,003
Intangible assets	1,435	8,321	8,103
Right-of-use assets	74,809	78,961	86,970
Investments in real estate	—	99,833	99,490
Deferred income tax assets	10,154	4,392	5,378
Total assets	1,486,173	2,665,670	2,669,146
Current liabilities	281,164	1,385,618	1,362,635
Accounts & Other payables	89,255	332,907	309,599
Borrowings and debentures	181,673	809,360	774,545
Lease liabilities	2,320	5,494	10,792
Current income tax liability	4,716	8,011	6,029
Non-current liabilities	778,833	611,975	642,818
Borrowings and debentures	682,959	489,487	512,818
Lease liabilities	74,476	77,359	80,504
Total liabilities	1,059,997	1,997,593	2,005,453
Capital stock	52,050	73,385	73,385
Capital surplus(Other capital)	- 6,686	426,461	426,350
Retained earnings	379,123	87,237	79,221
Non-controlling interest	1,847	101,131	105,414
Total shareholders' equity	426,176	668,077	663,693
Total liabilities and equity	1,486,173	2,665,670	2,669,146

Summary Financial Statements (non-Consolidated)

Non-Consolidated Statements of Comprehensive Income

Unit: KRW million	1Q20	2Q20	3Q20	4Q20	1Q21
Sales	121,728	91,345	80,416	92,444	96,244
Operating profit	16,907	40,635	77	6,257	18,875
Operating profit Margin (%)	14%	44%	0%	7%	20%
Finance income	1,438	1,412	1,557	2,717	1,824
Finance costs	5,994	5,790	5,774	11,140	6,756
Income before taxes	11,961	36,486	-3,786	-5,986	13,854
Income tax expense	2,870	10,396	-1,027	1,442	2,365
Net income	9,091	26,091	-2,760	-7,428	11,490
EBITDA Rate	30%	66%	16%	27%	39%

Non-Consolidated Statements of Financial Position

Unit: KRW million	Years Ended December 31, 2019	Years Ended December 31, 2020	Years Ended March 31, 2021
Current assets	183,030	160,653	161,942
Cash and cash equivalents	10,371	32,530	37,381
Short-term financial instruments	81,307	2,362	2,362
Account & Other Receivables	40,623	63,693	57,497
Non-current assets	1,140,302	1,485,570	1,468,327
Investments in associates	26,084	313,994	313,994
Tangible assets	1,021,288	960,221	944,750
Intangible assets	1,435	1,482	1,660
Right-of-use assets	74,809	71,056	70,117
investments in real estate	-	-	-
Deferred income tax assets	10,154	-	-
Total assets	1,323,332	1,646,223	1,630,269
Current liabilities	205,090	700,101	698,0556
Accounts & Other payables	49,581	36,555	50,618
Borrowings and debentures	141,673	604,400	601,601
Lease liabilities	2,320	2,671	2,775
Current income tax liability	4,716	4,015	2,632
Non-current liabilities	693,833	389,308	385,841
Borrowings and debentures	597,959	268,229	266,453
Lease liabilities	74,476	72,215	71,595
deferred tax liabilities	-	9,300	9,006
Total liabilities	898,923	1,089,409	1,083,897
Share capital	52,050	73,385	73,385
Capital surplus	-	420,105	420,105
Other components of equity	-4,358	-1,679	-2,019
Retained earnings	376,717	65,080	54,638
Total shareholders' equity	424,409	556,814	546,372
Total liabilities and equity	1,323,332	1,646,223	1,630,269

* 1Q,20 : Gunjang Energy Co.,Ltd. (non-Con)
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