



SK Inc.

Separate Financial Statements
December 31, 2023 and 2022
(with Independent Auditors' Report Thereon)

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Independent Auditors' Report

Based on a report originally issued in Korean

To the Shareholders and Board of Directors of
SK Inc.

Opinion

We have audited the separate financial statements of SK Inc. (the "Company"), expressed in Korean won, which comprise the separate statement of financial position as of December 31, 2023, the separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising of material accounting policy information and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as of December 31, 2023, and its separate financial performance and its separate cash flows for the year then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

We also have audited, in accordance with Korean Standards on Auditing ("KSAs"), the Company's internal control over financial reporting ("ICFR") as of December 31, 2023 based on the criteria established in Conceptual Framework for Designing and Operating Internal Control over Financial Reporting issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea, and our report dated March 12, 2024 expressed an unmodified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

We conducted our audits in accordance with KSAs. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate financial statements in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements as of and for the year ended December 31, 2023. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Uncertainty in estimating total contract costs

As described in Note 2.(17) to the separate financial statements, if the Company can reasonably measure the percentage of completion of the performance obligation for system construction services and others, the contract revenue related to the performance obligation is recognized as revenue based on the percentage of completion of the contract activity as of the end of the reporting period. The Company measures the percentage of completion based on the ratio of accumulated contract costs incurred for performance obligations divided by the estimated total contract costs, and such measurement method involves uncertainties in accounting estimates because management's judgment may have significant impact on such accounting estimates.

We have identified the uncertainty in estimating total contract costs as a key audit matter considering that it is probable errors may occur in profit or loss due to management bias in estimating the percentage of completion.



The primary audit procedures we have performed to address this key audit matter were as follows:

- Understanding the process for estimating and changing the total contract costs, and evaluated the effectiveness of the design and operation of the relevant internal controls.
- Inquiring and inspecting the documents for contracts with significant total contract costs.
- Inquiring and inspecting the documents regarding significant changes in projects where there are significant fluctuations in the total contract costs, which are currently in progress as of the end of the reporting period.
- Comparison of the total accumulated cost and total contract cost of completed contracts, and inquiring and inspecting the documents in cases of significant differences.
- Inquiring and inspecting the documents regarding changes in the total contract cost after the end of the reporting period.

(2) Impairment testing of brand-related assets

As described in Note 14 to the separate financial statements, the Company recognizes intangible assets with indefinite useful lives.

Among the total intangible assets recognized by the Company, SK brand-related assets of ₩1,975,000 million from the merger with the Company in 2015 are significant. In accordance with K-IFRS 1036 *Impairment of Assets*, impairment test is required to be performed annually for intangible assets with indefinite useful lives. As the assumptions and judgment used by Company's management in estimating value-in-use related to impairment testing of intangible assets with indefinite useful lives is significant, we determined impairment testing of SK brand-related assets to be a key audit matter.

The primary audit procedures we have performed to address this key audit matter were as follows:

- Understanding the process related to the review of the impairment evaluation and its results for intangible assets with indefinite useful life, and evaluated the effectiveness of the design and operation of internal controls.
- Comparison of financial forecasts used in estimating value-in-use with those approved by management.
- Comparison of prior year's forecast with actual results for the current year to evaluate the accuracy of estimates.
- Evaluating the major assumptions used in the evaluation by comparing with the past financial performance, industry indicators and market data.
- Evaluation of the impairment review report of the Group by involving internal valuation specialists.

Other Matters

The separate financial statements of the Company for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on March 14, 2023.

The procedures and practices utilized in the Republic of Korea to audit such separate financial statements may differ from those generally accepted and applied in other countries.

The accompanying separate financial statements as of and for the years ended December 31, 2023 and 2022 have been translated into United States dollars solely for the convenience of the reader. We have audited the translation and, in our opinion, the separate financial statements expressed in Korean won have been translated into dollars on the basis set forth in Note 2 to the separate financial statements.



Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with K-IFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used in the preparation of the separate financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



The engagement partner on the audit resulting in this independent auditors' report is Se Hong Choi.

KPMG Samjory Accounting Corp.

Seoul, Korea
March 12, 2024

This report is effective as of March 12, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

SK Inc.

Separate Financial Statements for the years ended December 31, 2023 and 2022

“The accompanying separate financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Company.”

Tae-Won Chey, Dong-Hyun Jang
Chief Executive Officers
SK Inc.

SK Inc.

Separate statements of financial position
as of December 31, 2023 and 2022

(Korean won in millions and U.S. dollar in thousands)

	Notes	Korean won		Translation into U.S. dollar (Note 2)	
		2023	2022	2023	2022
Assets					
Current assets:					
Cash and cash equivalents	4,5	₩ 368,906	₩ 115,840	\$ 286,107	\$ 89,840
Short-term financial instruments	4,37	124,820	137,146	96,805	106,364
Trade receivables, net	4,6,26,32,37	645,441	702,463	500,575	544,798
Other receivables, net	4,6,32,37	3,792	1,391	2,941	1,079
Inventories, net	7	153	172	119	133
Short-term investment securities	4,8,32,37	-	12,846	-	9,963
Other current assets	4,6,18,19,37	230,133	186,618	178,481	144,732
Assets held for sales	33	265,161	260,970	205,647	202,396
Total current assets		<u>1,638,406</u>	<u>1,417,446</u>	<u>1,270,675</u>	<u>1,099,305</u>
Non-current assets:					
Long-term other receivables, net	4,6,37	441	-	342	-
Long-term investment securities	4,8,37	842,810	1,047,646	653,645	812,507
Investments in subsidiaries	9	21,830,746	21,396,544	16,930,934	16,594,186
Investments in associates and joint ventures	10	288,280	586,561	223,577	454,910
Property, plant and equipment, net	11	589,096	564,464	456,876	437,773
Right-of-use asset, net	12	112,042	141,625	86,895	109,838
Investment properties, net	13	66,259	60,385	51,387	46,832
Intangible assets, net	14	2,151,930	2,170,102	1,668,939	1,683,032
Defined benefit assets	17	44,356	64,200	34,400	49,791
Other non-current assets	4,6,18,19,37	1,074,550	1,002,275	833,372	777,319
Total non-current assets		<u>27,000,510</u>	<u>27,033,802</u>	<u>20,940,367</u>	<u>20,966,188</u>
Total assets		<u>₩ 28,638,916</u>	<u>₩ 28,451,248</u>	<u>\$ 22,211,042</u>	<u>\$ 22,065,493</u>
Liabilities and equity					
Liabilities					
Current liabilities:					
Short-term borrowings	4,15,32,37	₩ 3,306,200	₩ 3,774,050	\$ 2,564,138	\$ 2,926,982
Trade payables	4,32,37	125,799	127,074	97,564	98,553
Other payables	4,32,34,37	88,659	119,295	68,760	92,520
Accrued expenses	4,37	197,240	130,863	152,970	101,491
Provisions	16	5,701	3,894	4,421	3,020
Current portion of long-term debt	4,15,34,37	1,494,144	1,214,551	1,158,790	941,951
Other current liabilities	4,12,18,19,26,32,34,37	308,241	269,996	239,058	209,397
Total current liabilities		<u>5,525,984</u>	<u>5,639,723</u>	<u>4,285,701</u>	<u>4,373,914</u>
Non-current liabilities:					
Bonds payable	4,15,34,37	6,290,320	5,885,469	4,878,486	4,564,502
Deferred tax liabilities	30	305,129	266,466	236,644	206,659
Provisions	16	24,904	30,026	19,314	23,287
Other non-current liabilities	4,18,19,32,34,37	574,533	741,765	445,583	575,277
Total non-current liabilities		<u>7,194,886</u>	<u>6,923,726</u>	<u>5,580,027</u>	<u>5,369,725</u>
Total liabilities		<u>12,720,870</u>	<u>12,563,449</u>	<u>9,865,728</u>	<u>9,743,639</u>
Equity					
Issued capital	1,20	16,143	16,143	12,520	12,520
Other paid-in capital	21,25	3,207,073	3,151,633	2,487,260	2,444,263
Retained earnings	22,23	12,460,837	12,514,748	9,664,059	9,705,869
Other components of equity	24	233,993	205,275	181,475	159,202
Total equity		<u>15,918,046</u>	<u>15,887,799</u>	<u>12,345,314</u>	<u>12,321,854</u>
Total liabilities and equity		<u>₩ 28,638,916</u>	<u>₩ 28,451,248</u>	<u>\$ 22,211,042</u>	<u>\$ 22,065,493</u>

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

SK Inc.
Separate statements of comprehensive income
for the years ended December 31, 2023 and 2022

(Korean won in millions and U.S. dollar in thousands, except earnings per share)

	Notes	Korean won		Translation into U.S. dollar (Note 2)	
		2023	2022	2023	2022
Operating revenue	26	₩ 4,137,030	₩ 3,369,784	\$ 3,208,492	\$ 2,613,451
Operating expenses	27	2,586,569	2,261,095	2,006,025	1,753,602
Operating profit		1,550,461	1,108,689	1,202,467	859,849
Finance income	4,28	412,272	209,369	319,739	162,377
Finance costs	4,28	796,770	1,203,133	617,939	933,095
Other non-operating income	29	32,430	405,423	25,151	314,428
Other non-operating expenses	29	759,686	72,579	589,178	56,289
Profit before income tax expense		438,707	447,769	340,240	347,270
Income tax expense (benefit)	30	75,733	(96,646)	58,735	(74,954)
Profit for the year		362,974	544,415	281,505	422,224
Other comprehensive income:					
Items that will not be reclassified to profit or loss in subsequent periods:					
Remeasurement gain on defined benefit plans	17	(37,440)	17,454	(29,037)	13,537
Net gain on valuation of financial assets measured at FVOCI	24	28,718	192,223	22,273	149,079
Items that may be reclassified to profit or loss in subsequent periods:		-	-	-	-
		(8,722)	209,677	(6,764)	162,616
Total comprehensive income for the year		₩ 354,252	₩ 754,092	\$ 274,741	\$ 584,840
Earnings per share (Korean won and U.S. dollar):	31				
Basic earnings per ordinary share		₩ 6,514	₩ 9,629	\$ 5.05	\$ 7.47
Basic earnings per preferred share		6,564	9,679	5.09	7.51
Diluted earnings per ordinary share		6,478	9,521	5.02	7.38
Diluted earnings per preferred share		6,564	9,679	5.09	7.51

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

SK Inc.
Separate statements of changes in equity
for the years ended December 31, 2023 and 2022

(Korean won in millions)

	Share capital	Other paid-in capital	Retained earnings	Other components of equity	Total equity
As of January 1, 2022	₩ 16,143	₩ 3,354,711	₩ 12,406,200	₩ 13,052	₩ 15,790,106
Total comprehensive income:					
Profit for the year	-	-	544,415	-	544,415
Remeasurements of the net defined benefit plans	-	-	17,454	-	17,454
Net gain on valuation of financial assets measured at FVOCI	-	-	-	192,223	192,223
Transactions with owners:					
Dividends	-	-	(453,321)	-	(453,321)
Stock option	-	193	-	-	193
Exercising of stock options and change of settlement	-	(26,247)	-	-	(26,247)
Acquisition and disposal of treasury stocks	-	(177,024)	-	-	(177,024)
As of December 31, 2022	₩ 16,143	₩ 3,151,633	₩ 12,514,748	₩ 205,275	₩ 15,887,799
As of January 1, 2023	₩ 16,143	₩ 3,151,633	₩ 12,514,748	₩ 205,275	₩ 15,887,799
Total comprehensive income:					
Profit for the year	-	-	362,974	-	362,974
Remeasurements of the net defined benefit plans	-	-	(37,440)	-	(37,440)
Net gain on valuation of financial assets measured at FVOCI	-	-	-	28,718	28,718
Transactions with owners:					
Dividends	-	-	(278,764)	-	(278,764)
Stock option	-	4,785	-	-	4,785
Acquisition and disposal of treasury stocks	-	(50,026)	-	-	(50,026)
Retirement of treasury stocks	-	100,681	(100,681)	-	-
As of December 31, 2023	₩ 16,143	₩ 3,207,073	₩ 12,460,837	₩ 233,993	₩ 15,918,046

(Continued)

SK Inc.
Separate statements of changes in equity
for the years ended December 31, 2023 and 2022 (cont'd)

(U.S. dollar in thousands)

	Share capital	Other paid-in capital	Retained earnings	Other components of equity	Total equity
As of January 1, 2022	\$ 12,520	\$ 2,601,761	\$ 9,621,685	\$ 10,123	\$ 12,246,089
Total comprehensive income:					
Profit for the year	-	-	422,224	-	422,224
Remeasurements of the net defined benefit plans	-	-	13,537	-	13,537
Net gain on valuation of financial assets measured at FVOCI	-	-	-	149,079	149,079
Transactions with owners:					
Dividends	-	-	(351,577)	-	(351,577)
Stock option	-	150	-	-	150
Exercising of stock options and change of settlement	-	(20,356)	-	-	(20,356)
Acquisition and disposal of treasury stocks	-	(137,292)	-	-	(137,292)
As of December 31, 2022	\$ 12,520	\$ 2,444,263	\$ 9,705,869	\$ 159,202	\$ 12,321,854
As of January 1, 2023	\$ 12,520	\$ 2,444,263	\$ 9,705,869	\$ 159,202	\$ 12,321,854
Total comprehensive income:					
Profit for the year	-	-	281,505	-	281,505
Remeasurements of the net defined benefit plans	-	-	(29,037)	-	(29,037)
Net gain on valuation of financial assets measured at FVOCI	-	-	-	22,273	22,273
Transactions with owners:					
Dividends	-	-	(216,194)	-	(216,194)
Stock option	-	3,711	-	-	3,711
Acquisition and disposal of treasury stocks	-	(38,798)	-	-	(38,798)
Retirement of treasury stocks	-	78,084	(78,084)	-	-
As of December 31, 2023	\$ 12,520	\$ 2,487,260	\$ 9,664,059	\$ 181,475	\$ 12,345,314

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

SK Inc.

Separate statements of cash flows
for the years ended December 31, 2023 and 2022

(Korean won in millions and U.S. dollar in thousands)

	Notes	Korean won		Translation into U.S. dollar (Note 2)	
		2023	2022	2023	2022
Cash flows from operating activities:					
Profit for the year		₩ 362,974	₩ 544,415	\$ 281,506	\$ 422,224
Non-cash adjustments	34	(47,728)	(382,652)	(37,016)	(296,767)
Working capital adjustments	34	114,649	(119,642)	88,917	(92,789)
Interest received		21,447	17,697	16,633	13,725
Interest paid		(352,809)	(358,724)	(273,623)	(278,210)
Dividends received		1,298,607	1,036,565	1,007,141	803,913
Income taxes paid		(9,679)	(409,340)	(7,507)	(317,465)
Net cash provided by operating activities		1,387,461	328,319	1,076,051	254,631
Cash flows from investing activities:					
Decrease in short-term financial instruments, net		12,326	81,425	9,559	63,150
Increase in short-term loans, net		(25,640)	(261)	(19,885)	(202)
Increase in long-term financial instruments		(1,367)	-	(1,060)	-
Increase in long-term loans		(35)	-	(27)	-
Decrease in long-term loans		16	182	12	141
Proceeds from disposal of long-term investment securities		97,282	72	75,447	56
Proceeds from disposal of investments in subsidiaries		23,065	3,537	17,888	2,743
Proceeds from disposal of investments in associates		14,158	673	10,980	522
Proceeds from disposal of property, plant and equipment		509	3,510	395	2,722
Proceeds from disposal of intangible assets		486	1,801	377	1,397
Acquisition of long-term investment securities		(21,418)	(86,751)	(16,611)	(67,280)
Acquisition of investments in subsidiaries		(897,752)	(848,992)	(696,256)	(658,440)
Acquisition of investments in associates		(17,789)	(12,790)	(13,796)	(9,919)
Acquisition of property, plant and equipment		(94,788)	(116,547)	(73,513)	(90,389)
Acquisition of intangible assets		(34,968)	(54,995)	(27,120)	(42,652)
Increase in guarantee deposits		(3,740)	(9,267)	(2,901)	(7,187)
Decrease in guarantee deposits		3,352	2,185	2,600	1,695
Net cash used in investing activities		(946,303)	(1,036,218)	(733,911)	(803,643)
Cash flows from financing activities:					
Increase(Decrease) in short-term borrowings, net		(467,850)	1,096,845	(362,843)	850,663
Proceeds from Issuance of bonds payable		1,893,731	1,593,977	1,468,692	1,236,216
Payment of dividends		(278,764)	(453,321)	(216,197)	(351,575)
Repayment of current portion of long-term debt		(1,215,000)	(1,220,000)	(942,299)	(946,177)
Decrease in lease liabilities		(70,327)	(64,633)	(54,542)	(50,126)
Acquisition and disposal of treasury shares		(49,716)	(194,321)	(38,557)	(150,707)
Increase in leasehold deposits received		551	22	427	17
Net cash provided by(used in) financing activities	34	(187,375)	758,569	(145,319)	588,311
Net increase (decrease) in cash and cash equivalents		253,783	50,670	196,821	39,299
Net foreign exchange effects		(717)	(4,841)	(554)	(3,756)
Cash and cash equivalents at the beginning of the year		115,840	70,011	89,840	54,297
Cash and cash equivalents at the end of the year		₩ 368,906	₩ 115,840	\$ 286,107	\$ 89,840

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

1. Corporate information

SK Inc. (the “Company”, formerly, SK Holdings Co., Ltd.) was established on April 13, 1991, and has been engaged in providing systems integration, software design and development, information processing and consulting services, and is headquartered at 26, Jong-ro, Jongno-gu, Seoul. The Company’s ordinary shares have been listed on the Korea Exchange since November 11, 2009.

Upon the acquisition of SK Inc. by SK C&C Co., Ltd. effective on August 1, 2015, the Company added the investment business to its existing operations for the purpose of holding the securities of its subsidiaries. Furthermore, the Company changed its name to its current form as of the acquisition date.

As of December 31, 2023, the share capital of the Company amounts to ₩16,143 million (including ₩113 million of preferred shares). Major shareholders and their equity ownership are Tae-won Chey, National Pension Service and Ki-won Choi, each holding 17.73%, 7.04% and 6.58% respectively, as of December 31, 2023.

2. Summary of basis of preparation and material accounting policy information

The Company prepares statutory financial statements in Korean in accordance with Korean International Financial Reporting Standards (“K-IFRS”) enacted by the *Act on External Audit of Stock Companies*. The accompanying separate financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

The accompanying separate financial statements are stated in Korean won, the currency of the country in which the Company is incorporated and operates. The translation of Korean won amounts into U.S. dollar amounts is included solely for the convenience of readers of the separate financial statements and has been made at the rate of ₩1,289.40 to USD 1.00, the basic exchange rate in the Seoul Money Brokerage Service for cable transfers in Korean won on the last business day of the year ended December 31, 2023. Such translations into U.S. dollar should not be construed as representations that the Korean won amounts could be converted into U.S. dollar at that or any other rate.

2.1 Basis of preparation

The Company has prepared the statutory separate financial statements in accordance with K-IFRS. This financial statement is the separate financial statements by K-IFRS No. 1027.

The significant accounting policies used for the preparation of the accompanying separate financial statements as of and for the year ended December 31, 2023, are the same as the accounting policies adopted for the preparation of separate financial statements as of and for the year ended December 31, 2022, except for adoption of new and revised K-IFRSs applied in the current period, which are summarized below.

The accompanying separate financial statements have been prepared on a historical cost basis, except for certain non-current assets and financial instruments that are measured at fair value. Historical cost is based on the fair values of the consideration given.

The accompanying separate financial statements were approved at the Company’s Board of Directors’ meeting on February 7, 2024.

The principal accounting policies are set out below:

2. Summary of basis of preparation and material accounting policy information (cont'd)

2.1.1 New and amended standards and interpretations

The Company has applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023.

Amendments to K-IFRS No. 1001 *Presentation of Financial Statements*

The amendments require disclosure of material accounting policy information instead of a significant accounting policies, and explain the meaning of material accounting policy information. On the other hand, the application of this amendment has no significant impact on the financial position or management performance of the company.

The amendments required disclosure of the carrying amount and associated gains or losses of a financial liability if all or part of a financial instrument whose exercise price is subject to changes in the issuer's share price is classified as a financial liability. On the other hand, the application of this amendment has no significant impact on the financial position or management performance of the company.

Amendments to K-IFRS No. 1008 *Accounting Policies, Changes in Accounting Estimates and Errors*

The amendments made clear in K-IFRS No. 1008 how to define an accounting estimate as the amount of money in the financial statements affected by measurement uncertainty and distinguish it from changes in accounting policy. On the other hand, the application of this amendment has no significant impact on the financial position or management performance of the company.

Amendments to K-IFRS No. 1012 *Income Taxes*

The amendments were amended to address the practical diversity of recognition of deferred tax assets and liabilities for transactions in which temporary differences to be added and deducted at the same amount occur. The amendments add the requirements to the proviso to paragraphs 15 and 24 of K-IFRS No. 1012(Exception for Initial Recognition of deferred tax) to require recognition of deferred tax assets and liabilities if there is a temporary difference in the same amount to be added and subtracted. On the other hand, the application of this amendment has no significant impact on the financial position or management performance of the company.

2.1.1 New and amended standards and interpretations (cont'd)

Amendments to K-IFRS No. 1012 Income Taxes

These amendments were introduced in accordance with the enforcement of Pillar 2 Model Rules aimed at reforming international taxes for multinational entities. They include obligatory provisions that temporarily exempt the deferred tax accounting treatment for the global minimum tax resulting from the enactment of the legislation. Additionally, they require the disclosure of exposure information regarding Pillar 2 Model Rules. On the other hand, the application of this amendment has no significant impact on the financial position or management performance of the company.

2.1.2 New and revised K-IFRSs issued, but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

Amendments to K-IFRS No. 1001 *Presentation of Financial Statements*

The amendments only affect the presentation of current and non-current liabilities in the statement of financial position, clarifying that the classification of current and non-current liabilities is based on the entity's rights existing at the end of the reporting period and highlighting that the entity's expectation of deferring the settlement of the liabilities. At the end of the reporting period, if the borrowing arrangement is in compliance, the right is explained and the definition is clarified by transferring cash, equity instruments, or other assets or services to the counterparty. The Company plans to apply the standard for annual reporting period beginning on or after January 1, 2024, with early application permitted.

Amendments to K-IFRS No. 1001 *Presentation of Financial Statements*

This amendment requires the disclosure of important information to users of financial statements, such as the impact on accounting policies and financial statements related to the direct holding of virtual assets, holding on behalf of customers, or issuing virtual assets. The Company plans to apply the standard for annual reporting period beginning on or after January 1, 2024, with early application permitted.

Amendments to K-IFRS No. 1007 *Cash flow statement* and K-IFRS No. 1107 *Financial Instruments: Disclosure*

The amendment requires users of financial statements to disclose information about supplier financial agreements so that users can assess the impact of supplier financial agreements on the entity's debt, cash flows and liquidity risk exposure when applying them. The Company plans to apply the standard for annual reporting period beginning on or after January 1, 2024, with early application permitted.

Amendments to K-IFRS No. 1116 *Lease*

The amendment clarified that the lease or revised lease fees should be calculated in a manner that does not recognize the gains or losses related to the right to use held by the seller-less user when subsequently measuring lease liabilities arising from sales fleece. The Company plans to apply the standard for annual reporting period beginning on or after January 1, 2024, with early application permitted.

The Company is reviewing the possible effects of the above listed amendments on the separate financial statements.

2. Summary of basis of preparation and material accounting policy information (cont'd)

2.2 Business combinations

Businesses combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquire and the equity interests issued by the Company in exchange for control of the acquire. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

In a business combination achieved in stages, the Company remeasures its entire previously held interests in the acquiree at fair value, and any gain or loss from the remeasurement is recognized in profit or loss or, if appropriate, in other comprehensive income. Changes in the carrying amount of previously held interests in the acquiree that are recognized in other comprehensive income is recognized in the same manner as if those interests were disposed of directly.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Meanwhile, the assets acquired and liabilities assumed in a combination between entities or businesses under common control are recognized at their carrying amounts in the consolidated financial statements of the ultimate controlling party. The Company adjusts the difference between the consideration transferred and the carrying amount of the net assets acquired to other contributed capital.

2.3 Foreign currencies

The separate financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the separate financial statements, the results of operations and financial position of the Company are expressed in Korean won, which is the functional currency of the entity and the presentation currency for the separate financial statements.

In preparing the separate financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognized in profit or loss in the period in which they arise, except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings, and
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

2. Summary of basis of preparation and material accounting policy information (cont'd)

2.4 Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and short-term highly liquid investments with an original maturity of three months or less.

2.5 Financial assets

2.5.1 Measurement

Financial assets are initially measured at fair value, and transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets measured at fair value through profit or loss) are added to the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets measured at fair value through profit or loss are recognized immediately in profit or loss.

2.5.2 Impairment

The Company assesses expected credit losses (ECLs) on debt instruments measured at amortized cost or other comprehensive income at fair value based on forward-looking information. The method of impairment depends on whether the credit risk increases significantly. For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs.

2.5.3 Recognition and Derecognition

Ordinary purchases or sales of financial assets are recognized or derecognized on the trade date. Financial assets are derecognized when the right to contractual cash flows is removed or the Company has transferred substantially all the risks and rewards of the asset. In relation to the transfer of financial assets, if the Company retains most of the risks and rewards associated with the ownership of the financial asset in which a debtor has a right to exercise recourse upon default, the Company continues to recognize the transferred financial assets as a whole, and consideration received from such transaction is recognized as financial liabilities.

2.5.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. Enforceable legal right to offset is not affected by the future events, and it remains enforceable in case of ordinary course of business, bankruptcy and default.

2.6 Inventories

Inventories are stated at the lower of acquisition cost and net realizable value. The unit cost of inventories, excluding undelivered items and work in progress (under the separate method), is determined using the First-in, First-out (FIFO) method, depending on the nature of the inventory held by individual companies. The acquisition cost includes the purchase cost, conversion cost, and all other costs incurred in bringing the inventory to its present location. The net realizable value is the anticipated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling expenses.

2. Summary of basis of preparation and material accounting policy information (cont'd)

2.7 Investments in subsidiaries, associates and joint ventures

Pursuant to K-IFRS No. 1027 *Separate Financial Statements*, the accompanying separate financial statements are accounted for, by a parent or investor in an associate and a joint venture, on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees. Moreover, K-IFRS No. 1027 requires that, in the separate financial statements, investments in subsidiaries, associates, and joint ventures should be accounted for at cost. All dividends should be recognized in profit or loss within separate financial statements once the right to receive payments has been established.

2.8 Property, plant and equipment

The Company does not depreciate land. Depreciation expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

Description	Useful lives (years)	Description	Useful lives (years)
Buildings	20 ~ 50	Vehicles	4, 5, 10
Structures	20, 40	Furniture and Fixtures	2 ~ 25
Machinery	5 ~ 15		

The Company reviews the depreciation method, the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

2.9 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are reported at cost, less accumulated depreciation and accumulated impairment losses.

While land is not depreciated, all other investment property is depreciated based on the respective asset's estimated useful lives ranging from 20 to 50 years using the straight-line method.

2.10 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost and intangible assets acquired in a business combination are carried at fair value at the acquisition date. Subsequently, intangible assets are carried at cost, less accumulated amortization and accumulated impairment losses.

The residual value of development cost and other intangible assets is estimated as nil ("0") and amortization of these is provided using the straight-line method over the estimated useful life of the assets. However, intangible assets with indefinite useful lives such as goodwill, membership and brand-related assets are not amortized as there is no foreseeable limit to the period over which the asset is expected to use.

Description	Useful lives (years)
Development cost	3 ~ 10
Others	5 ~ 10

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually.

2. Summary of basis of preparation and material accounting policy information (cont'd)

2.11 Leases

2.11.1 The Company as a lessee

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments

➤ Right-of-use assets

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Depreciation of right-of-use asset is computed using the straight-line method based on the shorter of the lease term and the estimated useful lives of the assets as follows:

Description	Lease term (years)	Description	Lease term (years)
Land and buildings	1 – 10	Vehicles	1 – 4
Tools and furnitures	5		

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

➤ Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

➤ Short-term lease and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of real estate, vehicles and so forth (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below \$5,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

2.11.2 The Company as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2. Summary of basis of preparation and material accounting policy information (cont'd)

2.12 Non-current assets held for sale and discontinued operations

The Company classifies non-current assets (or disposal group) as held for sale if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. Such non-current assets and disposal group classified as held for sale or as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss and other comprehensive income.

2.13 Financial liabilities and equity instruments

2.13.1 Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

2.13.2 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of debt instruments.

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with K-IFRS No. 1109 (see financial assets above); and
- The amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out above

2.13.3 Derecognition of financial liabilities

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

2.13.4 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds are received, net of direct issue costs.

2.13.5 Compound instruments

The component parts of compound instruments (convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

2. Summary of basis of preparation and material accounting policy information (cont'd)

2.14 Retirement benefit costs

Contributions to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

2.15 Share based payment arrangements

The company operates various share-based compensation schemes, including stock options, stock grants, and performance shared units.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

2.16 Provision

2.16.1 Provision for Warranty

In cases where we have obligations to repair defects after the sale of products or provision of services, we recognize a provision for warranty based on the warranty period and historical experience rates.

2.16.2 Restoration Provision

For obligations to restore original conditions, we recognize the related costs when the obligation arises in compliance with our public environmental policy and appropriate legal requirements.

2.16.3 Loss Provision

For onerous contracts, we measure the provision at the lower of the cost of fulfilling the contract and any compensation or penalties payable for not fulfilling the contract when the unavoidable costs of meeting the obligations under the contract exceed the benefits expected to be received under it. Any impairment loss on assets used for fulfilling the contract is recognized prior to recognizing the provision.

2.16.4 Accounting for Greenhouse Gas Emissions Allocation and Transaction System

The Company accounts for greenhouse gas emission rights and emission liabilities arising under the Act on the Allocation and Transaction of Greenhouse Gas Emissions as follows.

2. Summary of basis of preparation and material accounting policy information (cont'd)

2.16.4.1 Greenhouse gas emission rights

Greenhouse gas emission rights consist of emission rights allocated free of charge by the government and emission rights purchased for a fee. Free allocation emission rights are recognized by measuring zero and purchased emission rights are recognized as acquisition costs by adding other costs that are normally incurred directly related to acquisition to the purchase cost. The company classifies greenhouse gas emission rights held to fulfill the obligations stipulated in the relevant system as intangible assets, deducting accumulated impairment losses from cost as carrying amount, and classifies them as current assets within one year from the end of the reporting period. Greenhouse gas emission rights held to obtain short-term gains are classified as current assets and measured at fair value at the end of each reporting period, and changes in fair value are recognized in profit or loss. Greenhouse gas emission rights are removed when they are no longer available for submission or sale to the government and future economic benefits are no longer expected.

2.16.4.2 Emission liabilities

Emissions liability is the current obligation to submit emission rights to the government by emitting greenhouse gases and is recognized when resources are likely to be leaked to fulfill the obligation and the amount required to fulfill the obligation can be reliably estimated. Emission liabilities are measured in addition to the carrying amount of emissions held for the relevant year to be submitted to the Government and the expected expenditure on emissions exceeding the quantity of emissions held. Emission liabilities are removed when submitted to the government.

2.17 Revenue recognition

The Company has applied K-IFRS No. 1115 *Revenue from Contracts with Customers*. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that the future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below:

2.17.1 Dividend income

The main purpose of the Company's business is to instruct, govern and give management guidance to its subsidiaries and others by acquiring their shares. Dividend income from subsidiaries is recognized when the right to receive the dividend as a shareholder is established and is included in operating revenue.

2.17.2 Trademark usage income

Trademark usage income is recognized in accordance with the related arrangements over the term of the use of the trademark.

2. Summary of basis of preparation and material accounting policy information (cont'd)

2.17.3 Rendering of services

The Company provide customized system construction, system operation, maintenance and repair services. For system construction services, revenue is recognized over time at the rate of progress under the input method because the Company has no alternative use for completing the obligation for the assets created by the Company that have completed the performance so far, and because the Company has an enforceable right to payment for the completed performance.

In the case of providing system operation, maintenance and repair services, the Company is obliged to provide the customer with the related services during the contract period, so the transaction price allocated to the performance obligation is recognized as revenue over the period where the services are provided.

2.17.4 Contract assets and liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

2.17.5 Sale of goods

Revenue from sale of goods is recognized when control have passed to the buyer, usually on delivery of the goods.

2.18 Financial income and costs

The financial income and costs of the Company are composed of the following.

- Interest income(cost)
- Foreign exchange gainsand losses on financial assets and financial liabilities
- Net profit or loss on financial assets measured at fair value through profit or loss and others

2.19 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in OCI or directly in equity, in which case, the current and deferred tax are also recognized in OCI or directly in equity.

3. Significant accounting judgements, estimates and assumptions

When preparing the separate financial statements, management is required to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Actual results may be different from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

3.1 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication of impairment of its non-financial assets. If any indication exists, or annually, intangible assets with indefinite useful lives including brand contract-related asset are tested for impairment. Other non-financial assets are tested for impairment when there is an indication that the carrying amount of an asset is not recoverable. In assessing value in use, management estimates future cash flows of the assets or CGU and determines an appropriate discount rate to calculate the present value of the estimated future cash flows.

3.2 Valuation of financial instruments

Subsequent to initial recognition, investment securities and others are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss or OCI. Where the fair value of financial assets and financial liabilities recorded in the separate statements of financial position cannot be derived from active markets, the Company uses valuation techniques that require the management's judgments on the expected future cash flows and discount rates.

3.3 Bad debt allowance for trade receivables, loans and other receivables

The Company estimates a bad debt allowance for trade receivables, loans and other receivables, based on the aging of receivables and past experience of bad debt, as well as observable changes in economic and industrial conditions that correlate with default on receivables.

3.4 Uncertainty of total contract revenue and total contract cost estimates

Total contract revenue is measured based on the initially agreed contract amount, but may increase due to contract changes during the execution of the contract, or decrease when penalties are incurred due to project delays caused by our responsibility. Therefore, the measurement of contract revenue is influenced by various uncertainties related to the outcomes of future events. We consider the probability of the customer approving changes in the revenue amount due to contract changes, and the likelihood of us meeting performance criteria, and include in the contract amount only to the extent that there is a very high likelihood that a significant portion of the already recognized accumulated revenue will not have to be reversed when the related uncertainties are later resolved. The revenue amount is affected by the progress calculated as the ratio of cumulative incurred contract cost to the total estimated contract cost, and the total contract cost is estimated based on future expectations such as material costs, labor costs, and project duration. We periodically review whether there are significant changes in the estimated total contract costs and reflect those changes when determining the progress rate as of the end of the reporting period.

3. Significant accounting judgements, estimates and assumptions(cont'd)

3.5 Defined benefit plan

The Company's defined benefit liabilities is determined based on the actuarial valuation carried out at the end of each annual reporting period. Actuarial assumptions are the Company's best estimates of the variables in determining the cost of providing post-retirement benefits, such as discount rates, rates of expected future salary increases and mortality rates. Significant estimation uncertainty is likely to persist in making such assumptions due to the long-term nature of post-retirement benefit plan.

3.6 Deferred tax assets

Recognition and measurement of deferred tax assets and liabilities requires significant management judgment. Especially, when determining if deferred tax assets will be realizable or not in the future, it involves significant management assumptions and judgment on the Company's future performance. In addition, the Company shall pay additional corporate taxes calculated Tax Act in accordance with " The special taxation for promoting investment and mutually beneficial cooperation". Accordingly, the Company reflect the tax effects of the reflux tax when measuring the tax, the Company will pay in the future may vary depending on the level of investment and wage increase in each year.

4. Financial instruments

4.1 Financial assets

Details of financial assets as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023				
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	Hedging instruments	Total
Current assets:					
Cash and cash equivalents	₩ 278,302	₩ -	₩ 90,604	₩ -	₩ 368,906
Short-term financial instruments	54,920	-	69,900	-	124,820
Trade receivables(*1)	-	-	463,882	-	463,882
Lease receivables	-	-	36,741	-	36,741
Short-term investment securities	-	-	-	-	-
Short-term loans	-	-	25,824	-	25,824
Short-term other receivables	-	-	3,792	-	3,792
Accrued income	-	-	1,566	-	1,566
Guarantee deposits	-	-	11,910	-	11,910
Derivative financial assets	46,347	-	-	-	46,347
	<u>₩ 379,569</u>	<u>₩ -</u>	<u>₩ 704,219</u>	<u>₩ -</u>	<u>₩ 1,083,788</u>
Non-current assets:					
Long-term financial instruments	₩ -	₩ -	₩ 1,637	₩ -	₩ 1,637
Long-term lease receivables	-	-	230,891	-	230,891
Long-term investment securities	260,784	581,716	310	-	842,810
Long-term loans	-	-	501,132	-	501,132
Long-term other receivables	-	-	441	-	441
Long-term guarantee deposits	-	-	42,239	-	42,239
Derivative financial assets	298,524	-	-	-	298,524
	<u>₩ 559,308</u>	<u>₩ 581,716</u>	<u>₩ 776,650</u>	<u>₩ -</u>	<u>₩ 1,917,674</u>
	<u>₩ 938,877</u>	<u>₩ 581,716</u>	<u>₩ 1,480,869</u>	<u>₩ -</u>	<u>₩ 3,001,462</u>

(*1) Contract assets (unbilled receivables) amounting to ₩181,559 million as of December 31, 2023 are not included in the financial instruments.

4. Financial instruments (cont'd)

4.1 Financial assets (cont'd)

	December 31, 2022				
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	Hedging instruments	Total
Current assets:					
Cash and cash equivalents	₩ 76,996	₩ -	₩ 38,844	₩ -	₩ 115,840
Short-term financial instruments	107,246	-	29,900	-	137,146
Trade receivables(*1)	-	-	527,250	-	527,250
Lease receivables	-	-	35,390	-	35,390
Short-term investment securities	12,846	-	-	-	12,846
Short-term loans	-	-	52	-	52
Short-term other receivables	-	-	1,391	-	1,391
Accrued income	-	-	244	-	244
Guarantee deposits	-	-	3,992	-	3,992
Derivative financial assets	9,621	-	-	-	9,621
	<u>₩ 206,709</u>	<u>₩ -</u>	<u>₩ 637,063</u>	<u>₩ -</u>	<u>₩ 843,772</u>
Non-current assets:					
Long-term financial instruments	₩ -	₩ -	₩ 270	₩ -	₩ 270
Long-term lease receivables	-	-	251,568	-	251,568
Long-term investment securities	413,030	634,270	346	-	1,047,646
Long-term loans	-	-	492,643	-	492,643
Long-term other receivables	-	-	-	-	-
Long-term guarantee deposits	-	-	49,077	-	49,077
Derivative financial assets	208,590	-	-	-	208,590
	<u>₩ 621,620</u>	<u>₩ 634,270</u>	<u>₩ 793,904</u>	<u>₩ -</u>	<u>₩ 2,049,794</u>
	<u>₩ 828,329</u>	<u>₩ 634,270</u>	<u>₩ 1,430,967</u>	<u>₩ -</u>	<u>₩ 2,893,566</u>

(*1) Contract assets (unbilled receivables) amounting to ₩175,213 million as of December 31, 2022 are not included in the financial instruments.

4. Financial instruments (cont'd)

4.2 Financial liabilities

Details of financial liabilities as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023				
	Financial liabilities measured at FVTPL	Financial liabilities measured at amortized cost	Hedging instruments	Other financial liabilities	Total
Current liabilities:					
Short-term borrowings	₩ -	₩ 3,306,200	₩ -	₩ -	₩ 3,306,200
Current portion of long-term debt	-	1,494,144	-	-	1,494,144
Trade payables	-	125,799	-	-	125,799
Other payables(*1)	-	80,941	-	-	80,941
Accrued expenses(*1)	-	63,895	-	-	63,895
Lease liabilities	-	-	-	80,933	80,933
Dividends payable	-	178	-	-	178
Leasehold deposits received	-	544	-	-	544
Derivative financial liabilities	807	-	-	-	807
	<u>₩ 807</u>	<u>₩ 5,071,701</u>	<u>₩ -</u>	<u>₩ 80,933</u>	<u>₩ 5,153,441</u>
Non-current liabilities:					
Long-term borrowings	₩ -	₩ 499,651	₩ -	₩ -	₩ 499,651
Bonds	-	5,790,669	-	-	5,790,669
Long-term lease liabilities	-	-	-	287,077	287,077
Leasehold deposits received	-	24,388	-	-	24,388
Derivative financial liabilities	250,904	-	-	-	250,904
	<u>₩ 250,904</u>	<u>₩ 6,314,708</u>	<u>₩ -</u>	<u>₩ 287,077</u>	<u>₩ 6,852,689</u>
	<u>₩ 251,711</u>	<u>₩ 11,386,409</u>	<u>₩ -</u>	<u>₩ 368,010</u>	<u>₩ 12,006,130</u>

(*1) The amount of accrued liabilities under the employee benefit system was excluded as it is not subject to financial product disclosure.

	December 31, 2022				
	Financial liabilities measured at FVTPL	Financial liabilities measured at amortized cost	Hedging instruments	Other financial liabilities	Total
Current liabilities:					
Short-term borrowings	₩ -	₩ 3,774,050	₩ -	₩ -	₩ 3,774,050
Current portion of long-term debt	-	1,214,551	-	-	1,214,551
Trade payables	-	127,074	-	-	127,074
Other payables(*1)	-	33,168	-	-	33,168
Accrued expenses(*1)	-	65,197	-	-	65,197
Lease liabilities	-	-	-	77,750	77,750
Dividends payable	-	171	-	-	171
Leasehold deposits received	-	244	-	-	244
Derivative financial liabilities	6,093	-	-	-	6,093
	<u>₩ 6,093</u>	<u>₩ 5,214,455</u>	<u>₩ -</u>	<u>₩ 77,750</u>	<u>₩ 5,298,298</u>
Non-current liabilities:					
Long-term borrowings	₩ -	₩ 199,514	₩ -	₩ -	₩ 199,514
Bonds	-	5,685,955	-	-	5,685,955
Long-term lease liabilities	-	-	-	337,610	337,610
Leasehold deposits received	-	23,609	-	-	23,609
Derivative financial liabilities	372,807	-	-	-	372,807
	<u>₩ 372,807</u>	<u>₩ 5,909,078</u>	<u>₩ -</u>	<u>₩ 337,610</u>	<u>₩ 6,619,495</u>
	<u>₩ 378,900</u>	<u>₩ 11,123,533</u>	<u>₩ -</u>	<u>₩ 415,360</u>	<u>₩ 11,917,793</u>

(*1) The amount of accrued liabilities under the employee benefit system was excluded as it is not subject to financial product disclosure.

4. Financial instruments (cont'd)

4.3 Details of gains and losses by each category of financial instruments for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

Financial assets:

	2023				
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	Hedging instruments	Total
Profit or loss:					
Interest income (expense)	₩ 11,127	₩ -	₩ 20,373	₩ -	₩ 31,500
Gain(loss) on derivatives	322,161	-	-	-	322,161
Gain(loss) on foreign currency	-	-	13,010	-	13,010
Others	(202,803)	-	1,815	-	(200,988)
	₩ 130,485	₩ -	₩ 35,198	₩ -	₩ 165,683
Other comprehensive gains and loss:					
Gain(loss) on investment securities	₩ -	₩ 39,003	₩ -	₩ -	₩ 39,003
Gain(loss) on derivatives	-	-	-	-	-
	₩ -	₩ 39,003	₩ -	₩ -	₩ 39,003
	₩ 130,485	₩ 39,003	₩ 35,198	₩ -	₩ 204,686
	2022				
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	Hedging instruments	Total
Profit or loss:					
Interest income (expense)	₩ 2,741	₩ -	₩ 23,896	₩ -	₩ 26,637
Gain(loss) on derivatives	128,891	-	-	-	128,891
Gain(loss) on foreign currency	-	-	30,004	-	30,004
Others	(768,419)	-	2,802	-	(765,617)
	₩ (636,787)	₩ -	₩ 56,702	₩ -	₩ (580,085)
Other comprehensive gains and loss:					
Gain(loss) on investment securities	₩ -	₩ 261,849	₩ -	₩ -	₩ 261,849
Gain(loss) on derivatives	-	-	-	-	-
	₩ -	₩ 261,849	₩ -	₩ -	₩ 261,849
	₩ (636,787)	₩ 261,849	₩ 56,702	₩ -	₩ (318,236)

4. Financial instruments (cont'd)

4.3 Details of gains and losses by each category of financial instruments for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

Financial liabilities:

	2023				
	Financial liabilities measured at FVTPL	Financial liabilities measured at amortized cost	Hedging instruments	Other liabilities	Total
Profit or loss:					
Interest income (expense)	₩ -	₩ (401,161)	₩ -	₩ (10,562)	₩ (411,723)
Gain(loss) on derivatives	(119,785)	-	-	-	(119,785)
Gain(loss) on foreign currency	-	(16,858)	-	-	(16,858)
Others	-	-	-	-	-
	₩ (119,785)	₩ (418,019)	₩ -	₩ (10,562)	₩ (548,366)
Other comprehensive gains and loss:					
Gain(loss) on investment securities	₩ -	₩ -	₩ -	₩ -	₩ -
Gain(loss) on derivatives	-	-	-	-	-
	₩ -	₩ -	₩ -	₩ -	₩ -
	₩ (119,785)	₩ (418,019)	₩ -	₩ (10,562)	₩ (548,366)
	2022				
	Financial liabilities measured at FVTPL	Financial liabilities measured at amortized cost	Hedging instruments	Other liabilities	Total
Profit or loss:					
Interest income (expense)	₩ -	₩ (270,829)	₩ -	₩ (11,151)	₩ (281,980)
Gain(loss) on derivatives	(96,445)	-	-	-	(96,445)
Gain(loss) on foreign currency	-	(32,452)	-	-	(32,452)
Others	-	-	-	-	-
	₩ (96,445)	₩ (303,281)	₩ -	₩ (11,151)	₩ (410,877)
Other comprehensive gains and loss:					
Gain(loss) on investment securities	₩ -	₩ -	₩ -	₩ -	₩ -
Gain(loss) on derivatives	-	-	-	-	-
	₩ -	₩ -	₩ -	₩ -	₩ -
	₩ (96,445)	₩ (303,281)	₩ -	₩ (11,151)	₩ (410,877)

4. Financial instruments (cont'd)

4.4 Fair values of financial instruments by hierarchy level

1) The fair value and book value of financial instruments that are not measured at fair value as of December 31, 2023, is as follows. (Korean won in millions):

	December 31, 2023			
	Book value		Fair Value	
Bonds	₩	7,284,813	₩	6,939,522
Borrowings	₩	3,805,851	₩	3,784,920

The fair value of Bonds and borrowings, is calculated as the present value of contractual cash flows discounted at the discount rate (3.76% to 5.49%) considering the residual risk at market interest rates. Bonds and borrowings, which are measured as costs after amortization, have similar fair value and book value.

2) The Company categorized financial instruments measured at fair value based on the inputs to measure the fair value. The level of hierarchy of fair value is as follows:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs are unobservable inputs for the asset or liability

Details of fair value of financial instruments by hierarchy level as of December 31, 2023 and December 31, 2022 are as follows (Korean Won in millions):

	December 31, 2023				
	Book value	Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets measured at FVTPL (Excludes derivative assets)	₩ 594,006	₩ 166,728	₩ 333,222	₩ 94,056	₩ 594,006
Financial assets measured at FVOCI	581,716	9,700	-	572,016	581,716
Derivative financial assets	344,871	-	46,347	298,524	344,871
Financial liabilities:					
Derivative financial liabilities	₩ 251,711	₩ -	₩ 807	₩ 250,904	₩ 251,711
	December 31, 2022				
	Book value	Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets measured at FVTPL (Excludes derivative assets)	₩ 610,118	₩ 224,384	₩ 184,242	₩ 201,492	₩ 610,118
Financial assets measured at FVOCI	634,270	3,314	-	630,956	634,270
Derivative financial assets	218,211	-	9,621	208,590	218,211
Financial liabilities:					
Derivative financial liabilities	₩ 378,900	₩ -	₩ 6,093	₩ 372,807	₩ 378,900

The Company recognizes the movement between hierarchy levels at the end of the reporting period where changes in events and situations result in movement between the hierarchy levels. No significant change between hierarchy levels 1 and 2 occurred during the period ended December 31, 2023.

4. Financial instruments (cont'd)

4.4 Fair values of financial instruments by hierarchy level (cont'd)

3) Changes in Level 3 financial instruments for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the year ended December 31, 2023						
	Beginning balance	Profit or loss	Other comprehensive income	Acquisitions	Disposals	Other(*1)	Ending balance
Financial assets:							
Financial assets measured at FVTPL	₩ 201,492	₩ (58,902)	₩ -	₩ 21,385	₩ (3,162)	₩ (66,757)	₩ 94,056
Financial assets measured at FVOCI	630,956	-	38,701	33	(2,711)	(94,963)	572,016
Derivative financial assets	208,590	89,934	-	-	-	-	298,524
	<u>₩ 1,041,038</u>	<u>₩ 31,032</u>	<u>₩ 38,701</u>	<u>₩ 21,418</u>	<u>₩ (5,873)</u>	<u>₩ (161,720)</u>	<u>₩ 964,596</u>
Financial liabilities:							
Financial liabilities measured at FVTPL	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Derivative financial liabilities	372,807	(121,903)	-	-	-	-	250,904

(*1) For the year ended December 31, 2023, the share of Team Blackbird, Inc. and LTCAM Co., Ltd. were reclassified as an investment in associate, whereas Halio, Inc. was reclassified as investment in a subsidiary. In addition, share of Turo Inc was reclassified as an asset held for sale. On the other hand, Gi Innovation, Inc. ₩5,446 million was got listed and KG Mobility Corp. ₩637 million was decided to maintain in listing, and they were moved to Level 1.

	For the year ended December 31, 2022						
	Beginning balance	Profit or loss	Other comprehensive income	Acquisitions	Disposals	Other(*1)	Ending balance
Financial assets:							
Financial assets measured at FVTPL	₩ 452,395	₩ (251,722)	₩ -	₩ 47,423	₩ (107)	₩ (46,497)	₩ 201,492
Financial assets measured at FVOCI	315,433	-	275,335	40,188	-	-	630,956
Derivative financial assets	193,310	15,280	-	-	-	-	208,590
	<u>₩ 961,138</u>	<u>₩ (236,442)</u>	<u>₩ 275,335</u>	<u>₩ 87,611</u>	<u>₩ (107)</u>	<u>₩ (46,497)</u>	<u>₩ 1,041,038</u>
Financial liabilities:							
Financial liabilities measured at FVTPL	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Derivative financial liabilities	422,535	(49,728)	-	-	-	-	372,807

(*1) For the year ended December 31, 2022, the convertible bonds of Swift Navigation, Inc. were converted into common stock and as a result, the entity was reclassified as an investment in an associate.

4. Financial instruments (cont'd)

4.5 Valuation techniques and inputs

The description of the valuation techniques and inputs used to measure the fair value of financial instruments using fair value measurements as of the end of the current term and the end of the prior term, in which the Company is classified as Level 2 or Level 3 is as follows:

A. Currency forward

The fair value of the currency forward was measured in principle based on the forward exchange rate disclosed in the market as of the end of the current term for the period consistent with the remaining period of the currency swap. In case the forward exchange rate for a period consistent with the remaining period of the currency forward is not disclosed in the market, the forward exchange was measured by estimating the forward exchange rate for a period similar to the remaining period of the currency swap by applying interpolation to each period. The discount rate used to measure the fair value of the currency forward was determined using the yield curve derived from the rate quoted in the market as of the end of the current term.

B. Debt securities

The fair value of debt securities is measured by discounting the future cash flows of debt securities by applying the market interest rate applied to companies with similar creditworthiness as the issuer of debt securities.

C. Unlisted stocks

The fair value of unlisted stocks is measured by using a cash flow discount model and some assumptions are used that are not based on observable market prices or ratios, such as assumptions or estimates of sales growth, pre-tax operating profit rates, weighted average capital costs, etc. to estimate future cash flows. The weighted average capital expense used to discount future cash flows was determined by applying CAPM. The Company determined that the effect of the major assumptions and estimates that is mentioned above on the fair value of unlisted stocks was significant, so the fair value measurement of unlisted stock was categorized within Level 3 of the fair value hierarchy.

D. Convertible debt securities

The fair value of convertible debt securities was measured by adding the fair value of the ordinary bond component that does not include conversion rights and the fair value of the conversion right, which is an embedded derivative (purchase call option). The fair value of the non-convertible general bond component was measured by discounting the future cash flows of the bond using the market interest rate applied to entities with similar creditworthiness as the issuer of the convertible bond, and the fair value of the conversion right was measured using an option pricing model. Stock price volatility, a significant input used to measure the fair value of conversion rights, was estimated based on past stock price changes. The Company considered that the fair value of the right to convert was a significant proportion of the total fair value of the convertible debt securities and classified the fair value measurement of the entire convertible debt securities into Level 3 of the fair value hierarchy.

E. Total return swap agreement

The fair value of the total return swap agreement is based on Monte-Carlo Simulation. It generates the discrete path of the future interest rate, estimates the point of time when the buyout option is exercised, calculates the present value, and repeatedly executes it to calculate the fair value as the average value of the calculated value. On the other hand, unlisted stocks subject to the purchase option were measured in accordance with the fair value assessment method of unlisted shares, and the fair value measurement of inter-share contracts was classified as Level 3 in the fair value hierarchy as the main assumptions and estimates used to assess the fair value of unlisted stocks were considered to have a significant effect on their fair value.

4. Financial instruments (cont'd)

4.6 The valuation techniques and input variables used for major financial instruments classified as Level 3 are as follows (Korean won in millions):

December 31, 2023						
	Valuation amount		Valuation techniques	Level 3 inputs	Input variations	
SK Shipping Co., Ltd.	Assets	₩ 175,831	DCF model	Permanent growth rate	0%	
				WACC	8.52%	
Group14 Technologies, Inc	Assets	₩ 335,538	Market Approach	Transaction Comparable Method	-	
Total return swap Agreement	Assets	₩ 298,523	Monte-Carlo Simulation	Term structure of interest rate	3.9% ~ 4.04%	
	Liabilities	250,902		WACC	4.90% ~ 13.68%	
December 31, 2022						
	Valuation amount		Valuation techniques	Level 3 inputs	Input variations	
SK Shipping Co., Ltd.	Assets	₩ 179,500	DCF model	Permanent	0%	
			growth rate	WACC	8.17%	
Total return swap Agreement	Assets	₩ 208,590	Monte-Carlo Simulation	Term structure of interest rate	4.74% ~ 5.58%	
	Liabilities	372,807		WACC	4.90% ~ 13.68%	

Among the inputs used to measure the fair value of a financial instrument, if the permanent growth rate increases (decreases), the fair value increases (decreases) and if the weighted average cost of capital increases (decrease), the fair value decreases (increases). There is no change in valuation techniques used to measure fair value of financial instruments classified as Level 2 and Level 3.

5. Cash and cash equivalents

Details of Cash and cash equivalents as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023	December 31, 2022
Cash	₩ 10,222	₩ 21,614
Demand deposit	80,381	17,228
Short term investment assets	278,303	76,998
	<u>₩ 368,906</u>	<u>₩ 115,840</u>

6. Trade receivables

Details of trade receivables as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023			December 31, 2022		
	Gross amount	Allowance for doubtful accounts	Carrying amount	Gross amount	Allowance for doubtful accounts	Carrying amount
Trade receivables	₩ 645,804	₩ (363)	₩ 645,441	₩ 703,063	₩ (600)	₩ 702,463
Short-term loans	25,824	-	25,824	52	-	52
Other receivables	3,792	-	3,792	2,954	(1,563)	1,391
Accrued Revenues	1,566	-	1,566	244	-	244
Guarantee deposits	11,910	-	11,910	3,992	-	3,992
Lease receivables	36,741	-	36,741	35,390	-	35,390
Long-term loans	501,132	-	501,132	492,643	-	492,643
Long-term other receivables	441	-	441	-	-	-
Long-term guarantee deposits	42,239	-	42,239	49,077	-	49,077
Long-term lease receivables	230,891	-	230,891	251,568	-	251,568
	<u>₩ 1,500,340</u>	<u>₩ (363)</u>	<u>₩ 1,499,977</u>	<u>₩ 1,538,983</u>	<u>₩ (2,163)</u>	<u>₩ 1,536,820</u>

7. Inventories

Details of inventories as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023			December 31, 2022		
	Acquisition cost	Valuation allowance	Book value	Acquisition cost	Valuation allowance	Book value
Raw materials	₩ 153	₩ -	₩ 153	₩ 172	₩ -	₩ 172

8. Investment securities

8.1 Details of investment securities as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023					
	Equity instruments				Bond instruments	
	Listed stocks		Unlisted stocks		Unlisted debt securities	
Non-current Asset						
Financial assets measured at FVTPL (*1)	₩	166,728	₩	12,430	₩	81,626
Financial assets measured at FVOCI		9,700		572,016		-
Financial assets measured at amortized cost		-		-		310
	₩	<u>176,428</u>	₩	<u>584,446</u>	₩	<u>81,936</u>

(*1) They consist of GRAB Holdings Ltd. and SES AI Corporation and other.

	December 31, 2022					
	Equity instruments				Bond instruments	
	Listed stocks		Unlisted stocks		Unlisted debt securities	
Current Asset						
Financial assets measured at FVTPL	₩	-	₩	-	₩	12,846
Non-current Asset						
Financial assets measured at FVTPL	₩	224,384	₩	-	₩	188,646
Financial assets measured at FVOCI		4,067		630,203		-
Financial assets measured at amortized cost		-		-		346
	₩	<u>228,451</u>	₩	<u>630,203</u>	₩	<u>201,838</u>

The Company has applied an irrevocable option to designate equity instruments held for strategic investment purposes, not for short-term trading purposes, as measures of fair value through other comprehensive income at the time of initial recognition.

8.2 Details of equity securities traded in active markets designated as other comprehensive income-fair value metrics as of December 31, 2023 and 2022 are as follows. (Korean won in millions):

	December 31, 2023		December 31, 2022	
Gi Innovation, Inc	₩	7,157	₩	-
Harbour BioMed		1,464		2,089
KG Mobility Corp.		746		753
Urgent. ly		333		1,225

8.3 Changes in investment securities designated as other comprehensive income-fair value metrics for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the year ended			
	December 31, 2023		December 31, 2022	
Beginning balance	₩	634,270	₩	332,233
Acquisitions		33		40,188
Disposals		(2,711)		-
Valuation (other comprehensive income)		39,003		261,849
Others(*1)		(88,879)		-
Ending balance	₩	<u>581,716</u>	₩	<u>634,270</u>

(*1) For the year ended December 31, 2023, Turo Inc. ₩88,879 million was transferred to assets held for sales .

8. Investment securities(cont'd)

8.4 There are no dividends related to financial assets designated as other comprehensive income-fair value metrics income-fair value.

9. Investments in subsidiaries

(1) Details of investments in subsidiaries as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	Domicile	Principal business activity	December 31, 2023		December 31, 2022		Fiscal year-end month
			Ownership percentage (%)(*1)	Book value	Ownership percentage (%)(*1)	Book value	
SK Innovation Co., Ltd. (*2, 7)	Korea	Resource development	34.45	₩ 3,466,879	33.77	₩ 3,072,937	December
SK Telecom Co., Ltd. (*2)	Korea	Mobile tele-communication	30.01	2,929,870	30.01	2,929,870	December
SK E&S Co., Ltd. (*2)	Korea	City gas business and power generation	90.00	2,600,000	90.00	2,600,000	December
SK Square Co., Ltd. (*2)	Korea	Investment	30.55	2,486,149	30.01	2,486,149	December
SK Networks Co., Ltd. (*2)	Korea	Trading and distribution	41.20	706,229	39.14	706,229	December
SKC Co., Ltd. (*2)	Korea	Manufacture of other chemical products	40.64	548,654	40.64	548,654	December
SK Ecoplant Co., Ltd. (*2)	Korea	Construction	44.48	545,300	44.48	545,300	December
SK Siltron Co., Ltd. (*2)	Korea	Manufacturing and sales of silicon thin sheet	51.00	622,606	51.00	622,606	December
SK Specialty Co., Ltd. (*2, 7)	Korea	Special-gas manufacturing and sales	100.00	600,467	100.00	600,467	December
SK REIT Co., Ltd. (*2, 7)	Korea	Real estate development and trading	32.41	436,452	42.99	423,691	December
SK Biopharmaceuticals Co., Ltd. (*4)	Korea	Medicine and life science	64.02	369,226	64.02	369,226	December
SK Materials Airplus Incorporated. (*4)	Korea	Manufacture and sale of industrial gas	100.00	339,588	100.00	265,573	December
Hweechan Co., Ltd. (*3, 8)	Korea	Condominiums/resort business	100.00	335,912	100.00	335,912	December
SK Signet Inc. (*3, 8)	Korea	Manufacturing of motors generators, and electrical conversion devices	-	212,955	-	293,236	December
SK 35owertech Co., Ltd. (*3, 8)	Korea	Semiconductor manufacturing	98.59	150,919	98.59	150,919	December
SK Tri Chem Co., Ltd. (*3, 8)	Korea	Development of precursor products	65.00	102,505	65.00	102,505	December
SK materials G14 Co., Ltd. (*3, 8)	Korea	Semiconductor distribution and sales	75.00	62,692	75.00	62,692	December
SK Forest Co., Ltd. (*3, 8)	Korea	Landscape construction	100.00	61,387	100.00	61,387	December
SK Materials Performance Co., Ltd. (*3, 8)	Korea	Semiconductor industrial photosensitive agent manufacturing and sales	100.00	57,070	100.00	57,070	December
SK Resonac Co., Ltd. (*3, 8)	Korea	Semiconductor distribution and sales	51.00	23,150	51.00	23,150	December

9. Investments in subsidiaries(cont'd)

	Domicile	Principal business activity	December 31, 2023		December 31, 2022		Fiscal year-end month
			Ownership percentage (%)(*1)	Book value	Ownership percentage (%)(*1)	Book value	
Evertch Enterprise Co., Ltd. (*6)	Korea	Manufacturing of other chemical products	98.20	20,579	-	-	December
SK REITs Management Co., Ltd.	Korea	Real estate acquisition and rental and development	100.00	7,000	100.00	7,000	December
Ackerton Partners Co., Ltd.(*6, 7)	Korea	Consulting	100.00	6,300	-	-	December
SK Materials Renewtech Co., Ltd. (*4)	Korea	Acetylene and other Industries gas production and sales	-	-	100	74,015	December
SK Pharmteco Inc.	USA	Investment	100.00	1,651,228	100.00	1,651,228	December
Plutus Capital NY, Inc. (*7, 8)	USA	Investment	100.00	824,005	100.00	1,076,108	December
SK China Company, Ltd. (*5)	Hong Kong	Consulting and investment	27.42	557,117	27.42	557,117	December
SK South East Asia Investment Pte. Ltd. (*5)	Singapore	Investment	20.00	345,010	20.00	345,010	December
Golden Pearl EV Solutions Limited.	Hong Kong	Investment	100.00	281,360	100.00	281,360	December
SK Japan Investment (*5)	Japan	Investment	50.00	200,573	50.00	200,573	December
Einstein Cayman Limited.	Cayman	Investment	100.00	182,625	100.00	182,625	December
Tillandsia, Inc. (*7)	USA	Investment	100.00	190,260	100.00	124,225	December
Areca, Inc. (*6)	USA	Investment	100.00	155,155	-	-	December
Chamaedorea, Inc. (*6)	USA	Investment	100.00	117,377	-	-	December
Energy Solution Group, Inc. (*5, 7)	USA	Energy solution and electric car charger	50.00	130,109	50.00	104,538	December
Tellus Investment Partners, Inc. (*8)	USA	Investment	100.00	96,250	100.00	149,691	December
Saturn Agriculture Investment Co., Ltd.	Hong Kong	Investment	81.00	67,093	81.00	67,093	December
Energy Solution Holdings Inc. (*5)	USA	Investment	29.09	54,752	30.05	54,752	December
I Cube Capital, Inc. (*7)	USA	Investment	100.00	52,173	100.00	51,176	December
SK Life Science Labs, Inc. (formerly, ProteoVant Sciences, Inc.) (*5, 10)	USA	Development of new drugs	40.00	41,302	-	-	December
Halio, Inc. (*11)	USA	Discolored glass manufacturing	66.16	28,586	-	-	December
Digital Center Capital Inc.	USA	Investment	100.00	27,684	100.00	27,684	December
Auxo Capital Inc. (*7)	USA	Investment	100.00	26,167	100.00	21,689	December
SK S.E.Asia Pte. Ltd.	Singapore	Investment	100.00	25,847	100.00	25,847	December
SK C&C Beijing Co., Ltd.	China	Computer system integration advisory	100.00	25,481	100.00	25,481	December
SK Investment Management Co., Ltd	Hong Kong	Investment	82.24	10,099	82.24	10,099	December
SK GI Management	Cayman	Investment	100.00	9,523	100.00	9,523	December
SK MENA Investment B.V. (*5)	Netherland	Investment	11.54	5,178	11.54	5,178	December
SK Latin Americas Investment S.A. (*5)	Spain	Investment	11.54	5,135	11.54	5,135	December
Gemini Partners Pte. Ltd. (*5)	Singapore	Consulting	20.00	2,601	20.00	2,601	December
Tellus (Hong Kong) Investment	Hong Kong	Investment	100.00	1,985	100.00	1,985	December

9. Investments in subsidiaries(cont'd)

	Domicile	Principal business activity	December 31, 2023		December 31, 2022		Fiscal year-end month
			Ownership percentage (%)(*1)	Book value	Ownership percentage (%)(*1)	Book value	
SK C&C USA, Inc.	USA	Computer system integration advisory	100.00	1,971	100.00	1,971	December
SK Technology Innovation Company (*5)	Cayman	Research and development	2.12	1,876	2.12	1,876	December
Castanea Biosciences Inc. (*9)	USA	Investment	100.00	48	100.00	23,883	December
Socar Mobility Malaysia, SDN. BHD. (*6)	Malaysia	Rental of cars	66.19	-	66.27	29,221	December
SK C&C India Pvt. Ltd.	India	Computer system integration advisory	100.00	-	100.00	-	December
S&G Technology	Saudi Arabia	Computer system integration advisory and others	51.00	-	51.00	-	December
				₩ 21,830,746		₩ 21,396,544	

(*1) Equity ownership is based on ordinary shares.

(*2) SK Innovation Co., Ltd. and 6 other companies were classified as investments in subsidiaries as the Company is able to exercise de facto control. The remaining voting rights of SK Innovation Co., Ltd. and 6 other companies are widely dispersed, and the Company's voting rights are sufficient to give it power.

(*3) The Company has acquired convertible preferred stocks with voting rights of the entity and as a result, holds 51.46% of voting rights.

(*4) During the year ended December 31, 2023, SK Materials Renewtech Co., Ltd. was merged with SK Materials Airplus Incorporated and excluded from its subsidiary.

(*5) When the investment equity ratio of the Company and its subsidiaries is combined, control can be exercised, therefore the investment is classified as a subsidiary.

(*6) Newly acquired during the the year ended December 31, 2023.

(*7) Additional investment was made during the the year ended December 31, 2023.

(*8) During the the year ended December 31, 2023, there were signs of impairment, so the loss of investment impairment to subsidiaries was recognized.

(*9) Share capital decrease with consideration was made during the year ended December 31, 2023

(*10) Transfer from investments in associates was made during the year ended December 31, 2023

(*11) Transfer from financial instrument measured by FVPTL and investments in associates was made during the year ended December 31, 2023

(2) Changes in investments in subsidiaries for the year ended December 31, 2023, 2022 are as follows (Korean won in millions):

	During the year ended December 31, 2023						Ending balance
	Beginning balance	Acquisition	Disposal	Impairment	Others		
SK Innovation Co., Ltd.	₩ 3,072,937	₩ 393,942	₩ -	₩ -	₩ -	₩ -	₩ 3,466,879
SK Telecom Co., Ltd.	2,929,870	-	-	-	-	-	2,929,870
SK Square Co., Ltd.	2,486,149	-	-	-	-	-	2,486,149
SK Networks Co., Ltd.	706,229	-	-	-	-	-	706,229
SKC Co., Ltd.	548,654	-	-	-	-	-	548,654
SK E&S Co., Ltd.	2,600,000	-	-	-	-	-	2,600,000
SK Ecoplant Co., Ltd.	545,300	-	-	-	-	-	545,300
SK Siltron Co., Ltd.	622,606	-	-	-	-	-	622,606
SK Specialty Co., Ltd.	600,467	-	-	-	-	-	600,467
SK REIT Co., Ltd.	423,691	12,761	-	-	-	-	436,452
SK Biopharmaceuticals Co., Ltd.	369,226	-	-	-	-	-	369,226
Hweechan Co., Ltd.	335,912	-	-	-	-	-	335,912
SK Signet Inc.	293,236	-	-	(80,281)	-	-	212,955
SK Materials Airplus Incorporated.	265,573	-	-	-	74,015	-	339,588

9. Investments in subsidiaries(cont'd)

	During the year ended December 31, 2023					Ending balance
	Beginning balance	Acquisition	Disposal	Impairment	Others	
SK powertech Co., Ltd.	₩ 150,919	₩ -	₩ -	₩ -	₩ -	₩ 150,919
SK Tri Chem Co., Ltd.	102,505	-	-	-	-	102,505
SK Materials Renewtech Co., Ltd.	74,015	-	-	-	(74,015)	-
SK materials G14 Co., Ltd.	62,692	-	-	-	-	62,692
SK Forest Co., Ltd.	61,387	-	-	-	-	61,387
SK Materials Performance Co., Ltd.	57,070	-	-	-	-	57,070
SK Resonac Co., Ltd.	23,150	-	-	-	-	23,150
SK Materials JNC Co., Ltd.	20,287	-	-	-	-	20,287
Evertech Enterprise Co., Ltd.	-	20,579	-	-	-	20,579
SK REITs Management Co., Ltd.	7,000	-	-	-	-	7,000
Ackerton Partners Co., Ltd.	-	6,300	-	-	-	6,300
SK Pharmteco Inc.	1,651,228	-	-	-	-	1,651,228
Plutus Capital NY, Inc.	1,076,108	94,557	-	(346,660)	-	824,005
SK China Company, Ltd.	557,117	-	-	-	-	557,117
SK South East Asia Investment Pte. Ltd.	345,010	-	-	-	-	345,010
Golden Pearl EV Solutions Limited.	281,360	-	-	-	-	281,360
SK Life Science Labs, Inc.(formerly, ProteVant Science, Inc.)	-	-	-	-	41,302	41,302
SK Japan Investment	200,573	-	-	-	-	200,573
Einstein Cayman Limited.	182,625	-	-	-	-	182,625
Areca, Inc.	-	155,155	-	-	-	155,155
Tellus Investment Partners, Inc.	149,691	-	-	(53,441)	-	96,250
Tillandsia, Inc.	124,225	66,035	-	-	-	190,260
Chamaedorea, Inc.	-	117,377	-	-	-	117,377
Energy Solution Group, Inc.	104,538	25,571	-	-	-	130,109
Saturn Agriculture Investment Co., Ltd.	67,093	-	-	-	-	67,093
Energy Solution Holdings Inc.	54,752	-	-	-	-	54,752
I Cube Capital, Inc.	51,176	997	-	-	-	52,173
Socar Mobility Malaysia, SDN. BHD.	29,221	-	-	(29,221)	-	-
Halio, Inc.	-	-	-	-	28,586	28,586
Digital Center Capital Inc.	27,684	-	-	-	-	27,684
Auxo Capital Inc.	21,689	4,478	-	-	-	26,167
SK S.E.Asia Pte. Ltd.	25,847	-	-	-	-	25,847
SK C&C Beijing Co., Ltd.	25,481	-	-	-	-	25,481
Castanea Biosciences Inc.	23,883	-	(23,835)	-	-	48
SK Investment Management Co., Ltd	10,099	-	-	-	-	10,099
SK GI Management	9,523	-	-	-	-	9,523
Gemini Partners Pte. Ltd.	2,601	-	-	-	-	2,601
SK MENA Investment B.V.	5,178	-	-	-	-	5,178
SK Latin Americas Investment S.A.	5,135	-	-	-	-	5,135
Tellus (Hong Kong) Investment	1,985	-	-	-	-	1,985
SK C&C USA, Inc.	1,971	-	-	-	-	1,971
SK Technology Innovation Company	1,876	-	-	-	-	1,876
SK C&C India Pvt. Ltd.	-	-	-	-	-	-
S&G Technology	-	-	-	-	-	-
	₩ 21,396,544	₩ 897,752	₩ (23,835)	₩ (509,603)	₩ 69,888	₩ 21,830,746

9. Investments in subsidiaries(cont'd)

	During the year ended December 31, 2022						Ending balance
	Beginning balance	Acquisition	Disposal	Impairment	Others		
SK Innovation Co., Ltd.	₩ 3,072,937	₩ -	₩ -	₩ -	₩ -	₩ -	3,072,937
SK Telecom Co., Ltd.	2,929,870	-	-	-	-	-	2,929,870
SK Square Co., Ltd.	2,486,149	-	-	-	-	-	2,486,149
SK Networks Co., Ltd.	706,229	-	-	-	-	-	706,229
SKC Co., Ltd.	548,654	-	-	-	-	-	548,654
SK E&S Co., Ltd.	2,600,000	-	-	-	-	-	2,600,000
SK Ecoplant Co., Ltd.	545,300	-	-	-	-	-	545,300
SK Siltron Co., Ltd.	622,606	-	-	-	-	-	622,606
SK Specialty Co., Ltd.	600,467	-	-	-	-	-	600,467
SK REIT Co., Ltd.	387,551	36,140	-	-	-	-	423,691
SK Biopharmaceuticals Co., Ltd.	369,226	-	-	-	-	-	369,226
Hweechan Co., Ltd.	335,912	-	-	-	-	-	335,912
SK Signet Inc.	293,236	-	-	-	-	-	293,236
SK Materials Airplus Incorporated.	265,573	-	-	-	-	-	265,573
SK powertech Co., Ltd.	-	123,942	-	-	-	26,977	150,919
SK Tri Chem Co., Ltd.	102,505	-	-	-	-	-	102,505
SK Materials Renewtech Co., Ltd.	46,678	27,337	-	-	-	-	74,015
SK materials G14 Co., Ltd.	62,692	-	-	-	-	-	62,692
SK Forest Co., Ltd.	61,387	-	-	-	-	-	61,387
SK Materials Performance Co., Ltd.	57,070	-	-	-	-	-	57,070
SK Resonac Co., Ltd.	23,150	-	-	-	-	-	23,150
SK Materials JNC Co., Ltd.	20,287	-	-	-	-	-	20,287
SK REITs Management Co., Ltd.	7,000	-	-	-	-	-	7,000
Happy Companion Co., Ltd.	487	-	(487)	-	-	-	-
SK Pharmteco Inc.	1,469,503	181,725	-	-	-	-	1,651,228
Plutus Capital NY, Inc.	847,076	-	-	-	-	229,032	1,076,108
SK China Company, Ltd.	557,117	-	-	-	-	-	557,117
SK South East Asia Investment Pte. Ltd.	345,010	-	-	-	-	-	345,010
Golden Pearl EV Solutions Limited.	281,360	-	-	-	-	-	281,360
SK Japan Investment	103,012	97,561	-	-	-	-	200,573
Einstein Cayman Limited.	182,625	-	-	-	-	-	182,625
Tellus Investment Partners, Inc.	107,013	42,678	-	-	-	-	149,691
Tillandsia, Inc.	-	124,225	-	-	-	-	124,225
Energy Solution Group, Inc.	-	104,538	-	-	-	-	104,538
Saturn Agriculture Investment Co., Ltd.	67,093	-	-	-	-	-	67,093
Energy Solution Holdings Inc.	36,432	18,320	-	-	-	-	54,752
I Cube Capital, Inc.	40,289	10,887	-	-	-	-	51,176
Socar Mobility Malaysia, SDN. BHD.	29,221	-	-	-	-	-	29,221
Digital Center Capital Inc.	25,178	2,506	-	-	-	-	27,684
SK S.E.Asia Pte. Ltd.	25,847	-	-	-	-	-	25,847
SK C&C Beijing Co., Ltd.	25,481	-	-	-	-	-	25,481
Castanea Biosciences Inc.	23,883	-	-	-	-	-	23,883
Auxo Capital Inc.	8,795	12,894	-	-	-	-	21,689
SK Investment Management Co., Ltd	10,099	-	-	-	-	-	10,099
SK GI Management	9,523	-	-	-	-	-	9,523
Gemini Partners Pte. Ltd.	2,601	-	-	-	-	-	2,601
SK MENA Investment B.V.	5,178	-	-	-	-	-	5,178
SK Latin Americas Investment S.A.	5,135	-	-	-	-	-	5,135
Tellus (Hong Kong) Investment	1,985	-	-	-	-	-	1,985
SK C&C USA, Inc.	1,971	-	-	-	-	-	1,971
SK Technology Innovation Company	1,876	-	-	-	-	-	1,876
SK C&C India Pvt. Ltd.	-	-	-	-	-	-	-
S&G Technology	-	-	-	-	-	-	-
Plutus Capital NY II, Inc.	57,049	66,238	-	-	-	(123,287)	-
Plutus Capital NY III, Inc.	31,632	-	-	-	-	(31,632)	-
Plutus Fashion NY, Inc.	74,113	-	-	-	-	(74,113)	-
SK Materials (Shanghai) Co., Ltd.	2,326	-	(2,326)	-	-	-	-
	₩ 20,523,389	₩ 848,991	₩ (2,813)	₩ -	₩ -	₩ 26,977	₩ 21,396,544

9. Investments in subsidiaries(cont'd)

(3) Impairment test of investments in subsidiaries

The Company performs impairment tests of investment in subsidiaries on an annual basis. If any indication of impairment exists, the recoverable amount of the investment is estimated. As a result of impairment test, the company recognized impairment loss.

The main subsidiaries that have recognized the impairment loss during the current period are as follows.

1) An impairment loss of KRW 346,660 million was recognized for the stake in Plutus Capital NY, Inc. due to the existence of investment assets whose fair value has significantly decreased during the current period. The impairment loss was determined by taking into account the proportion of the Company's investment in the decline in fair value of marketable stocks.

2) An impairment loss of KRW 80,281 million was recognized for the stake in SK Signet Co., Ltd. as the operating profit or loss of the cash-generating unit of the charger business did not meet the expected level during the current period. The recoverable amount of the stake was determined by the value in use, and an annual discount rate of 14.9% and a permanent growth rate of 1.0% were applied to measure the value in use.

10. Investments in associates

(1) Details of investments in associates as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	Domicile	Principal business activity	December 31, 2023		December 31, 2022		Fiscal year-end month
			Ownership percentage (%)	Book value	Ownership percentage (%)	Book value	
LTCAM Co.,Ltd.(*2,7,10)	Korea	Semiconductor process material	37.47	₩ 44,438	-	₩ -	December
SMCore Inc.(*5)	Korea	Manufacturing and sales of automated logistics system	26.60	28,940	26.60	39,419	December
Standigm Inc. (*1,2)	Korea	Medical and pharmaceutical research and development industries	12.14	14,410	12.14	14,410	December
Cloocus Co., Ltd. (*1,2)	Korea	Information and communication service	16.19	6,500	16.19	6,500	December
TBU Inc. (*2)	Korea	Electric vehicle charging	31.59	5,700	31.59	5,700	December
Soft berry Inc. (*1,2)	Korea	Logistics infra	19.01	5,684	22.09	5,684	December
A4x Inc. (*1,2)	Korea	Block chain validator	8.33	5,078	8.33	5,078	December
PUMP Co., Ltd. (*1,2)	Korea	Electric Kick Scooter Rental Business	12.02	5,000	12.02	5,000	December
THIRA-UTECH Co., Ltd. (*1,2)	Korea	Service manufacturing	12.79	4,200	13.66	4,200	December
Superblock Co., Ltd. (*1,4)	Korea	Block chain mainnet	3.33	3,109	-	-	December
TWO LINE CODE Inc.	Korea	Software development	23.54	2,300	23.54	2,300	December
The Wave Talk, Inc. (*1,2)	Korea	Manufacturing and technical services	3.74	2,038	3.88	2,038	December
Todo Works Corp. (*1,2)	Korea	Sales of Assistive Devices for People with Disabilities and Medical Devices	10.25	2,037	10.25	2,037	December
Team Blackbird, Inc. (*1,2,4,10)	Korea	Software development	3.22	1,998	-	-	December

10. Investments in associates(cont'd)

	Domicile	Principal business activity	December 31, 2023		December 31, 2022		Fiscal year-end month
			Ownership percentage (%)	Book value	Ownership percentage (%)	Book value	
ACRYL Inc. (*1,2)	Korea	Information service	16.12	312	16.12	312	December
Socar, Inc. (*1, 9)	Korea	Car sharing service	-	-	17.94	109,304	December
Begas Co., Ltd. (*3)	Korea	Management consulting	-	-	17.86	5,000	December
Daehan Kanggun BcN Co., Ltd. (*2,12)	Korea	Wired communication	0.20	-	0.20	-	December
Swift Navigation (*1,2)	USA	GPS software development	9.53	46,496	9.58	46,496	December
Belstar Superfreeze Holdings, LLC (*2)	Cayman	Warehouse business	20.98	36,839	20.98	36,839	December
9352-7281 Quebec Inc.	Canada	Investment	40.09	31,558	40.09	31,558	December
Hummingbird Bioscience Holdings Pte. Ltd. (*1,2)	Singapore	Monoclonal Antibody Drug Development	8.97	19,026	8.97	19,026	December
VantAI (*2,4)	USA	Medicine research and development	40.00	7,817	-	-	December
Visible Patient S.A.S. (*2)	France	Manufacturing related to medicine	22.14	7,507	22.14	7,507	December
FSK Holdings Co., Ltd.	Hong Kong	IT service	30.00	6,245	30.00	6,245	December
DSK EV Investment Limited. (*1,7)	Cayman	Investment	3.32	1,048	3.32	1,040	December
SK Life Science Labs, Inc. (formerly Proteovant Sciences, Inc.) (*5,6,13)	USA	Development of new drugs	-	-	40.00	222,370	December
Halio, Inc. (*5,11)	USA	Discolored glass manufacturing	-	-	4.46	8,498	December
Mozido Corfire, Inc.	USA	System consulting	-	-	19.94	-	December
Wave City Co., Ltd.(*1)	Korea	Financial support service	0.10	-	0.10	-	December
Wave City Development Co., Ltd.(*1, 8)	Korea	Development and supply of non-residential buildings	-	-	0.10	-	December
Springvale SK KORES Pty Ltd.(*1, 8)	Australia	Resource development	-	-	0.01	-	December
				₩ 288,280		₩ 586,561	

(*1) As the Company is able to exercise significant influence over the entity although its ownership interest is less than 20%, the investment in the entity was classified as investments in associates.

(*2) It is the equity share ratio that takes preferred share with voting rights into consideration.

(*3) Redeemed during the year ended December 31, 2023.

(*4) Newly acquired during the year ended December 31, 2023.

(*5) During the year ended December 31, 2023, there were signs of impairment, so the loss of investment impairment to associates was recognized.

(*6) When the investment equity ratio of the Company and its subsidiaries is combined, control can be exercised, therefore the investment is classified as a subsidiary.

(*7) Additionally acquired was made during the year ended December 31, 2023.

(*8) Liquidated during the year ended December 31, 2023.

(*9) During the year ended December 31, 2023, the Company decided to sell all of its shares in SOCAR Inc, which had been classified as and investments in associates.(See note 33)

(*10) It is transferred from investment securities to investments in associates during the year ended December 31, 2023.

(*11) During the year ended December 31, 2023, the Company reclassified Halio, Inc., as an investment in subsidiaries through the conversion of convertible bonds and exercise of call option.

(*12) The Company classified investments in associates, including the indirect ownership stakes held by its subsidiaries.

(*13) Share capital decrease with consideration was made during the year ended December 31, 2023.

10. Investments in associates(cont'd)

(2) Changes in investments in associates during the year ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	During the year ended December 31, 2023					Ending balance
	Beginning balance	Acquisition	Disposal	Impairment	Others	
Socar, Inc.	₩ 109,304	₩ -	₩ -	₩ -	₩ (109,304)	₩ -
LTCAM Co.,Ltd.	-	6,855	-	-	37,583	44,438
SMCore Inc.	39,419	-	-	(10,479)	-	28,940
Standigm Inc.	14,410	-	-	-	-	14,410
Cloocus Co., Ltd.	6,500	-	-	-	-	6,500
TBU Inc.	5,700	-	-	-	-	5,700
Soft berry Inc.	5,684	-	-	-	-	5,684
A4x Inc.	5,078	-	-	-	-	5,078
Begas Co., Ltd.	5,000	-	(5,000)	-	-	-
PUMP Co., Ltd.	5,000	-	-	-	-	5,000
THiRA-UTECH Co., Ltd.	4,200	-	-	-	-	4,200
Superblock Co., Ltd.	-	3,109	-	-	-	3,109
ACRYL Inc.	312	-	-	-	-	312
TWO LINE CODE Inc.	2,300	-	-	-	-	2,300
The Wave Talk, Inc.	2,038	-	-	-	-	2,038
Todo Works Corp.	2,037	-	-	-	-	2,037
Team Blackbird, Inc.	-	-	-	-	1,998	1,998
Daehan Kanggun BcN Co., Ltd.	-	-	-	-	-	-
SK Life Science Labs, Inc.(formerly Proteovant Sciences, Inc.)	222,370	-	(7,845)	(173,223)	(41,302)	-
Swift Navigation	46,496	-	-	-	-	46,496
Belstar Superfreeze Holdings, LLC	36,839	-	-	-	-	36,839
9352-7281 Quebec Inc.	31,558	-	-	-	-	31,558
Hummingbird Bioscience Holdings Pte. Ltd.	19,026	-	-	-	-	19,026
FSK Holdings Co., Ltd.	6,245	-	-	-	-	6,245
Halio, Inc.	8,498	-	-	(8,438)	(60)	-
VantAI	-	7,817	-	-	-	7,817
Visible Patient S.A.S	7,507	-	-	-	-	7,507
Mozido Corfire, Inc.	-	-	-	-	-	-
DSK EV Investment Limited.	1,040	8	-	-	-	1,048
Wave City Co., Ltd.	-	-	-	-	-	-
Wave City Development Co., Ltd.	-	-	-	-	-	-
Springvale SK KORES Pty Ltd.	-	-	-	-	-	-
	₩ 586,561	₩ 17,789	₩ (12,845)	₩ (192,140)	₩ (111,085)	₩ 288,280

10. Investments in associates(cont'd)

	During the year ended December 31, 2022					Ending balance
	Beginning balance	Acquisition	Disposal	Impairment	Others	
Socar, Inc.	₩ 109,304	₩ -	₩ -	₩ -	₩ -	₩ 109,304
SMCore Inc.	39,419	-	-	-	-	39,419
Standigm Inc.	14,410	-	-	-	-	14,410
Cloocus Co., Ltd.	6,500	-	-	-	-	6,500
A4x Inc.	-	5,078	-	-	-	5,078
TBU Inc.	-	5,700	-	-	-	5,700
Soft berry Inc.	5,684	-	-	-	-	5,684
Begas Co., Ltd.	5,000	-	-	-	-	5,000
PUMP Co., Ltd.	3,000	2,000	-	-	-	5,000
THiRA-UTECH Co., Ltd.	4,200	-	-	-	-	4,200
ACRYL Inc.	2,500	-	-	(2,188)	-	312
TWO LINE CODE Inc.	2,500	-	(200)	-	-	2,300
The Wave Talk, Inc.	2,038	-	-	-	-	2,038
Todo Works Corp.	2,037	-	-	-	-	2,037
SK powertech Co., Ltd.	26,977	51,526	-	-	(78,503)	-
SK Life Science Labs, Inc.(formerly Proteovant Sciences, Inc.)	222,370	-	-	-	-	222,370
Swift Navigation	-	-	-	-	46,496	46,496
Belstar Superfreeze Holdings, LLC	36,839	-	-	-	-	36,839
9352-7281 Quebec Inc.	31,558	-	-	-	-	31,558
Hummingbird Bioscience Holdings Pte. Ltd.	19,026	-	-	-	-	19,026
FSK Holdings Co., Ltd.	6,245	-	-	-	-	6,245
Halio, Inc.	8,498	-	-	-	-	8,498
Visible Patient S.A.S	7,507	-	-	-	-	7,507
DSK EV Investment Limited.	1,028	12	-	-	-	1,040
SES AI Corporation	69,712	-	390,609	-	(460,321)	-
Mozido Corfire, Inc.	-	-	-	-	-	-
Wave City Co., Ltd.	-	-	-	-	-	-
Wave City Development Co., Ltd.	-	-	-	-	-	-
Springvale SK KORES Pty Ltd.	-	-	-	-	-	-
	₩ 626,352	₩ 64,316	₩ 390,409	₩ (2,188)	₩ (492,328)	₩ 586,561

11. Property, plant and equipment

(1) Details of property, plant and equipment as of December, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023			
	Acquisition cost	Depreciation	Impairment loss	Book value
Land	₩ 100,209	₩ -	₩ -	₩ 100,209
Buildings	322,189	(82,366)	-	239,823
Structures	11,646	(2,917)	-	8,729
Machinery	18,560	(1,126)	-	17,434
Vehicles	12,552	(5,713)	-	6,839
Furniture and fixtures	460,353	(318,143)	-	142,210
Construction in progress	73,852	-	-	73,852
	₩ 999,361	₩ (410,265)	₩ -	₩ 589,096

	December 31, 2022			
	Acquisition cost	Depreciation	Impairment loss	Book value
Land	₩ 100,090	₩ -	₩ -	₩ 100,090
Buildings	303,783	(74,406)	-	229,377
Structures	11,646	(2,426)	-	9,220
Machinery	8,382	(211)	-	8,171
Vehicles	12,581	(4,948)	-	7,633
Furniture and fixtures	453,247	(310,776)	-	142,471
Construction in progress	67,502	-	-	67,502
	₩ 957,231	₩ (392,767)	₩ -	₩ 564,464

(2) Details of changes in property, plant and equipment for the year ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	During the year ended December 31, 2023					
	Beginning balance	Acquisition	Disposals	Depreciation	Transfers(*1)	Ending balance
Land	₩ 100,090	₩ -	₩ (15)	₩ -	₩ 134	₩ 100,209
Buildings	229,377	4,650	-	(9,057)	14,853	239,823
Structures	9,220	-	-	(491)	-	8,729
Machinery	8,171	-	-	(915)	10,178	17,434
Vehicles	7,633	52	-	(846)	-	6,839
Furniture and fixtures	142,471	26,403	(257)	(42,593)	16,186	142,210
Construction-in-progress	67,502	57,217	-	-	(50,867)	73,852
	₩ 564,464	₩ 88,322	₩ (272)	₩ (53,902)	₩ (9,516)	₩ 589,096

(*1) This includes transfer from construction-in-progress to property, plant and equipment, investment property and intangible assets, and transfer from investment property.

	During the year ended December 31, 2022					
	Beginning balance	Acquisition	Disposals(*1)	Depreciation	Transfers(*2)	Ending balance
Land	₩ 100,179	₩ -	₩ -	₩ -	₩ (89)	₩ 100,090
Buildings	278,864	-	-	(8,605)	(40,882)	229,377
Structures	9,711	-	-	(491)	-	9,220
Machinery	1,255	-	-	(199)	7,115	8,171
Vehicles	8,381	85	-	(861)	28	7,633
Furniture and fixtures	126,729	28,548	(3,510)	(40,285)	30,989	142,471
Construction-in-progress	32,765	88,030	-	-	(53,293)	67,502
	₩ 557,884	₩ 116,663	₩ (3,510)	₩ (50,441)	₩ (56,132)	₩ 564,464

(*1) This includes loss incurred due to the fire at the Pangyo data center during the year ended December 31, 2022

(*2) This includes transfer from construction-in-progress to property, plant and equipment, investment property and intangible assets, and transfer from investment property.

12. Right-of-use assets and lease liabilities

(1) Details of right-of-use assets as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023			
	Acquisition cost	Accumulated Depreciation	Accumulated Impairment loss	Book value
Land and buildings	₩ 235,454	₩ (128,074)	₩ -	₩ 107,380
Vehicles	10,393	(5,828)	-	4,565
Furniture and fixtures	361	(264)	-	97
	<u>₩ 246,208</u>	<u>₩ (134,166)</u>	<u>₩ -</u>	<u>₩ 112,042</u>

	December 31, 2022			
	Acquisition cost	Accumulated Depreciation	Accumulated Impairment loss	Book value
Land and buildings	₩ 230,267	₩ (92,398)	₩ -	₩ 137,869
Vehicles	9,048	(5,461)	-	3,587
Furniture and fixtures	361	(192)	-	169
	<u>₩ 239,676</u>	<u>₩ (98,051)</u>	<u>₩ -</u>	<u>₩ 141,625</u>

(2) Changes in right-of-use assets for the year ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the year ended December 31, 2023					Ending balance
	Beginning balance	Increase	Depreciation	Decrease	Others (*1)	
Land	₩ 137,868	₩ 6,916	₩ (40,007)	₩ (673)	₩ 3,276	₩ 107,380
Vehicles	3,588	5,479	(3,293)	(1,368)	159	4,565
Furniture and fixtures	169	-	(72)	-	-	97
	<u>₩ 141,625</u>	<u>₩ 12,395</u>	<u>₩ (43,372)</u>	<u>₩ (2,041)</u>	<u>₩ 3,435</u>	<u>₩ 112,042</u>

(*1) The amounts include increase in right-of-use assets due to lease modification and adjustments of the right-of-use assets according to the remeasurement of the lease liabilities and others.

	For the year ended December 31, 2022					Ending balance
	Beginning balance	Increase	Depreciation	Decrease	Others (*1)	
Land	₩ 115,755	₩ 39,831	₩ (37,585)	₩ (367)	₩ 20,235	₩ 137,869
Vehicles	4,327	3,684	(3,418)	(1,132)	126	3,587
Furniture and fixtures	239	-	(70)	-	-	169
	<u>₩ 120,321</u>	<u>₩ 43,515</u>	<u>₩ (41,073)</u>	<u>₩ (1,499)</u>	<u>₩ 20,361</u>	<u>₩ 141,625</u>

(*1) The amounts include deducting the right-of-use assets from the sublease and adjustments of the right-of-use assets according to the remeasurement of the lease liabilities and others.

12. Right-of-use assets and lease liabilities(cont'd)

(3) Details of lease-related income and expenses from lease contracts where the consolidated entity is a lease user for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023		2022	
Depreciation of Right-of-use Assets	₩	43,372	₩	41,073
Interest cost on Lease Liabilities		10,562		11,151
Short-term Lease expenses		4,160		5,286
Low-value underlying asset lease-related costs		1,511		1,132
	₩	59,605	₩	58,642

(4) Details of total cash out flows due to leases as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023		2022	
Cash outflows from leases	₩	86,560	₩	82,202

(5) The present value of the total lease investments and minimum lease payments for finance leases as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023							Total
	Less than 1 year	1 ~ 2 years	2 ~ 3 years	3~4 years	4 ~ 5 years	More than 5 years		
Total Investment in the lease	₩ 38,142	₩ 38,714	₩ 39,295	₩ 39,884	₩ 40,483	₩ 97,544	₩ 294,062	
Present value of minimum lease payment	₩ 37,686	₩ 37,264	₩ 36,846	₩ 36,432	₩ 36,023	₩ 83,381	₩ 267,632	

	2022							Total
	Less than 1 year	1 ~ 2 years	2 ~ 3 years	3~4 years	4 ~ 5 years	More than 5 years		
Total Investment in the lease	₩ 36,048	₩ 36,175	₩ 36,711	₩ 37,254	₩ 37,805	₩ 137,182	₩ 321,175	
Present value of minimum lease payment	₩ 35,390	₩ 34,638	₩ 34,281	₩ 33,927	₩ 33,577	₩ 115,145	₩ 286,958	

(6) Details of income and expenses from financial lease contracts as a lessor during the year ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023		2022	
Financial profit of net lease investment	₩	7,376	₩	8,117

(7) Details of adjustments for undiscounted lease payments related to finance leases and net investments in finance leases as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023		2022	
Undiscounted financial leases to be received	₩	294,062	₩	321,175
Unrealized financial income related to financial lease receivables		26,430		34,217
Net lease investment		267,632		286,958

12. Right-of-use assets and lease liabilities(cont'd)

(8) The maturity analysis of the contracts currently provided by the Company under operating lease as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023						Total
	Less than 1 year	1 ~ 2 years	2 ~ 3 years	3~4 years	4 ~ 5 years	More than 5 years	
Total Investment in the lease	₩ 62,144	₩ 20,439	₩ 8,157	₩ 1,781	₩ -	₩ -	₩ 92,521

	2022						Total
	Less than 1 year	1 ~ 2 years	2 ~ 3 years	3~4 years	4 ~ 5 years	More than 5 years	
Total Investment in the lease	₩ 51,038	₩ 44,831	₩ 9,708	₩ -	₩ -	₩ -	₩ 105,577

(9) Details of income and expenses from operating lease contracts as a lessor during the year ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Income from operating lease	₩ 63,046	₩ 42,797

13. Investment properties

(1) Details of investment properties as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023			
	Acquisition cost	Accumulated Depreciation	Accumulated Impairment loss	Book value
Land	₩ 89	₩ -	₩ -	₩ 89
Buildings	74,485	(8,383)	-	66,102
Right-of-use assets	251	(183)	-	68
	₩ 74,825	₩ (8,566)	₩ -	₩ 66,259

	December 31, 2022			
	Acquisition cost	Accumulated Depreciation	Accumulated Impairment loss	Book value
Land	₩ 89	₩ -	₩ -	₩ 89
Buildings	65,836	(5,540)	-	60,296
	₩ 65,925	₩ (5,540)	₩ -	₩ 60,385

(2) Changes in investment properties for the year ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	During the year ended December 31, 2023						Ending balance
	Beginning balance	Acquisition	Disposals	Depreciation	Transfers		
Land	₩ 89	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 89
Building	60,296	-	-	(3,057)	8,863	-	66,102
Right-of-use assets	-	-	-	(183)	251	-	68
	₩ 60,385	₩ -	₩ -	₩ (3,240)	₩ 9,114	₩ -	₩ 66,259

	During the year ended December 31, 2022						Ending balance
	Beginning balance	Acquisition	Disposals	Depreciation	Transfers		
Land	₩ -	₩ -	₩ -	₩ -	₩ 89	₩ -	₩ 89
Buildings	7,469	-	-	(3,166)	55,993	-	60,296
	₩ 7,469	₩ -	₩ -	₩ (3,166)	₩ 56,082	₩ -	₩ 60,385

13. Investment properties(cont'd)

(3) Details of income and expenses related to investment properties for the year ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	During the year ended December 31,	
	2023	2022
Rental income	₩ 63,916	₩ 44,012
Depreciation of investment properties	(3,240)	(3,166)
	₩ 60,676	₩ 40,846

The company doesn't distinguish operating costs related to rental income.

(4) The fair value of Building from investment properties is ₩66,170 million and Land from investment properties is ₩89 million as of December 31, 2023.

14. Intangible assets

(1) Details of intangible assets as of December 31, 2023, 2022 are as follows (Korean won in millions):

	December 31, 2023			
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Book Value
Development costs	₩ 289,924	₩ (156,696)	₩ (27,827)	₩ 105,401
Membership	84,006	-	(13,647)	70,359
Brand-related assets	1,975,000	-	-	1,975,000
Others	32,041	(10,154)	(20,717)	1,170
	₩ 2,380,971	₩ (166,850)	₩ (62,191)	₩ 2,151,930

	December 31, 2022			
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Book Value
Development costs	₩ 263,444	₩ (126,875)	₩ (9,847)	₩ 126,722
Membership	76,260	-	(13,647)	62,613
Brand-related assets	1,975,000	-	-	1,975,000
Others	31,261	(8,887)	(16,607)	5,767
	₩ 2,345,965	₩ (135,762)	₩ (40,101)	₩ 2,170,102

14. Intangible assets(cont'd)

(2) Changes in intangible assets for the year ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the year ended December 31, 2023						
	Beginning balance	Acquisitions	Disposals	Amortization	impairment	Transfers (*2)	Ending balance
Development costs	₩ 126,722	₩ 26,696	₩ (486)	₩ (29,821)	₩ (17,710)	₩ -	₩ 105,401
Membership(*1)	62,613	8,231	(485)	-	-	-	70,359
Brand-related assets(*1)	1,975,000	-	-	-	-	-	1,975,000
Others	5,767	130	(3)	(1,267)	(4,110)	653	1,170
	₩ 2,170,102	₩ 35,057	₩ (974)	₩ (31,088)	₩ (21,820)	₩ 653	₩ 2,151,930

(*1) Membership and brand-related assets are classified as intangible assets with infinite useful lives and are not amortized.

(*2) This includes transfer from Property, plant and equipment.

	For the year ended December 31, 2022						
	Beginning balance	Acquisitions	Disposals	Amortization	impairment	Others	Ending balance
Development costs	₩ 120,577	₩ 43,182	₩ -	₩ (30,906)	₩ (6,131)	₩ -	₩ 126,722
Membership(*1)	53,260	11,070	(1,717)	-	-	-	62,613
Brand-related assets(*1)	1,975,000	-	-	-	-	-	1,975,000
Others	27,254	818	-	(5,714)	(16,607)	16	5,767
	₩ 2,176,091	₩ 55,070	₩ (1,717)	₩ (36,620)	₩ (22,738)	₩ 16	₩ 2,170,102

(*1) Membership and brand-related assets are classified as intangible assets with infinite useful lives and are not amortized.

(3) Details of current R&D expenditures recognized as expenses during the current and previous periods are as follows (Korean won in millions):

	2023	2022
Current R&D expenditure handled at the time of occurrence	₩ 51,133	₩ 50,560

(4) Impairment testing of brand-related assets

The Company measured the recoverable amount of intangible assets with an indefinite useful life related to brand. Major assumptions used in the calculation reflected the management's assessment of the future trends in each reporting segment using the brand, based on the historical information.

Significant assumptions used in impairment testing of brand-related assets as of December 31, 2023 are as follows:

Recoverable amounts	Growth rate (*1)	Discount rate (*2)
Value in use	1.0%	9.6 ~ 16.6%

(*1) Future cash flows for additional periods after the estimated period are estimated using a fixed growth rate.

(*2) The discount rate was estimated by adding risk premium to weighted average cost of capital.

As a result of impairment test of brand-related assets, the carrying amount does not exceed the recoverable amount, so there is no impairment loss recognized during the current reporting period.

15. Borrowings and bonds

(1) Short-term borrowings

Details of short-term borrowings as of December 31, 2023 and 2022 are as follows (Korean won in millions):

Description	Financial institution	Currency	Interest rate (%)	December 31, 2023	December 31, 2022
Working capital loan	Shinhan Bank and others	KRW	4.72 ~ 5.49	₩ 1,316,200	₩ 628,000
Facility Loan	NH Bank and others	KRW	5.22	60,000	60,000
Commercial paper	Hyundai motor securities co., Ltd. and others	KRW	4.09 ~ 4.99	1,930,000	2,515,765
Foreign currency Loan	-	USD	-	-	570,285
				₩ 3,306,200	₩ 3,774,050

(2) Bonds

Details of bonds as of December 31, 2023 and 2022 are as follows (Korean won in millions):

Series	Issue date	Maturity	Interest rate (%)	December 31, 2023	December 31, 2022
273-3rd	2014-03-25	2024-03-25	4.26	₩ 100,000	₩ 100,000
276-3rd	2016-03-07	2023-03-07	-	-	150,000
277-3rd	2016-06-01	2023-06-01	-	-	120,000
277-4th	2016-06-01	2026-06-01	2.43	60,000	60,000
278-3rd	2016-09-07	2023-09-07	-	-	110,000
279-3rd	2017-03-06	2024-03-06	2.58	120,000	120,000
280-3rd	2017-06-01	2024-06-01	2.67	110,000	110,000
281-3rd	2017-08-04	2024-08-04	2.62	70,000	70,000
282-3rd	2017-10-25	2024-10-25	2.86	80,000	80,000
283-1st	2018-02-27	2023-02-27	-	-	150,000
283-2nd	2018-02-27	2025-02-27	2.99	60,000	60,000
283-3rd	2018-02-27	2028-02-27	3.26	100,000	100,000
284-1st	2018-06-08	2023-06-08	-	-	170,000
284-2nd	2018-06-08	2025-06-08	3.01	60,000	60,000
284-3rd	2018-06-08	2028-06-08	3.09	100,000	100,000
285-1st	2018-09-06	2023-09-06	-	-	150,000
285-2nd	2018-09-06	2025-09-06	2.47	60,000	60,000
285-3rd	2018-09-06	2028-09-06	2.55	120,000	120,000
286-2nd	2018-11-29	2023-11-29	-	-	100,000
287-1st	2019-02-27	2024-02-27	2.17	150,000	150,000
287-2nd	2019-02-27	2026-02-27	2.23	70,000	70,000
287-3rd	2019-02-27	2029-02-27	2.35	80,000	80,000
288-1st	2019-06-04	2024-06-04	1.81	170,000	170,000
288-2nd	2019-06-04	2026-06-04	1.83	60,000	60,000
288-3rd	2019-06-04	2029-06-04	1.87	110,000	110,000
289-2nd	2019-09-20	2024-09-20	1.76	120,000	120,000
289-3rd	2019-09-20	2029-09-20	1.84	70,000	70,000
290-2nd	2019-11-28	2024-11-28	1.83	90,000	90,000
290-3rd	2019-11-28	2029-11-28	1.89	70,000	70,000
291-1st	2020-02-20	2023-02-20	-	-	70,000
291-2nd	2020-02-20	2025-02-20	1.63	160,000	160,000

15. Borrowings and bonds(cont'd)

291-3rd	2020-02-20	2027-02-20	1.70	40,000	40,000
291-4th	2020-02-20	2030-02-20	1.80	60,000	60,000
292-1st	2020-06-03	2023-06-03	-	-	110,000
292-2nd	2020-06-03	2025-06-03	1.69	120,000	120,000
292-3rd	2020-06-03	2030-06-03	1.79	50,000	50,000
293-1st	2020-09-07	2025-09-07	1.57	200,000	200,000
293-2nd	2020-09-07	2027-09-07	1.74	30,000	30,000
293-3rd	2020-09-07	2030-09-07	1.83	120,000	120,000
294-1st	2020-12-03	2025-12-03	1.61	150,000	150,000
294-2nd	2020-12-03	2030-12-03	1.93	90,000	90,000
295-1st	2021-02-24	2024-02-24	1.24	60,000	60,000
295-2nd	2021-02-24	2026-02-24	1.60	150,000	150,000
295-3rd	2021-02-24	2028-02-24	1.75	30,000	30,000
295-4th	2021-02-24	2031-02-24	2.03	80,000	80,000
296-1st	2021-06-04	2024-06-04	1.53	40,000	40,000
296-2nd	2021-06-04	2026-06-04	2.07	220,000	220,000
296-3rd	2021-06-04	2031-06-04	2.49	70,000	70,000
297-1st	2021-09-13	2024-09-13	1.87	100,000	100,000
297-2nd	2021-09-13	2026-09-13	2.09	200,000	200,000
297-3rd	2021-09-13	2031-09-13	2.28	60,000	60,000
298-1st	2021-11-05	2024-11-05	2.51	50,000	50,000
298-2nd	2021-11-05	2026-11-05	2.72	100,000	100,000
298-3rd	2021-11-05	2031-11-05	2.83	40,000	40,000
300	2019-04-26	2024-04-26	2.16	50,000	50,000
301	2020-07-03	2023-07-03	-	-	85,000
302-1st	2022-02-22	2025-02-22	3.00	220,000	220,000
302-2nd	2022-02-22	2027-02-22	3.10	120,000	120,000
302-3rd	2022-02-22	2032-02-22	3.19	50,000	50,000
303-1st	2022-06-09	2025-06-09	3.97	160,000	160,000
303-2nd	2022-06-09	2027-06-09	4.14	160,000	160,000
303-3rd	2022-06-09	2029-06-09	4.24	30,000	30,000
304-1st	2022-09-16	2024-09-13	4.64	65,000	65,000
304-2nd	2022-09-16	2025-09-16	4.71	145,000	145,000
304-3rd	2022-09-16	2027-09-16	4.85	160,000	160,000
305-1st	2022-12-08	2024-12-06	5.45	120,000	120,000
305-2nd	2022-12-08	2025-12-08	5.49	130,000	130,000
305-3rd	2022-12-08	2027-12-08	5.45	40,000	40,000
306-1st	2023-02-27	2026-02-27	4.07	160,000	-
306-2nd	2023-02-27	2028-02-27	4.20	230,000	-
307-1st	2023-05-30	2026-05-30	4.19	150,000	-
307-2nd	2023-05-30	2028-05-30	4.38	290,000	-
307-3rd	2023-05-30	2030-05-30	4.60	110,000	-
307-4th	2023-05-30	2033-05-30	4.67	50,000	-
308-1st	2023-09-11	2026-09-11	4.40	150,000	-
308-2nd	2023-09-11	2028-09-11	4.50	140,000	-
308-3rd	2023-09-11	2030-09-11	4.65	50,000	-
308-4th	2023-09-11	2033-09-11	4.81	70,000	-
309-1st	2023-12-11	2026-12-11	3.96	90,000	-
309-2nd	2023-12-11	2028-12-11	4.04	110,000	-
				<u>₩ 7,300,000</u>	<u>₩ 6,915,000</u>
Discount on bonds payable				₩ (15,187)	₩ (14,494)
Current portion				(1,494,144)	(1,214,551)
				<u>₩ 5,790,669</u>	<u>₩ 5,685,955</u>

15. Borrowings and bonds(cont'd)

(3) Long-term borrowings

Details of long-term borrowings as of December 31, 2023 and 2022 are as follows (Korean won in millions):

Description	Financial institution	Currency	Interest rate (%)	December 31, 2023	December 31, 2022
Commercial paper	SK securities	KRW	5.65 ~ 5.75	₩ 200,000	₩ 200,000
Working capital loan	Woori Bank	KRW	4.99 ~ 5.34	200,000	-
Working capital loan	KB Bank	KRW	5.19	100,000	-
				₩ 500,000	₩ 200,000
	Discount on bonds payable			(349)	(486)
	Current portion			-	-
				₩ 499,651	₩ 199,514

16. Provisions

Changes in provisions for the year ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	During the year ended December 31, 2023						
	Beginning balance	Increase	Use	Return	Ending balance	Current	Non-Current
Provision for Service warranties	₩ 1,717	₩ 1,941	₩ (923)	₩ -	₩ 2,735	₩ 2,735	₩ -
Other provisions	32,203	2,978	(3,655)	(3,656)	27,870	2,966	24,904
	₩ 33,920	₩ 4,919	₩ (4,578)	₩ (3,656)	₩ 30,605	₩ 5,701	₩ 24,904

	During the year ended December 31, 2022						
	Beginning balance	Increase	Use	Return	Ending balance	Current	Non-Current
Provision for Service warranties	₩ 1,939	₩ 1,627	₩ (1,486)	₩ (363)	₩ 1,717	₩ 1,717	₩ -
Other provisions	3,690	29,591	(620)	(458)	32,203	2,177	30,026
	₩ 5,629	₩ 31,218	₩ (2,106)	₩ (821)	₩ 33,920	₩ 3,894	₩ 30,026

The Company estimates a provision for service warranties for revenue from projects based on historical claim rates and past experiences. Meanwhile, other provisions consist of provision for restoration liabilities and provision for losses, provision for emissions. If the underlying asset must be restored to its original value after the expiration of the contract period based on the lease contract, the restoration obligation is recognized as the present value of the estimated cost of removing, dismantling, and repairing the facility. In the event that future losses are expected to be incurred with respect to an ongoing project, the Company recognized the expected loss as provision for losses immediately. The Company estimate the expected cost to be borne in the future for emissions exceeding the relevant performance year emission rights held by the company in relation to greenhouse gas and emissions and account them as emission rights provisions.

17. Retirement benefit plan

(1) Defined contribution plans

The Company partly operates a defined contribution plan for certain employees. The expenses related to the defined contributions plans recognized for the year ended December 31, 2023 and 2022, were ₩818 million, ₩290 million respectively.

(2) Details of defined benefit liabilities as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	₩ 500,917	₩ 458,961
Fair value of plan assets	(545,273)	(523,161)
	<u>₩ (44,356)</u>	<u>₩ (64,200)</u>

(3) Changes in the defined benefit liabilities (assets) for the year ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the year ended December 31, 2023		
	Present value of defined benefit obligation	Fair value of plan assets	Total
Beginning balance	₩ 458,961	₩ (523,161)	₩ (64,200)
Retirement benefits:			
Current service cost	41,444	-	41,444
Net interest cost (income)	23,249	(26,559)	(3,310)
Remeasurements:			
Return on plan assets (excluding amounts included in net interest expense)	-	10,600	10,600
Actuarial changes arising from changes in financial assumptions	44,951	-	44,951
Experience adjustment and others	(4,682)	-	(4,682)
Contributions	-	(32,500)	(32,500)
Benefit payments	(80,694)	45,711	(34,983)
Others	17,688	(19,364)	(1,676)
Ending balance	<u>₩ 500,917</u>	<u>₩ (545,273)</u>	<u>₩ (44,356)</u>
	For the year ended December 31, 2022		
	Present value of defined benefit obligation	Fair value of plan assets	Total
Beginning balance	₩ 455,119	₩ (437,310)	₩ 17,809
Retirement benefits:			
Current service cost	38,653	-	38,653
Net interest cost (income)	15,862	(16,190)	(328)
Remeasurements:			
Return on plan assets (excluding amounts included in net interest expense)	-	1,357	1,357
Actuarial changes arising from changes in financial assumptions	(39,922)	-	(39,922)
Experience adjustment and others	14,817	-	14,817
Contributions	-	(99,700)	(99,700)
Benefit payments	(34,085)	29,365	(4,720)
Others	8,517	(683)	7,834
Ending balance	<u>₩ 458,961</u>	<u>₩ (523,161)</u>	<u>₩ (64,200)</u>

17. Defined benefit liabilities (assets)(Cont'd)

(4) The components of plan assets as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash and cash equivalents	₩ 331,631	₩ 164,163
Equity instruments	-	133
Debt instruments	168,333	31,716
Short-term financial instruments and others	45,309	327,149
	<u>₩ 545,273</u>	<u>₩ 523,161</u>

(5) Principal actuarial assumptions

The principal assumptions used in actuarial calculation as of December 31, 2023 and 2022 are as follows

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate for defined benefit obligation	4.25% ~ 4.71%	5.34% ~ 5.35%
Expected rate of salary increase	3.00% ~ 6.40%	3.69% ~ 6.10%

The discount rate is calculated based on the market rate of return on blue-chip corporate bonds similar to the expected payment period of defined benefit obligations as of the end of the current term, and the future wage increase rate is calculated in consideration of the company's empirical promotion index, inflation, and wage increase rate reflecting wage agreements.

(6) If each significant acceptable insurance assumption changes within the reasonable range that may occur, the impact on defined benefit obligation as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	<u>December 31, 2023</u>	
	<u>Increase</u>	<u>Decrease</u>
Discount rate for defined benefit obligation(0.5%)	₩ (18,076)	₩ 19,376
Expected rate of salary increase(0.5%)	19,033	(17,937)
	<u>December 31, 2022</u>	
	<u>Increase</u>	<u>Decrease</u>
Discount rate for defined benefit obligation(0.5%)	₩ (18,052)	₩ 19,347
Expected rate of salary increase(0.5%)	19,218	(18,116)

The sensitivity analysis provides an approximation of the sensitivity to the assumptions used, although the variance of all cash flows expected to occur in the scheme is not taken into account.

(7) As of December 31, 2023, a reasonable estimate of user contributions expected to be paid in the next year in relation to the defined benefit plan is ₩25 million.

(8) The weighted average durations of defined benefit obligations as of December 31, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Weighted average durations of defined benefit obligations	2.105 ~ 13.687	2.042 ~ 9.373

18. Other assets and liabilities

(1) Details of other assets as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets:		
Accrued income	₩ 1,566	₩ 244
Advanced payments	28,956	7,363
Income tax receivable	-	16,620
Prepaid expenses	78,789	113,336
Short-term loans	25,824	52
Guarantee deposits	11,910	3,992
Lease receivables	36,741	35,390
Derivative financial assets	46,347	9,621
	<u>₩ 230,133</u>	<u>₩ 186,618</u>
Non-current assets:		
Long-term financial instruments	₩ 1,637	₩ 270
Long-term loans	501,132	492,643
Long-term guarantee deposits	42,239	49,077
Long-term lease receivables	230,891	251,568
Derivative financial assets	298,524	208,590
Others	127	127
	<u>₩ 1,074,550</u>	<u>₩ 1,002,275</u>

(2) Details of other liabilities as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current liabilities:		
Advances received	₩ 180,436	₩ 151,516
Withholdings	26,165	34,222
Income tax liabilities	19,178	-
Dividends payable	178	171
Leasehold deposits received	545	244
Lease liabilities	80,932	77,750
Derivative financial liabilities	807	6,093
	<u>₩ 308,241</u>	<u>₩ 269,996</u>
Non-current liabilities:		
Long-term leasehold deposits received	₩ 24,388	₩ 23,609
Long-term lease liabilities	287,077	337,610
Derivative financial liabilities	250,904	372,807
Long-term employee benefits	12,164	7,739
	<u>₩ 574,533</u>	<u>₩ 741,765</u>

19. Derivative financial assets and liabilities

(1) The Company has entered into foreign currency forward contracts to manage fluctuations in currency exchange rates relating to its loans and has entered total return swap contracts with certain of subsidiaries' common share investors and others. Details of assets and liabilities after valuation as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023			
	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Purpose of trading				
Swap contract	₩ -	₩ 298,524	₩ -	₩ 250,904
Forward contract	46,347	-	807	-
	<u>₩ 46,347</u>	<u>₩ 298,524</u>	<u>₩ 807</u>	<u>₩ 250,904</u>
	December 31, 2022			
	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Purpose of trading				
Swap contract	₩ -	₩ 208,590	₩ -	₩ 372,807
Forward contract	9,621	-	6,093	-
	<u>₩ 9,621</u>	<u>₩ 208,590</u>	<u>₩ 6,093</u>	<u>₩ 372,807</u>

(2) Details of gains and losses related to financial derivatives for the purpose of trading as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023			
	Profit or loss			
	Gain on valuation	Loss on valuation	Gain on transactions	Loss on transactions
Purpose of trading				
Swap contract	₩ 227,616	₩ (15,778)	₩ 16,340	₩ (13,415)
Forward contract	47,867	(47,055)	30,338	(43,537)
	<u>₩ 275,483</u>	<u>₩ (62,833)</u>	<u>₩ 46,678</u>	<u>₩ (56,952)</u>
	December 31, 2022			
	Profit or loss			
	Gain on valuation	Loss on valuation	Gain on transactions	Loss on transactions
Purpose of trading				
Swap contract	₩ 80,796	₩ (15,788)	₩ 6,160	₩ (28,015)
Forward contract	9,620	(6,093)	32,315	(46,549)
	<u>₩ 90,416</u>	<u>₩ (21,881)</u>	<u>₩ 38,475</u>	<u>₩ (74,564)</u>

20. Issued capital

(1) Details of issued capital as of December 31, 2023 and 2022 are as follows (Korean won in millions, except for number of shares):

	December 31, 2023	
	Common stocks	Preferred stocks (No voting rights)
Number of shares authorized for issue (in shares)	400,000,000	400,000,000
Par value per share (in won)	₩ 200	₩ 200
Number of shares issued (in shares)	73,198,329	566,135
Issued capital	₩ 16,030	₩ 113

The Company retired 6,000,000 shares of its treasury share (par value: ₩1,200 million) in 2015 and 951,000 shares of its treasury share (par value: ₩190 million) during the year ended December 31, 2023 by reducing retained earnings, which resulted in a difference between total par value of ordinary shares and issued capital.

	December 31, 2022	
	Common stocks	Preferred stocks (No voting rights)
Number of shares authorized for issue (in shares)	400,000,000	400,000,000
Par value per share (in won)	₩ 200	₩ 200
Number of shares issued (in shares)	74,149,329	566,135
Issued capital	₩ 16,030	₩ 113

(2) Changes in the number of shares issued as of December 31, 2023 and 2022 are as follows (In shares):

	December 31, 2023	
	Common stocks	Preferred stocks (No voting rights)
Beginning	74,149,329	566,135
Retirement of treasury stocks	(951,000)	-
Ending	73,198,329	566,135

	December 31, 2022	
	Common stocks	Preferred stocks (No voting rights)
Beginning	74,149,329	566,135
Retirement of treasury stocks	-	-
Ending	74,149,329	566,135

21. Other paid-in capital

(1) Details of other paid-in capital as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023	December 31, 2022
Additional paid-in capital (*1)	₩ 6,609,167	₩ 6,609,167
Treasury shares (*2)	(1,960,078)	(2,009,083)
Stock option	4,785	-
Other capital adjustments	(1,426,872)	(1,428,522)
Other capital surplus	(19,929)	(19,929)
	₩ 3,207,073	₩ 3,151,633

21. Other paid-in capital (cont'd)

(*1) During the year ended December 31, 2015, the Company repurchased treasury shares of ₩3,369,395 million from merger with the former SK Inc. which was recognized as a contra-equity account on additional paid-in capital.

(*2) As of December 31, 2023, treasury shares consist of those acquired to increase the enterprise value and to stabilize share price (7,311,175 ordinary shares), and those acquired from repurchase of shares from dissenting shareholders on business combination and shares arising from odd lot shares (11,023,237 ordinary shares and 1,787 preferred shares) during the year 2015.

(2) The changes in other paid-in capital for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023					
	Additional paid-in capital	Treasury shares	Stock option	Other capital adjustments	Other capital surplus	Total
Beginning balance	₩ 6,609,167	₩ (2,009,083)	₩ -	₩ (1,428,522)	₩ (19,929)	₩ 3,151,633
Acquisition and disposal of treasury shares	-	(51,676)	-	1,650	-	(50,026)
Retirement of treasury shares	-	100,681	-	-	-	100,681
Granting of stock option	-	-	4,785	-	-	4,785
Ending balance	<u>₩ 6,609,167</u>	<u>₩ (1,960,078)</u>	<u>₩ 4,785</u>	<u>₩ (1,426,872)</u>	<u>₩ (19,929)</u>	<u>₩ 3,207,073</u>

	December 31, 2022					
	Additional paid-in capital	Treasury shares	Stock option	Other capital adjustments(*1)	Other capital surplus	Total
Beginning balance	₩ 6,609,167	₩ (1,812,774)	₩ 6,125	₩ (1,447,807)	₩ -	₩ 3,354,711
Acquisition and disposal of treasury shares	-	(196,309)	-	19,285	-	(177,024)
Granting of stock option	-	-	193	-	-	193
Exercise of stock option	-	-	-	-	-	-
And change of condition	-	-	(6,318)	-	(19,929)	(26,247)
Ending balance	<u>₩ 6,609,167</u>	<u>₩ (2,009,083)</u>	<u>₩ -</u>	<u>₩ (1,428,522)</u>	<u>₩ (19,929)</u>	<u>₩ 3,151,633</u>

(*1) The Company decided to pay cash for the difference between the exercise value of the stock option exercised in the year ended December 31, 2023 and the actual value of the stock. Accordingly, it was determined that the Company is obligated to pay cash for the unexercised stock option and the accounting for stock options changed from equity-settled to cash-settled.

(3) Details of treasury shares as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023	December 31, 2022
Number of treasury shares(in shares)	18,336,199	18,976,607
Acquisition amount	₩ 1,960,078	₩ (2,009,083)

(4) Changes in treasury shares for the years ended December 31, 2023 and 2022 are as follows (Number of shares):

	December 31, 2023	December 31, 2022
Beginning	18,976,607	18,060,349
Acquisition	338,026	951,202
Disposal	(27,434)	(34,944)
Retirement	(951,000)	-
Ending	<u>18,336,199</u>	<u>18,976,607</u>

22. Retained earnings

(1) Details of retained earnings as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Legal reserve:		
Earned surplus reserve(*1)	₩ 8,072	₩ 8,072
Voluntary reserve:		
Reserve for business rationalization	11,122	11,122
Reserve for business improvement	51,775	51,775
Unappropriated retained earnings	<u>12,389,868</u>	<u>12,443,779</u>
	<u>₩ 12,460,837</u>	<u>₩ 12,514,748</u>

(*1) In accordance with the *Korean Commercial Code*, an amount equal to at least 10% of cash dividends is required to be appropriated as a legal reserve until the reserve equals 50% of issued capital. The legal reserve may not be used for purposes other than used to offset a deficit, if any, or be transferred to issued capital through approval at the general meeting of the shareholders.

(2) Statements of appropriation of retained earnings

The statements of appropriation of retained earnings for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	<u>For the years ended</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
I. Retained earnings before appropriation	₩ 12,389,868	₩ 12,443,779
Unappropriated retained earnings carried over from prior years	12,248,664	11,966,945
Interim dividends	(83,649)	(85,035)
Profit for the year	362,974	544,415
Remeasurement loss on defined benefit plans	(37,440)	17,454
Retirement of treasury shares	(100,681)	-
II. Transfer from voluntary reserves	-	-
III. Appropriation of retained earnings	<u>(192,819)</u>	<u>(195,115)</u>
Earned surplus reserve	-	-
Dividends	(192,819)	(195,115)
IV. Unappropriated retained earnings to be carried forward to the next year	<u>₩ 12,197,049</u>	<u>₩ 12,248,664</u>

23. Dividends

(1) Details of dividends proposed for approval at the annual ordinary shareholders' meeting for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions, except for number of shares):

	December 31, 2023	
	Ordinary share	Preferred share (No voting rights)
Number of shares issued	73,198,329	566,135
Number of treasury shares	18,679,439	1,787
Number of shares	54,518,890	564,348
Dividend per share (Korean won)	₩ 3,500	₩ 3,550
Par value per share (Korean won)	200	200
Dividend rate per share	1,750%	1,775%
Dividends	₩ 190,816	₩ 2,003

	December 31, 2022	
	Ordinary share	Preferred share (No voting rights)
Number of shares issued	74,149,329	566,135
Number of treasury shares	18,974,821	1,787
Number of shares	55,174,508	564,348
Dividend per share (Korean won)	₩ 3,500	₩ 3,550
Par value per share (Korean won)	200	200
Dividend rate per share	1,750%	1,775%
Dividends	₩ 193,112	₩ 2,003

(2) Details of Interim dividends proposed for approval at board of directors for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023	
	Ordinary share	Preferred share (No voting rights)
Number of shares issued	73,198,329	566,135
Number of treasury shares	17,996,386	1,787
Number of shares	55,201,943	564,348
Dividend per share (Korean won)	₩ 1,500	₩ 1,500
Par value per share (Korean won)	200	200
Dividend rate per share	750%	750%
Dividends	₩ 82,802	₩ 847

	December 31, 2022	
	Ordinary share	Preferred share with (No voting rights)
Number of shares issued	74,149,329	566,135
Number of treasury shares	18,023,811	1,787
Number of shares	56,125,518	564,348
Dividend per share (Korean won)	₩ 1,500	₩ 1,500
Par value per share (Korean won)	200	200
Dividend rate per share	750%	750%
Dividends	₩ 84,188	₩ 847

24. Other components of equity

(1) Details of other components of equity as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Gain on financial assets measured at FVOCI	₩ 233,993	₩ 205,275
	<u>₩ 233,993</u>	<u>₩ 205,275</u>

(2) Details of changes in other components of equity

The valuation gains and losses of financial assets measured FVOCI included in other components of equity as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Beginning balance	₩ 205,275	₩ 13,052
Gain and loss on the valuation of financial assets measured at FVOCI, before income tax	39,003	261,849
Corporate tax relating to FVOCI, included in other comprehensive income	(10,285)	(69,626)
Ending balance	<u>₩ 233,993</u>	<u>₩ 205,275</u>

25. Shared-based payment

25.1 Cash-settled share-based payment

(1) The terms and conditions related to grants of the stock options granted under the share option program as of December 31, 2023 are as follows (Korean won):

	<u>1-2(*1)</u>	<u>1-3</u>	<u>2-1</u>	<u>2-2</u>
Grant date	2017-03-24	2017-03-24	2020-03-25	2020-03-25
Type of shares to be issued	Ordinary shares			
Grant method	Reissue of treasury shares, but if the stock option's exercise price is lower than the stock's real price (evaluated based on exercise date), the Company may settle the difference in cash or with treasury share equivalent to the difference amount.			
Number of shares (in shares)	41,430	41,431	142,692	71,346
Exercise price (Korean won)	₩ 244,400	₩ 263,950	₩ 153,450	₩ 153,450
Contractual life of options	2020.03.25 ~2023.03.24	2021.03.25 ~2024.03.24	2023.03.26 ~2027.03.25	2023.03.26 ~2027.03.25
Vesting conditions	3 year service from the grant date	4 year service from the grant date	2 year service from the grant date	3 year service from the grant date
	<u>1(*2,3)</u>	<u>2(*3)</u>	<u>1(*3)</u>	<u>2(*3)</u>
Grant date	2018-03-29	2018-03-29	2020-03-31	2020-03-31
Type of shares to be issued	Ordinary shares			
Grant method	Reissue of treasury shares, but if the stock option's exercise price is lower than the stock's real price (evaluated based on exercise date), the Company may settle the difference in cash or with treasury share equivalent to the difference amount.			
Number of shares (in shares)	18,607	18,607	39,098	19,551
Exercise price (Korean won)	₩ 100,884	₩ 108,959	₩ 89,204	₩ 89,204
Contractual life of options	2020.03.29 ~2023.03.28	2021.03.29 ~2024.03.28	2023.03.31 ~2027.03.30	2023.03.31 ~2027.03.30
Vesting conditions	2 year service from the grant date	3 year service from the grant date	2 year service from the grant date	3 year service from the grant date

25. Shared-based payment (cont'd)

(*1) All options granted in wave 1-2 were fully forfeited during the year ended December 31, 2023.

(*2) All options granted in wave 1 were fully exercised during the year ended December 31, 2023.

(*3) The stock options have been transferred from SK Materials Co., Ltd.(formerly)

(2) Details of the compensation cost as of December 31, 2023 and 2022, due to the stock option program are as follows (Korean won in millions):

December 31, 2023					
Compensation costs recognized for the current period	Accumulated compensation costs recognized for the period	Residual compensation costs	Total compensation costs	Related liabilities	
₩ (2,232)	₩ 16,517	₩ -	₩ 16,517	₩	₩ 15,304
December 31, 2022					
Compensation costs recognized for the prior period	Accumulated compensation costs recognized for the period	Residual compensation costs	Total compensation costs	Related liabilities	
₩ (6,999)	₩ 18,736	₩ 1,328	₩ 20,064	₩	₩ 18,749

(3) Changes in stock options for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions and in shares):

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Stocks (in shares)	Weighted average exercise price	Stocks (in shares)	Weighted average exercise price
Beginning balance	392,762	₩ 160,508	434,191	₩ 166,785
Shares granted	-	-	-	-
Exercised	(18,607)	(100,884)	(41,429)	(226,290)
Extinguished	(41,430)	(244,400)	-	-
Ending balance	332,725	₩ 153,397	392,762	₩ 160,508
Stock Options available for exercise	291,294	137,673	309,902	135,464

(4) The assumptions and variables used in option pricing model as of December 31, 2023 are as follows:

Descriptions	December 31, 2023					
	1-3 The binomial model	2-1 The binomial model	2-2 The binomial model	2 The binomial model	1 The binomial model	2 The binomial model
Option Pricing Model						
Expected price(Closing price on the preceding day)	₩ 178,000	₩ 178,000	₩ 178,000	₩ 178,000	₩ 178,000	₩ 178,000
Risk-free interest rate	3.52%	3.14%	3.14%	3.52%	3.15%	3.15%
Expected option life	7 years	7 years	7 years	6 years	7 years	7 years
Expected volatility	25.40%	25.40%	25.40%	25.40%	25.40%	25.40%
Dividend yield	2.81%	2.81%	2.81%	2.81%	2.81%	2.81%
Exercise price	₩ 263,950	₩ 153,450	₩ 153,450	₩ 108,959	₩ 89,204	₩ 89,204
Fair value per share	₩ 4	₩ 41,167	₩ 41,167	₩ 69,041	₩ 88,796	₩ 88,796

25. Shared-based payment (cont'd)

25.2 Equity-settled share-based payments

(1) According to the resolution of the Board of directors, the company established a performance-based stock option program as part of compensation related to corporate value growth, granting performance-based stock compensation to major executives, the terms and conditions related to the grants of the stock options under the share option program are as follows:

Descriptions	December 31, 2023
Evaluation base date	December 5, 2023
Grant date	March 29, 2023
Types of shares to be issued	Ordinary shares
Grant method	Reissue of treasury shares, cash payment for specific reasons
Number of shares paid	Determined in consideration of the absolute stock price increase/decrease rate and the relative stock price increase/decrease rate (or corporate value increase/decrease rate) compared to the KOSPI200 for three years from the date of grant
Payment time	The final amount or amount of payment will be confirmed on the date of the regular shareholders' meeting in 2026, within one month after the date of resolution of the board of directors, on the premise of the approval of the agenda of the board of directors approving the payment
Vesting conditions	1 year service from January 1, 2023

(2) Details of compensation as of December 31, 2023, due to Equity-settled Share-based Payment are as follows (Korean won in millions):

December 31, 2023			
Compensation costs recognized for the current period	Accumulated compensation costs recognized for the period	Residual compensation costs	Total compensation costs
₩ 4,721	₩ 4,721	₩ -	₩ 4,721

25. Shared-based payment (cont'd)

(3) The assumption and variables used in the option pricing model for equity-settled share-based payment as of December 31, 2023 are as follows (Korean won):

Descriptions	December 31, 2023	
Option Pricing Model	The binomial model	
Initial grant amount(Korean won in millions)	₩	4,775
Weighted average stock price at the grant date	₩	171,980
Beta		1.19
Expected price(Closing price on the preceding day)	₩	168,500
Risk-free interest rate		3.49%
Expected option life		2.3years
Expected volatility		27.48%
Dividend yield		2.50%
Fair value per share	₩	126,799

In addition, the Company has entered into a Stock Grant that pays treasury stocks to employees for free apart from the above stock options. In the case of such Stock Grant, there is no requirement for vesting condition, and may not be transferred during the term of the stock. As of December 31, 2023, the recognized stock compensation costs related to the Stock Grant is ₩ 340 million.

26. Operating revenues

(1) Details of operating revenues for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the years ended	
	December 31, 2023	December 31, 2022
Revenue from contracts with customers:		
IT service (*1)	₩ 2,344,310	₩ 2,003,938
Trademark usage income	<u>329,368</u>	<u>283,026</u>
	<u>₩ 2,673,678</u>	<u>₩ 2,286,964</u>
Revenue from other sources:		
Dividend income	₩ 1,399,436	₩ 1,038,808
Rental income	<u>63,916</u>	<u>44,012</u>
	<u>₩ 1,463,352</u>	<u>₩ 1,082,820</u>
	<u>₩ 4,137,030</u>	<u>₩ 3,369,784</u>

(*1) Includes contract revenue of ₩1,610,336 million and ₩1,320,707 million recognized from the cost-based input method for the year ended December 31, 2023 and 2022 respectively.

26. Operating revenues (cont'd)

(2) Revenue from contracts with customers for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the years ended	
	December 31, 2023	December 31, 2022
Type of goods or services:		
IT service	₩ 2,344,310	₩ 2,003,938
Trademark usage income	329,368	283,026
	<u>₩ 2,673,678</u>	<u>₩ 2,286,964</u>
Geographical location:		
Korea	₩ 2,108,817	₩ 2,120,041
Asia	168,617	61,982
Europe	166,530	84,267
North America	229,714	20,674
	<u>₩ 2,673,678</u>	<u>₩ 2,286,964</u>
Timing of revenue recognition:		
Recognized at a point in time	₩ 594,463	₩ 225,310
Recognized over a period of time	2,079,215	2,061,654
	<u>₩ 2,673,678</u>	<u>₩ 2,286,964</u>

(3) Details of contract assets, contract liabilities for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023	December 31, 2022
Contract assets:		
IT service contract	₩ 181,559	₩ 175,213
	<u>₩ 181,559</u>	<u>₩ 175,213</u>
Contract liabilities:		
IT service contract	174,639	151,434
	<u>₩ 174,639</u>	<u>₩ 151,434</u>

(4) Among the balance of contract liabilities for the years initiated 2023 and 2022, the recognized revenue for the year ended 2023, 2022 are as follows (Korean won in millions):

	December 31, 2023	December 31, 2022
IT service contract	₩ 136,817	₩ 53,994
	<u>₩ 136,817</u>	<u>₩ 53,994</u>

(5) The period during which profits are expected to be generated from the above contract for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the year ended December 31, 2023						
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
IT service contract	₩ 174,639	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 174,639
	<u>₩ 174,639</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 174,639</u>
	For the year ended December 31, 2022						
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
IT service contract	₩ 151,434	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 151,434
	<u>₩ 151,434</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 151,434</u>

26. Operating revenues (cont'd)

(6) Detail of construction profit variation by changes of accounting estimates related to construction contracts as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the year ended December 31, 2023			
	Change in estimated construction revenue	Change in estimated cost	Impact on current period profit (loss)	Impact on future period profit (loss)
IT Service contracts	₩ 2,580	₩ 11,542	₩ (9,126)	₩ 164
	For the year ended December 31, 2022			
	Change in estimated construction revenue	Change in estimated cost	Impact on current period profit (loss)	Impact on future period profit (loss)
IT Service contracts	₩ 17,650	₩ 59,798	₩ (41,557)	₩ (591)

Impact on profit of current and future period has been calculated by the estimated costs based on the situations which occurred from the inception of IT service contract to current reporting period and the estimated revenue as of current reporting period. Estimated cost and revenue can be changed in the future period.

(7) Details of the construction contract where the contract revenue exceeds 5% of the preceding year's revenue under the percentage-of-completion method as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the year ended December 31, 2023						
	Contract date	Contractual completion deadline	Progress(%)	Unbilled receivable		Trade receivable (*1)	
				Total	Impairment	Total	Allowance for doubtful accounts
(US)SK On year 2022 return logistics automation construction project	2023-03-23	2025-05-31	53.03%	₩ -	₩ -	₩ 28,299	₩ -
SK On return logistics automation construction project	2022-09-05	2024-10-31	85.69%	-	-	-	-

(*1) The balance of receivable that do not include unbilled receivable.

	For the year ended December 31, 2022						
	Contract date	Contractual completion deadline	Progress(%)	Unbilled receivable		Trade receivable (*1)	
				Total	Impairment	Total	Allowance for doubtful accounts
SK On return logistics automation construction project	2022-09-05	2024-10-31	29.75%	₩ -	₩ -	₩ -	₩ -

(*1) The balance of receivable that do not include unbilled receivable.

27. Operating expenses

Details of operating expenses for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the years ended	
	December 31, 2023	December 31, 2022
Material costs	₩ 553,809	₩ 209,858
Outsourcing costs	827,208	924,404
Salaries	486,029	465,944
Provision for pension benefits	38,624	37,634
Depreciation	95,352	93,742
Amortization	13,020	21,793
Rents	4,541	5,167
Communications	20,508	21,570
Employee welfare benefits	102,475	99,912
Commissions	191,273	160,808
Education and training	35,081	37,294
Research and development	51,133	50,560
Office management	66,583	52,557
Travel	28,085	17,905
Others	72,848	61,947
	<u>₩ 2,586,569</u>	<u>₩ 2,261,095</u>

28. Finance income and costs

(1) Details of finance income for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the years ended	
	December 31, 2023	December 31, 2022
Interest income	₩ 31,500	₩ 26,637
Gain on foreign currency transactions	17,181	7,162
Gain on foreign currency translation	9,414	31,884
Gain on valuation of financial assets measured at FVTPL	32,016	14,795
Gain on valuation of derivatives	275,483	90,416
Gain on transactions of derivatives	46,678	38,475
	<u>₩ 412,272</u>	<u>₩ 209,369</u>

(2) Details of finance costs for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the years ended	
	December 31, 2023	December 31, 2022
Interest expenses	₩ 411,723	₩ 281,980
Loss on foreign currency transactions	28,102	9,348
Loss on foreign currency translation	2,341	32,146
Loss on valuation of financial assets measured at FVTPL	234,819	783,214
Loss on valuation of derivatives	62,833	21,881
Loss on transactions of derivatives	56,952	74,564
	<u>₩ 796,770</u>	<u>₩ 1,203,133</u>

29. Other non-operating income and expenses

(1) Details of other non-operating income for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the years ended	
	December 31, 2023	December 31, 2022
Gain on disposal of investments in subsidiaries and associates	₩ -	₩ 391,805
Gain on disposal of property, plant and equipment	248	3
Gain on disposal of intangible assets	16	118
Others	32,166	13,497
	<u>₩ 32,430</u>	<u>₩ 405,423</u>

(2) Details of other non-operating expenses for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the years ended	
	December 31, 2023	December 31, 2022
Loss on disposal of investments in subsidiaries and associates	₩ 769	₩ -
Loss on impairment of investments in subsidiaries and associates	720,612	2,188
Loss on disposal of property, plant and equipment	11	3
Loss on disposal of intangible assets	63	35
Loss on impairment of intangible assets	21,820	22,738
Donations	9,906	12,282
Others	6,505	35,333
	<u>₩ 759,686</u>	<u>₩ 72,579</u>

30. Income taxes

(1) Components of income tax expense for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the years ended	
	December 31, 2023	December 31, 2022
Current income tax	₩ 34,517	₩ 80,495
Tax details charged directly to the equity	(592)	14,623
Tax related to each component of other comprehensive income	3,145	(75,919)
Amount resulting from the reduction of deferred tax assets or the reversal of the reduction	38,663	(115,845)
Income tax expense	<u>₩ 75,733</u>	<u>₩ (96,646)</u>

(2) Tax details charged directly to the equity for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the years ended	
	December 31, 2023	December 31, 2022
Profit from disposal of treasury shares	₩ (592)	₩ 14,623

30. Income taxes (cont'd)

(3) Tax related to each component of other comprehensive income for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the years ended	
	December 31, 2023	December 31, 2022
Remeasurement loss on defined benefits plans	₩ 13,430	₩ (6,293)
Gain on valuation of financial assets measured at FVOCI	(14,219)	(87,204)
Loss on valuation of financial assets measured at FVOCI	3,934	17,578
	<u>₩ 3,145</u>	<u>₩ (75,919)</u>

(4) Reconciliations of profit before income tax expense at the Korea statutory tax rate to income tax expense at the effective tax rate of the Company for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the years ended	
	December 31, 2023	December 31, 2022
Profit before income tax expense	₩ 438,707	₩ 447,769
Income tax at statutory tax rate (*1)	105,457	112,775
Non-taxable revenue	(318,912)	(215,072)
Non-deductible expenses	5,443	9,820
Tax credit	(2,491)	(4,701)
Unrecognized deferred taxes	285,201	19,208
Adjustments in respect of current income tax of prior year	(9,826)	(13,110)
Other tax effects on adjustments between accounting income and tax expense (benefits)	10,861	(5,566)
Income tax expense (benefits)	<u>₩ 75,733</u>	<u>₩ (96,646)</u>
Effective tax rate (*2)	17.26%	-

(*1) The Company is subject to corporate income taxes (at the aggregate rates of 9% on taxable income of up to ₩200 million, 19% on taxable income in the range of ₩200 million to ₩20,000 million, 21% on taxable income in range of ₩20,000 million to ₩300,000 million and 24% on taxable income in excess of ₩300,000 million) and local income tax (10% of corporate income tax).

(*2) The average effective tax rate was not calculated due to the income tax benefit for the year ended December 31, 2022.

30. Income taxes (cont'd)

(5) Changes in deferred income tax assets (liabilities) for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	For the year ended December 31, 2023				
	Beginning balance	Deferred income tax expense (benefits) recognized in profit or loss	Deferred income tax related to recognized directly in equity	Tax related to each component of other comprehensive income	Ending balance
Provisions	₩ 8,251	₩ (907)	₩ -	₩ -	₩ 7,344
Investments in associates and subsidiaries	(2,673)	(6,240)	-	-	(8,913)
Advanced depreciation provision	(24,039)	399	-	-	(23,640)
Available for sale financial instruments	9,429	2,508	-	(10,285)	1,652
Depreciation	4,854	(955)	-	-	3,899
Deemed cost of land and buildings	(3,887)	15	-	-	(3,872)
Accrued bonuses and others	18,597	1,235	-	-	19,832
Net defined benefit liabilities	(32,356)	5,236	-	13,430	(13,690)
Treasury shares	187,065	(382)	(592)	-	186,091
Intangible assets	(523,223)	1,974	-	-	(521,249)
Others	91,517	(44,100)	-	-	47,417
	<u>₩ (266,465)</u>	<u>₩ (41,217)</u>	<u>₩ (592)</u>	<u>₩ 3,145</u>	<u>₩ (305,129)</u>

	For the year ended December 31, 2022				
	Beginning balance	Deferred income tax expense (benefits) recognized in profit or loss	Deferred income tax related to recognized directly in equity	Tax related to each component of other comprehensive income	Ending balance
Provisions	₩ 912	₩ 7,339	₩ -	₩ -	₩ 8,251
Investments in associates and subsidiaries	260	(2,933)	-	-	(2,673)
Advanced depreciation provision	(24,947)	908	-	-	(24,039)
Available for sale financial instruments	(103,721)	182,776	-	(69,626)	9,429
Depreciation	3,989	865	-	-	4,854
Deemed cost of land and buildings	(4,034)	147	-	-	(3,887)
Accrued bonuses and others	23,560	(4,963)	-	-	18,597
Net defined benefit liabilities	(9,323)	(16,740)	-	(6,293)	(32,356)
Treasury shares	194,545	(22,103)	14,623	-	187,065
Intangible assets	(542,968)	19,745	-	-	(523,223)
Bonds payable	(62)	62	-	-	-
Others	79,478	12,039	-	-	91,517
	<u>₩ (382,311)</u>	<u>₩ 177,142</u>	<u>₩ 14,623</u>	<u>₩ (75,919)</u>	<u>₩ (266,465)</u>

(6) Details of deductible temporary differences for which no deferred tax assets were recognized as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023	December 31, 2022
Investments in subsidiaries, associates, and others	₩ 2,307,692	₩ 1,128,218

30. Income taxes (cont'd)

(7) Temporary differences related to investment assets in subsidiaries and associates that were not recognized as deferred tax liabilities as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investments in subsidiaries, associates, and others	₩ 6,386,389	₩ 6,393,275

(8) Global Minimum Tax

In accordance with the global minimum tax law that comes into effect from 2024, the company may be required to pay additional tax corresponding to the difference between the effective tax rates of the jurisdictions each subsidiary operates in and the minimum tax rate of 15%. As the Global Minimum Tax Act will be effective in the Republic of Korea from January 1, 2024, there is no current tax effect for the year ended December 31, 2023. The company is reviewing the impact of implementation the enforcement of the global minimum tax law may have on the financial statements, and it is not possible to reliably estimate the amount as of December 31, 2023.

31. Earnings per share

31.1 Basic earnings per share

(1) Basic earnings per share for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions, except per share and weighted-average number of ordinary shares outstanding):

	<u>For the years ended</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Profit for the year	₩ 362,974	₩ 544,415
Preferred share dividends and residual profit(*1)	<u>3,704</u>	<u>5,462</u>
Profit used in basic earnings per ordinary share	₩ 359,270	₩ 538,953
Weighted-average number of ordinary shares outstanding (*2)	<u>55,157,133</u>	<u>55,974,240</u>
Basic earnings per share (in Korean won)	<u>₩ 6,514</u>	<u>₩ 9,629</u>

(*1) Preferred stocks are entitled to receive 25% above(par value basis) the cash dividend rate for common stocks.

(*2) The weighted-average number of ordinary share outstanding is calculated by multiplying the number of shares issued by the portion of the reporting period those shares covered. The treasury shares held until the disposal date, after the date of acquisition, are excluded from the number of ordinary shares outstanding.

(2) The weighted-average number of basic earnings per shares outstanding for the years ended December 31, 2023 and 2022 are as follows:

	<u>For the years ended</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Weighted-average number of issued shares outstanding	73,443,244	74,149,329
Weighted-average number of treasury shares	<u>(18,286,111)</u>	<u>(18,175,089)</u>
Weighted-average number of ordinary shares outstanding	<u>55,157,133</u>	<u>55,974,240</u>

31. Earnings per share (cont'd)

31.2 Basic earnings per preferred share

(1) Basic earnings per preferred share for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions, except per share and weighted-average number of shares):

	For the years ended	
	December 31, 2023	December 31, 2022
Preferred share dividends and residual income	₩ 3,704	₩ 5,462
Weighted-average number of shares	564,348	564,348
Basic earnings per preferred share (Korean won) (*1)	<u>₩ 6,564</u>	<u>₩ 9,679</u>

(*1) Earnings per share were calculated with respect to the preferred shares that meet the definition of a common stock as specified in the K-IFRS No. 1033 Earnings per Share, which has no such preferential rights for participating in dividends or undistributed earnings.

Preferred stocks have no potential equity instruments, so their underlying earnings per share and diluted earnings per share are the same.

31.3 Basic earnings dilution per share

(1) The details of the calculation of ordinary stock dilution per share for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions, except per share and adjusted weighted-average number of shares outstanding):

	For the years ended	
	December 31, 2023	December 31, 2022
Profit for the year	₩ 362,974	₩ 544,415
Preferred share dividends and residual income (*1)	3,704	5,462
Cash-settled stock option	1,643	4,901
Profit for the period to calculate diluted earnings per share	357,627	534,052
Adjusted weighted-average number of shares outstanding	<u>55,207,834</u>	<u>56,092,595</u>
Diluted earnings per share (Korean won)	<u>₩ 6,478</u>	<u>₩ 9,521</u>

(*1) Preferred stocks are entitled to receive 25% above (par value basis) the cash dividend rate for common stocks.

(2) Adjusted weighted-average diluted number of shares outstanding for calculating diluted earnings for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended	
	December 31, 2023	December 31, 2022
Weighted-average number of shares outstanding	55,157,133	55,974,240
Adjustment : stock options	<u>50,701</u>	<u>118,355</u>
Adjusted weighted-average number of shares outstanding	<u>55,207,834</u>	<u>56,092,595</u>

Earnings per diluted share of common stock are calculated by applying the weighted average number of circulating shares adjusted on the assumption that all diluted potential common shares have been converted to common stock.

32. Related parties

(1) The status of the Company's related parties as of December 31, 2023, are as follows:

	Related parties
Ultimate controlling party	Tae-won, Chey and related parties
Subsidiaries	SK Innovation Co., Ltd., SK Energy Co., Ltd., Netruck Co., Ltd., Jeju United FC Corporation, SK Energy Europe, Ltd., HAPPYDIDIM Co., Ltd., goodsFLOW co., Ltd., SK Energy Road Investment Co., Ltd., SK Energy Hong Kong Co.,Ltd., SK Energy International Pte. Ltd., Green & Co. Asia Ltd., SK Energy Americas, Inc., SK Energy Road Investment (HK) Co., Ltd., SK Asphalt (Shanghai) Co., Ltd., SK Terminal B.V., SK Geo Centric Co., Ltd., SK Geo Centric New Material (Zhejiang) Co., Ltd., Happymoeum Co., Ltd., ONEPOL Co., Ltd., SK Geo Centric International Trading (Shanghai) Co., Ltd., SK Innovation America, Inc., Route on Delaware, Inc., Route on Quebec Co., Ltd., Voltcycle On LLC, Blueoval SK LLC, SK Geo Centric (Beijing) Holding Co., Ltd., SK Global Chemical China Limited, SK Geo Centric Japan Co., Ltd., SK Geo Centric Singapore Pte., Ltd., SK Geo Centric Investment Hong Kong Ltd., SK GC Americas, Inc., Green & Connect Capital, Inc., SK Functional Polymer, S.A.S, SK Geo Centric International Trading (Guangzhou) Co., Ltd., Sino-Korea Green New Material (JiangSu) Ltd., Ningbo SK Performance Rubber Co., Ltd., SK Primacor Americas LLC, SK Saran Americas LLC, SK Geo Centric Brazil LTDA, Grove Energy Capital III, LLC, SK Primacor Europe, S.L.U., SK Enmove Co., Ltd., Yubase Manufacturing Asia Corporation, SK Enmove (Tianjin) Co., Ltd., SK Enmove Japan Co., Ltd., SK Enmove India Pvt. Ltd., SK Enmove Americas Inc., SK Enmove Europe B.V., Iberian LUBE BASE OILS S.A., SK Enmove Russia LLC., SK ie technology Co., Ltd., SK Hi-tech Battery Materials(Jiang Su) Co., Ltd., SK Hi-tech Battery Materials Poland Sp. Zo.o., SK On Co., Ltd., SK Mobile Energy Co., Ltd., Happy Midum Co., Ltd., SK ON(Jiangsu) CO., Ltd., SK ON(YANCHENG) CO., LTD, SK Battery America, Inc., SK ON Hungary Kft., SK Battery Manufacturing Kft., Yancheng Yandu District M Energy Consulting Limited Company, Mobile Energy Battery America, LLC., SK Earth On Co., Ltd., SK Incheon Petrochem Co., Ltd., SK Trading International Co., Ltd., Happy Kium Co., Ltd., SK Earthon Australia Pty Ltd., SK On Certification Center (Jiangsu) Co., Ltd., SK On (Shanghai) CO., Ltd., IPC First Securitization Specialty Company, SK Innovation Insurance (Bermuda), Ltd., SK USA, Inc., AUXO CAPITAL INC., AUXO CAPITAL MANAGERS LLC, SK GLOBAL DEVELOPMENT ADVISORS LLC, Tellus (HONG KONG) Investment Co., Ltd., SKY (Zhuhai Hengqin) Technology Co., Ltd., SK Ecoplant Co., Ltd., Changwon SG Energy Co., Ltd., Renewenergy Chungbuk Co., Ltd., Seosuwon Development Company, SEONGJU TECH Co., Ltd., SAMWON ENT Co., Ltd., Renewenergy Chungnam Co., Ltd., Renewenergy Saehan Co., Ltd., Renewenergy Jeonnam Co., Ltd., Renewenergy Metro Co., Ltd., Renewenergy Green Co., Ltd., Renewenergy Daewon Co., Ltd., Renewland Cheongju Co., Ltd., TES SBS (US) Holdings LLC, Soltzn, RenewOne Co., Ltd., Renewcon Daewon Co., Ltd., SK Ecoengineering Co., Ltd., Renewlogis Co., Ltd., Dongnam Offshore Windfarm Co., Ltd., Gangdong Green Complex Co., Ltd., BT FC LLC, Topsun Co., Ltd., Windenergy Co., Ltd., Gold Co., Ltd., Neujinmoksolar Co., Ltd., Janggamsolar Co., Ltd., Goisolar Co., Ltd., Chopo Solar Power Co., Ltd., Top Operation Co., Ltd., TS Energy No.24 Co., Ltd., TS Energy No.3 Co., Ltd., TS Energy No.9 Co., Ltd., Hamgumi Solar Power Co., Ltd., Gombawisolar Co., Ltd., Nickel Co., Ltd., Keumoh Energy Co., Ltd., Solar Ocean Co., Ltd., Munkyoung Solar Palm Co., Ltd., TS Energy No.5 Co., Ltd., Topsun Solar Power No.2 Co., Ltd., TS Energy No.15 Co., Ltd., Eodeumi Solar Co., Ltd., Whitenight Energy Co., Ltd., Duryu Energy Co., Ltd., Seongsosolar Co., Ltd., Shinchu Energy Co., Ltd., Soaksolar Co., Ltd., Sangjeongsolar Co., Ltd., Juseok Co., Ltd., Silver Co., Ltd., Eneman Energy Co., Ltd., Jucheol Co., Ltd., CBK Energy Co., Ltd., Shinhosolar Co., Ltd., TS Energy Co., Ltd., TS Energy No.2 Co., Ltd., TS Energy No.6 Co., Ltd., TS Energy No.10 Co., Ltd., TS Energy No.17 Co., Ltd., TS Energy No.20 Co., Ltd., TS Energy No.21 Co., Ltd., TS Energy No.29 Co., Ltd., TS Energy No.30 Co., Ltd., Sodu Energy Co., Ltd., Gaehwa Energy Co., Ltd., Dongmaesolar Co., Ltd., Gaedo Energy Co., Ltd., Bongri Energy Co., Ltd., Bunmugol Energy Co., Ltd., Naru Solar Power Co., Ltd., Nari Solar Power Co., Ltd., Chopo Energy Co., Ltd., Econovation, LLC, JIANGSU SKY NEW ENERGY CO., Ltd., TES Sustainable Battery Solutions Nordics AB, SKEC Nanjing Co., Ltd., SKEC(Thai), Ltd., Thai Woo Ree Engineering

32. Related parties (cont'd)

Subsidiaries	Related parties
	<p>Company Ltd., SKEC Anadolu, LLC, SK HOLDCO PTE. LTD., KS Investment B.V., Environment Management Corporation Co., Ltd., Seonam Environment Energy Co., Ltd., Honam Environmental Energy Co., Ltd., Chungcheong Environment Energy Co., Ltd., Gyeonggi Environment Energy Co., Ltd., Gyeongbuk Environment Energy Co., Ltd., Gyeongin Environment Energy Company, YS TEC Co., Ltd., Green Hwasun Inc., Green Sunchang Co., Ltd., Gyeongsan Clear Mulgil Co., Ltd., Dalseong Maleunmulgil Co., Ltd., Goksung Environment Co., Ltd., SK Ecoplant Americas Corporation, Mesa Verde RE Ventures, LLC., Sunlake Co., Ltd, ECOENGINEERING CANADA LTD., SKEC Consultores Ecuador, S.A., ECO FRONTIER (SINGAPORE) PTE. LTD., TES-ENVIROCORP PTE. LTD., TES CHINA HOLDINGS PTE. Ltd., TES-AMM (SINGAPORE) PTE. LTD., Total Environmental Solutions Co., Ltd., TES-AMM (H.K.) LIMITED, TES-AMM (MALAYSIA) SDN. BHD., TES-AMM (Europe) Ltd, TES-AMM AUSTRALIA PTY LTD, TES-AMM CORPORATION (CHINA) LTD, TES-AMM (BEIJING) CO., LTD, TES-AMM NEW ZEALAND LIMITED, TES-AMM (TAIWAN) CO., LTD, SHANGHAI TES-AMM WASTE PRODUCTS RECYCLE CO., LTD, TES-AMM JAPAN K.K., TES-AMM (SUZHOU) E-WASTE SOLUTIONS CO. LTD, PT. TES-AMM INDONESIA, TES-AMM (CAMBODIA) CO., Ltd., TES-AMM (GUANGZHOU) CO., LTD, Shanghai Taixiang Network Technology Co., Ltd., Advanced Datacom (Australia) Pty Ltd, Green Technology Management Pty Ltd, TES-AMM EUROPE HOLDINGS LTD, TES-AMM UK Ltd, TES-AMM Central Europe GmbH, TES-AMM SAS, TES Total Environmental Solution AB, TES-AMM ESPANA ASSET RECOVERY AND RECYCLING, S.L., TES-AMM ITALIA SRL, TES USA, INC., VSL SUPPORT LIMITED, Technology Supplies International Ltd., Goldberg Enterprises Ltd., TES CONSUMER SOLUTIONS LTD, Integrations Et Services, TES SUSTAINABLE BATTERY SOLUTIONS France, GENPLUS PTE. LTD., Redeem UK Limited, REDEEM HOLDINGS LIMITED, TES ENERGY SOLUTIONS PTE. LTD., TES SUSTAINABILITY PRODUCTS PTE. LTD., CUSTOM CONTROLLERS UK LIMITED, TES B PTE. LTD., TES ESS PTE. LTD., Envirofone Limited, TES Sustainable Battery Solutions B.V., TES Sustainable Battery Solutions GmbH, Sustainable Product Stewards Pty Ltd, CASH FOR TECH LTD, Stock Must Go Limited, TES C PTE. LTD., TES Sustainable Battery Solutions (Australia) Pty Ltd., TES Sustainable Battery Solutions Limited Liability Company, Shanghai TES-AMM Xin New Materials Co., Ltd., TES Netherlands B.V., AP Development Co., Ltd., DY Indus Co., Ltd., DY Polymer Co., Ltd., SK oceanplant Co., Ltd., SAM KANG S&C Co., Ltd., ECOPLANT HOLDING MALAYSIA SDN. BHD., Silvertown Investco Limited, Changzhou SKY New Energy Co., Ltd., SKC Co., Ltd., SK enpulse Co., Ltd., SK Pucore Co., Ltd., Woori Fine Chem Co., Ltd., SK TBMGEOSTONE Co.,Ltd, Allnewone Co., Ltd., Ecovance Co.Ltd., Ultimus Co. Ltd., ISC Co., Ltd., ISC International, INC., ISC VINA MANUFACTURING COMPANY LIMITED, ISC JAPAN R&D Center, ITMTC Co., Ltd., SMATECH INC., Prowell Co., Ltd., ISCM Co., Ltd., NEXILIS MANAGEMENT MALAYSIA SDN. BHD., SK Nexilis Poland sp.z o.o., Solmics Shanghai Co., Ltd., TECHDREAM CO. LIMITED, SE (JIANGSU) Electronic Materials Co., Ltd., SKC PU Specialty Limited, SKC-ENF Electronics Materials Ltd., SKC (Nantong) Semiconductor Materials Technology Co., Ltd., SKC (Nantong) PU Specialty Co., Ltd, SKCFTH Co., Ltd., SK Nexilis Co., Ltd., SK PIC Global Co., Ltd., SKC solmics Hong Kong Co., Ltd., SKC Semiconductor Materials (Wuxi) Co., Ltd., Solmics Taiwan Co., Ltd., SK NEXILIS MALAYSIA SDN. BHD., Absolics inc., SK Telesys Corporation, NEX INVESTMENT LIMITED, NEX UK HOLDINGS LIMITED, SK Pucore Europe sp. zo.o., SK Pucore USA Inc., SK Pucore Mexico, S. de R.L. de C.V., SK Pucore India Pvt. Ltd., SK Pucore RUS LLC, NEXILIS MANAGEMENT EUROPE B.V., SK E&S Co., Ltd., Kangwon City Gas Co., Ltd., Yeongnam Energy Service Co., Ltd., Ko-one Energy Service Co., Ltd., Busan City Gas Co., Ltd., Jeonbuk Energy Service Co., Ltd., Chonnam City Gas Co., Ltd., Chungcheong Energy Service Co., Ltd., Paju Energy Service Co., Ltd., Narae Energy Service Co., Ltd., Yeosu Energy Service Co., Ltd., Hae-ssal Solar Power Co., Ltd., Boryeong BlueHy Co.,Ltd., NEW RENEWABLE ENERGY NO.1 JSC, KCE ME 2, LLC, KCE CT 8, LLC, KCE MI 4, LLC, KCE IN 4, LLC, KCE IN 5, LLC, KCE IA 1, LLC, KCE IL 3, LLC, KCE WI 1, LLC, Ariulhaengbok Solar Co., Ltd., Busan Jungkwan Energy Co., Ltd., IGE Co., Ltd., Dangjin Haengbok Solar Co., Ltd., Busa Solar Power Co., Ltd., Prism Energy International China Limited, SK E&S Hong Kong Co., Ltd., PRISM ENERGY INTERNATIONAL PTE. LTD., PT Prism Nusantara International, PRISM ENERGY INTERNATIONAL HONG KONG LTD., Fajar Energy International Pte. Ltd, Prism Energy International Zhoushan Limited, PRISM DLNG PTE. LTD., SK E&S Australia Pty Ltd.,</p>

32. Related parties (cont'd)

	Related parties
Subsidiaries	SK E&S AMERICAS, INC., DewBlaine Energy, LLC, SK E&S Dominicana S.R.L, RNES HOLDINGS, LLC, BU12 AUSTRALIA PTY. LTD., BU13 AUSTRALIA PTY. LTD., Pnes Investments, LLC, Grid Solution, LLC, Grid Solution II, LLC, Prism Darwin Pipeline Pty. Ltd., Passkey, Inc., LNG Americas, Inc., Key Capture Energy, LLC, KCE GLOBAL HOLDINGS, LLC, KCE PF HOLDINGS 2021, LLC, KCE LAND HOLDINGS, LLC, KCE NY 1, LLC, KCE NY 2, LLC, KCE NY 3, LLC, KCE NY 5, LLC, KCE NY 6, LLC, KCE NY 8, LLC, KCE NY 10, LLC, KCE NY 11, LLC, KCE NY 14, LLC, KCE NY 18, LLC, KCE NY 19, LLC, KCE NY 21, LLC, KCE NY 22, LLC, KCE NY 26, LLC, KCE IL 1, LLC, KCE BRUSHY CREEK HOLDINGS, LLC, KCE ME 1, LLC, KCE NY 28, LLC, KCE TX 15, LLC, KCE NY 27, LLC, KCE NY 29, LLC, KCE NY 32, LLC, KCE TX 9, LLC, KCE TX 10, LLC, KCE TX 13, LLC, KCE TX 14, LLC, KCE TX 15, LLC, KCE TX 19, LLC, KCE TX 21, LLC, KCE TX 22, LLC, KCE TX 24, LLC, KCE TX 25, LLC, KCE TX 26, LLC, KCE TX 27, LLC, KCE TX 28, LLC, KCE CT 1, LLC, KCE CT 2, LLC, KCE CT 4, LLC, KCE MI 1, LLC, KCE MI 2, LLC, KCE MI 3, LLC, KCE IL 2, LLC, KCE IN 1, LLC, KCE IN 2, LLC, KCE IN 3, LLC, KCE OK 1, LLC, KCE OK 2, LLC, KCE OK 3, LLC, KCE OK 4, LLC, KCE TEXAS HOLDINGS 2020, LLC, KCE TX 2, LLC, KCE TX 7, LLC, KCE TX 8, LLC, KCE TX 11, LLC, KCE TX 12, LLC, KCE NY 30, LLC, KCE NY 31, LLC, KCE NY 34, LLC, KCE NE 1, LLC, KCE NE 2, LLC, KCE CA 1, LLC, KCE CA 2, LLC, KCE CA 3, LLC, KCE NV 1, LLC, KCE NV 2, LLC, KCE NY 35, LLC, KCE TX 30, LLC, KCE NY 36, LLC, KCE TX 31, LLC, KCE CT 11, LLC, ROUGHNECK STORAGE LLC, MOBILITY SOLUTION I INC., MOBILITY SOLUTION II INC., EVERCHARGE, INC., EVERCHARGE SERVICES, LLC, KCE CT 5, LLC, KCE CT 7, LLC, KCE CT 10, LLC, KCE MARKET OPERATIONS, LLC, LAI CCS, LLC, KCE CT 9, LLC, KCE PF Holdings 2022, LLC, KCE MA 4, LLC, KCE ID 1, LLC, KCE ID 2, LLC, KCE ID 3, LLC, KCE TX 29, LLC, KCE CA 4, LLC, KCE CA 5, LLC, KCE CA 6, LLC, KCE CA 7, LLC, KCE NV 3, LLC, KCE IL 4, LLC, KCE NY 37, LLC, KCE MN 1, LLC, KCE NY 38, LLC, KCE MI 5, LLC, ArkN, LLC, Ark1, LLC, KCE IL 5, LLC, KCE IL 6, LLC, KCE NY 40, LLC, KCE MN 3, LLC, KCE AR 1, LLC, KCE MI 7, LLC, KCE OK 5, LLC, KCE OK 6, LLC, SK Biopharmaceuticals Co., Ltd., SK Biotek Co., Ltd., SK Siltron Co., Ltd., SK Tri Chem Co., Ltd., Happyfilling Co., Ltd., SK SILTRON SHANGHAI CO., LTD., Hweechan Co., Ltd., Haengbokdonghaeng Co., Ltd., SK Materials Performance Co., Ltd., SK Materials Group14 (Shanghai) Co., Ltd., SK Pinx Co., Ltd., SK REIT Co., Ltd., Clean Energy REITs Co., Ltd., SK REITs Management Co., Ltd., Clean Industrial Reit Co., Ltd., SKF&NHIS Timor Holdings Ltd., SK Power-tech Co., Ltd., Teraon Co., Ltd., SK Signet Inc., SK Bio-Pharma Tech (Shanghai) Co., Ltd., SK China Company, Ltd., SK (China) Enterprise Management Co., Ltd., SKY Enterprise Management Co., Ltd., SK Property Investment Management Company Limited, SK China Investment Management Company Limited, SK INTERNATIONAL AGRO-PRODUCTS LOGISTICS DEVELOPMENT CO.,LIMITED, Beijing LIZHIWEIXIN Technology Company Limited, Solaris Partners Pte. Ltd., Solaris GEIF Investment, SK Jinzhou International Agro-Sideline Products Park Co., Ltd., SK Jinhzhou real estate development Co., Ltd., SKYLINE AUTO FINANCIAL LEASING CO.,LIMITED, Tianjin SK Car Rental Co., Ltd., SK Investment Management Co., Ltd, SK Materials(Shanghai) Co., Ltd., SK Semiconductor Investments Co., Limited, Hua Lei Holdings Pte. Ltd., Golden Pearl EV Solutions Limited, I CUBE CAPITAL HONG KONG 1. LP LIMITED, SK Mobility Investments Company Limited, SK Siltron Japan, Inc, SK Resonac Corporation, SK materials JNC Co., Ltd., SK Japan Investment Inc., Gemini Partners Pte. Ltd., SK SOUTH EAST ASIA INVESTMENT PTE. LTD., SK INVESTMENT VINA I PTE. LTD., SK INVESTMENT VINA II PTE. LTD., SK INVESTMENT VINA III PTE. LTD., Socar Mobility Malaysia, Sdn. Bhd., IMEXPHARM CORPORATION, PT Future Mobility Solutions, Future Mobility Solutions Sdn. Bhd., LINH NAM VENTURES JSC, LIEN KHUONG ITN'L JSC, DONG KINH CAPITAL JSC, LAC SON INVESTMENT JSC, CONG THANG ALPHA JSC, EASTERN VISION INVESTMENT JSC, TRUONG LUU CHI INVEST JSC, AN NAM PHU INVESTMENT JSC, ZION SON KIM JSC, SK INVESTMENT VINA IV PTE. LTD., SK MALAYSIA INVESTMENT I PTE. LTD., MSN INVESTMENT PTE. Ltd., SK Life Science, Inc., SK GI Management, SK MENA Investment B.V., SK Latin Americas S.A., PLUTUS CAPITAL NY, INC., SK Pharmteco Inc., ABRASAX INVESTMENT INC., SK Siltron America, Inc, Atlas NY LLC, Halio, Inc., Kinestral Technology Taiwan Inc., SK

32. Related parties (cont'd)

	Related parties
Subsidiaries	BIOTEK IRELAND LIMITED, Fine Chemicals Holdings Corp., AMPAC Fine Chemicals, LLC, AMPAC Fine Chemicals Texas, LLC, AMPAC Fine Chemicals Virginia, LLC, SK SILTRON USA, INC., SK SILTRON CSS, LLC, SK Siltron CSS Korea Co., Ltd., EINSTEIN CAYMAN LIMITED, Tellus Investment Partners, Inc., I CUBE CAPITAL INC, Primero Protein LLC, Terra Investment Partners LLC, SK C&C USA, INC., Grove Energy Capital LLC, Creest Acquisition LLC, SK Life Science Labs, Inc., Grove Energy Capital II, LLC, Castanea Biosciences Inc., SK SIGNET AMERICA INC., SK SIGNET MANUFACTURING TEXAS LLC, SK innovation outpost Corporation, Freedom Circle Capital, INC, Montague ESG Capital, LLC, Hudson Energy NY, LLC, Hudson Energy NY II, LLC, Hudson Energy NY III LLC, YPOSKESI, SAS, Saturn Agriculture Investment Co., Limited, SK Forest Co., Ltd., SK materials airplus Incorporated., Energy Solution Holdings Inc., Ackerton Partners Co., Ltd., Ackerton Technology Service Co., Ltd., SK C&C Beijing Co., Ltd., SK C&C Chengdu Co., Ltd., SK C&C India Pvt. Ltd., SK S.E.ASIA Pte. Ltd., ESSENCORE Limited, S&G Technology, Essencore (Shenzhed) Limited, Essencore Pte. Ltd., GigaX Europe kft., SK JNC Japan Co., Ltd., SK MATERIALS JAPAN, INC., SK materials Group14 Co., Ltd., Tillandsia, Inc., EVERTECH ENTERPRISE CO., LTD., Chamaedorea, Inc., Areca, Inc., 8Rivers Europe Ltd., 8Rivers Services, LLC, Broadwing Company C, LLC, Broadwing Holdings, LLC, Coyote Clean Power, LLC, Coyote Company C, LLC, Coyote Power Holdings, LLC, Crossbill Clean Energy Ltd., Meadowlark Company C, LLC, Meadowlark Energy , LLC, Meadowlark Energy HoldCo, LLC, Meadowlark Holdings, LLC, NPEH, LLC, ParkIntuit, LLC, Zero Degrees Crossbill Dev. Ltd., Zero Degrees International, Inc., Zero Degrees Rosella Pty. Ltd., Zero Degrees Whitetail 1, Ltd., Zero Degrees Whitetail Dev. Ltd., Zero Degrees, LLC, Cormorant Clean Energy, LLC, 8 Rivers Capital LLC, SK Auto Service Hong Kong Limited, SKY Property Management Ltd, SK Industrial Development China Co., Ltd., SK China Real Estate Co., Limited, Shanghai SKY Real Estate Development Co., Ltd, SK Technology Innovation Company, SK INVESTMENT VINA V PTE. Ltd., SK INVESTMENT VINA VI PTE. LTD, Digital Center Capital Inc., Martis Capital, LLC, KBA Investment Joint Stock Company, SUNRISE KIM INVESTMENT JOINT STOCK COMPANY, Grove Energy Capital IV, LLC, Energy Solution Group, Inc., Skyline Mobility, Inc, Atom Power, Inc., Atom Online, LLC, Atom Power Group, LLC., Atom Solid State Technologies, LLC, Atom technology, LLC, Terra Investment Partners II, LLC, Total Value 1 REIT Co., Ltd., SK Specialty Co., Ltd., SK Specialty Taiwan Co., Ltd., SK Specialty Jiangsu Co., Ltd., SK Specialty (Xian) Co., Ltd., SK Specialty Japan Co., Ltd., SK Networks Co., Ltd., SK Networks Service Co., Ltd., SK Rent-A-car Service Co., Ltd., SK Magic Co., Ltd., SK Magic Service Co., Ltd., MINTIT Co., Ltd., SK Rent-a-Car Co., Ltd., Cartini Co., Ltd., EN-CORE Co., Ltd., SK Networks (China) Holdings Co., Ltd., SK Networks (Shanghai) Co., Ltd., SK Networks (Dandong) Energy Co., Ltd., POSK(Pinghu) Steel Processing Center Co., Ltd., Shenyang SK Bus Terminal Co., Ltd., SK Networks Hong Kong Limited, SK Networks (Liaoning) Logistics Co., Ltd, SK Networks (Xiamen) Steel Processing Center Co., Ltd., SK Networks Japan Co., Ltd., SK MAGIC RETAILS MALAYSIA SDN. BHD, SK Magic Vietnam company limited, MINTIT VINA, SK Networks America Inc., Hico Capital LLC, SK Networks Deutschland GmbH, SK Networks Resources Pty Limited, Networks Tejarat Pars, SK BRASIL LTDA, SK Networks Resources Australia (Wyong) Pty Ltd., SK Telecom Co., Ltd., SK Telink Co., Ltd., SK Communications Co., Ltd., SK Broadband Co. Ltd., PS&Marketing Corp., Serviceace Co., Ltd., Service Top Co., Ltd., SK O&S Co., Ltd., SK telecom Japan Inc., SK Telecom China(Holding) Co., Ltd., SK Telecom Americas Inc., YTK Investment Ltd., Atlas Investment, Ltd., Quantum Innovation Private Equity Joint Venture, Sapeon Korea Inc., SAPEON Inc., SK stoa Co., Ltd., Happy Hanool Co., Ltd., FSK L&S(Jiangsu) Co., Ltd., SK Planet Japan, K. K., SK Telecom Innovation Fund, L.P., SK Telecom China Fund I L.P., Media S Co., Ltd., SK GLOBAL HEALTHCARE BUSINESS GROUP LTD., Home&Service Co., Ltd., Pansia Semiconductor Materials LLC, SK Square Co., Ltd., SK M&Service Co., Ltd., Global AI Platform Corporation, Global AI Platform Corporation Korea Co., Ltd, Eleven Street Co., Ltd., FSK L&S Co., Ltd., Incross Co., Ltd., Tmap Mobility Co., Ltd., SK Square Americas, Inc., Rock Media, One store Co., Ltd., SK Planet Co., Ltd., Dreamus Company Co., Ltd., SK Planet, Inc., SCODYS PTE. LTD, YLP Co., Ltd., Good Service Co., Ltd., Studio Dolphin Co., Ltd., SK Planet Global Holdings Pte. Ltd., Seoul Airbus Co., Ltd., ONESTORE GLOBAL PTE.LTD., Solution Co., Ltd., LOGISOFT.CO.LTD, Iriver Enterprise Ltd., TGC Square Pte. Ltd, Iriver CHINA CO., LTD., DongGuan Iriver Electronics Co.,Ltd., id Quantique SA, LIFE DESIGN

32. Related parties (cont'd)

	Related parties
Subsidiaries	COMPANY INC., FSK L&S (Hungary) Kft, FSK L&S VIETNAM COMPANY LIMITED, Id Quantique SA, ID Quantique Limited, UK, ID Quantique Inc, USA, Infracommunications Co., Ltd., Mindknock Co.,Ltd., id Quantique Europe GmbH, Alice und Bob Privatstiftung, FSK L&S USA, INC., One Store International Holding B.V., FSK L&S (Shanghai) Co., Ltd., 11street China Co., Ltd., Center For Breakthrough Medicines Holdings, LLC, Center For Breakthrough Medicines, LLC, ECOVANCE VIETNAM COMPANY LIMITED
Associates	Standigm Inc., PUMP Co., Ltd., 9352-7281 Quebec Inc., Visible Patient S.A.S., Belstar Superfreeze Holdings, LLC, Hummingbird Bioscience Holdings Pte., Ltd., Todo Works Corp., The Wave Talk, Inc., DSK EV Investment Limited., SMCORE Inc., THIRA-UTECH Co., Ltd., ACRYL Inc., Cloocus Co., Ltd., TWO LINE CODE Inc., FSK Holdings Co., Ltd., Wave City Co., Ltd., Daehan Kanggun BcN Co., Ltd., Swift Navigation, Inc., TBU Inc., A4x Inc., Superblock Co., Ltd., Soft berry Inc., VantAI Holdings, Inc., Team Blackbird, Inc., LTCAM Co., Ltd.
Other related parties (*1)	SK Hynix Inc., SK Gas Co., Ltd., SK Chemicals Co., Ltd., Daehan Oil Pipeline Co., Ltd., Ulsan Aromatics Co., Ltd., Korea Nexlene Company, SK Materials Renewtech Co., Ltd., PT. Patra SK, BLOOM SK FUEL CELL, LLC, ENCORED TECHNOLOGIES, INC., SK Telesys, Co., Ltd., SKC Hi-Tech & Marketing Ltd., SKC Europe GmbH, Ubins Co., Ltd., SK Advanced Co., Ltd., Dangjin eco power corporation, Jeonnam Offshore Wind Power Co., Ltd., SK Gas International Pte. Ltd., SK Discovery Co., Ltd., SK D&D Co., Ltd., SK BIOSCIENCE Co., Ltd., SK Plasma Co., Ltd., HAPPYNARAE Co., Ltd., SK Electlink Co., Ltd., Key Foundry Co., Ltd., F&U Credit Information, Konan Technology Incorporation, SK Hystec Inc., SK Hyeng Inc., SK Hynix Semiconductor (China) Ltd., SK Hynix semiconductor(Chongqing) Ltd., SK Hynix (Wuxi) Semiconductor Sales Ltd., SK Hynix Happiness (Wuxi) Hospital Management Ltd., SK Hynix system ic (wuxi) Co., Ltd., Huizhou EVE United Energy Co., Ltd, SK Hynix America Inc., SK Hynix system ic Inc., Content Wavve Corp., Happymore Inc., SK multi utility Co., Ltd., SkyHigh Memory Limited, SK TBMGEOSTONE Co., Ltd., CAPSTEC Co., Ltd. and others

(*1) Not designated as disclosure of related parties as defined in paragraph 9 of K-IFRS No. 1024, but includes the entity designated as related parties based on the resolution made by the Securities and Futures Commission that conglomerate affiliates designated by the Fair Trade Commission are related parties based on the substance of relation as regulated by paragraph 10 of K-IFRS No. 1024.

32. Related parties (cont'd)

(2) Details of significant financial transactions with the related parties for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	Company name	December 31, 2023	
		Sales and others (*1)	Purchase and others (*2)
Subsidiary	SK Innovation Co., Ltd.	₩ 69,594	₩ 7,312
	SK Energy Co., Ltd.	114,320	26
	SK Geo Centric Co., Ltd.	43,151	-
	SK Incheon Petrochem Co., Ltd.	25,981	-
	SK Enmove Co., Ltd.	14,000	-
	SK On Co., Ltd.	97,583	-
	SK On Hungary Kft.	145,250	-
	SK On(YANCHENG) Co., Ltd.	139,863	-
	SK Mobile Energy Co., Ltd.	338	98
	SK USA, Inc.	34	3,495
	SK Ecoplant Co., Ltd.	46,021	38
	SKC Co., Ltd.	21,222	-
	SK E&S Co., Ltd.	511,333	-
	SK Telecom Co., Ltd.	630,523	12,975
	SK Broadband Co., Ltd.	107,077	8,096
	SK Planet Co., Ltd.	14,538	194
	SK Square Co., Ltd.	5,380	-
	SK Networks Co., Ltd.	38,374	4,996
	SK Magic Co., Ltd.	14,388	247
	SK Specialty Co., Ltd.	158,046	863
	SK Tri Chem Co., Ltd.	46,396	95
	SK Siltron Co., Ltd.	29,003	-
	SK Pinx Co., Ltd.	322	3,964
	SK REIT Co., Ltd.	24,518	42,357
	SK Materials airplus Inc.	303,653	-
	SK Pharmteco Inc.	466	-
	SK C&C Beijing Co., Ltd.	6,203	10,212
	SK C&C USA, Inc.	219,462	6
	Others	193,602	16,331
	Associates	THIRA-UTECH Co., Ltd.	-
SMCore Inc.		530	111,178
CLOOCUS Co., Ltd.		-	26,169
TWO LINE CODE Inc.		-	1,603
Others		2	5
Other	SK hynix Inc.	327,039	15,242
Other related parties (*3)	SK Gas Co., Ltd.	19,332	-
	SK Chemicals Co., Ltd.	7,670	-
	SK Shieldus Co., Ltd.	14,781	18,645
	Others	64,784	5,946
		<u>₩ 3,454,779</u>	<u>₩ 292,846</u>

(*1) Consists of dividends income received from subsidiaries and others, trademark usage income, rental income and others.

(*2) Consists of rental expenses, outsourcing costs and others.

(*3) Although, not designated as related parties as defined in paragraph 9 of K-IFRS No. 1024, the entity is designated as related parties based on the resolution made by the Securities and Futures Commission that conglomerate affiliates designated by the Fair Trade Commission are related parties based on the substance of relation as regulated by paragraph 10 of K-IFRS No. 1024.

32. Related parties (cont'd)

		December 31, 2022	
Subsidiary	Company name	Sales and others (*1)	Purchase and others (*2)
	SK Innovation Co., Ltd.	₩ 72,890	₩ 8,245
	SK Energy Co., Ltd.	88,320	-
	SK Geo Centric Co., Ltd.	37,570	-
	SK Incheon Petrochem Co., Ltd.	19,448	-
	SK Enmove Co., Ltd.	12,314	-
	SK On Co., Ltd.	77,655	243
	SK On Hungary Kft.	67,889	-
	SK On(YANCHENG) Co., Ltd.	26,690	-
	SK Mobile Energy Co., Ltd.	304	2,949
	SK USA, Inc.	49	2,966
	SK Ecoplant Co., Ltd.	41,591	39
	SKC Co., Ltd.	28,865	-
	SK E&S Co., Ltd.	286,649	-
	SK Telecom Co., Ltd.	639,977	13,551
	SK Broadband Co., Ltd.	103,356	8,324
	SK Planet Co., Ltd.	15,047	473
	SK Square Co., Ltd.	4,971	-
	SK Networks Co., Ltd.	46,377	43,257
	SK Magic Co., Ltd.	29,575	206
	SK Specialty Co., Ltd.	8,855	488
	SK Tri Chem Co., Ltd.	72,297	119
	SK Siltron Co., Ltd.	28,968	-
	SK Pinx Co., Ltd.	2,086	4,173
	SK REIT Co., Ltd.	22,071	40,825
	SK Materials airplus Inc.	212,309	-
	SK Pharmteco Inc.	463	-
	SK S.E.Asia Pte. Ltd	146,225	-
	SK C&C Beijing Co., Ltd.	4,601	10,031
	SK C&C USA, Inc.	17,783	36
	Others	164,609	12,402
Associates	THiRA-UTECH Co., Ltd.	-	6,936
	SMCore Inc.	429	21,376
	Others	2	30
Other	SK hynix Inc.	474,834	14,695
Other related parties (*3)	SK Gas Co., Ltd.	16,079	-
	SK Chemicals Co., Ltd.	7,474	-
	SK Shieldus Co., Ltd.	14,677	17,851
	Others	41,439	7,921
		<u>₩ 2,834,738</u>	<u>₩ 217,136</u>

(*1) Consists of dividends income received from subsidiaries and others, trademark usage income, rental income and others.

(*2) Consists of rental expenses, outsourcing costs and others.

(*3) Although, not designated as related parties as defined in paragraph 9 of K-IFRS No. 1024, the entity is designated as related parties based on the resolution made by the Securities and Futures Commission that conglomerate affiliates designated by the Fair Trade Commission are related parties based on the substance of relation as regulated by paragraph 10 of K-IFRS No. 1024.

32. Related parties (cont'd)

(3) Details of outstanding balances of receivables and payables with the related parties as of December 31, 2023 and 2022 are as follows (Korean won in millions):

Subsidiary	Company name	December 31, 2023	
		Receivables and others	Payables and others
	SK Innovation Co., Ltd.	₩ 287,751	₩ 29,052
	SK Energy Co., Ltd.	10,947	95
	SK Geo Centric Co., Ltd.	10,892	1
	SK Incheon Petrochem Co., Ltd.	2,255	288
	SK Enmove Co., Ltd.	2,398	267
	SK On Co., Ltd.	26,853	14,352
	SK Mobile Energy Co., Ltd.	10	46
	SK On Hungary Kft.	12,311	8,580
	SK On(YANCHENG) Co., Ltd.	20,246	20,074
	SK USA, Inc.	-	542
	Plutus Capital NY, Inc.	501,058	-
	SK Ecoplant Co., Ltd.	8,292	2,826
	SKC Co., Ltd.	2,699	8
	SK E&S Co., Ltd.	3,737	-
	SK Pinx Co., Ltd.	38	27
	SK REIT Co., Ltd.	26,823	291,514
	SK C&C Beijing Co., Ltd.	601	1,210
	SK C&C USA, Inc.	76,950	56,587
	SK Networks Co., Ltd.	4,079	120
	SK Magic Co., Ltd.	3,110	600
	SK Telecom Co., Ltd.	88,263	6,609
	SK Broadband Co., Ltd.	24,845	2,910
	SK Planet Co., Ltd.	2,720	67
	SK Square Co., Ltd.	2,115	-
	SK Specialty Co., Ltd.	1,292	3,159
	SK Materials airplus Inc.	399	171
	SK Pharmteco Inc.	-	-
	SK Tri Chem Co., Ltd.	288	179
	SK Siltron Co., Ltd.	8,700	11
	Others	74,488	23,693
Associates	THIRA-UTECH Co., Ltd.	-	66
	SMCore Inc.	173	2,925
	TWO LINE CODE Inc.	-	131
Other	SK hynix Inc.	114,881	23,263
Other related parties (*1)	SK Gas Co., Ltd.	2,725	497
	SK Chemicals Co., Ltd.	3,491	632
	SK Shieldus Co., Ltd.	23,111	4,282
	Others	12,195	2,109
		₩ 1,360,736	₩ 496,893

(*1) Although, not designated as related parties as defined in paragraph 9 of K-IFRS No. 1024, the entity is designated as related parties based on the resolution made by the Securities and Futures Commission that conglomerate affiliates designated by the Fair Trade Commission are related parties based on the substance of relation as regulated by paragraph 10 of K-IFRS No. 1024.

32. Related parties (cont'd)

	Company name	December 31, 2022		
		Receivables and others	Payables and others	
Subsidiary	SK Innovation Co., Ltd.	₩ 298,756	₩ 30,220	
	SK Energy Co., Ltd.	9,662	285	
	SK Geo Centric Co., Ltd.	7,862	28	
	SK Incheon Petrochem Co., Ltd.	2,107	49	
	SK Enmove Co., Ltd.	1,103	437	
	SK On Co., Ltd.	21,519	6,526	
	SK Mobile Energy Co., Ltd.	10	7	
	SK On Hungary Kft.	12,647	11,033	
	SK On(YANCHENG) Co., Ltd.	38,738	31,044	
	SK USA, Inc.	14	837	
	Plutus Capital NY, Inc.	492,346	-	
	SK Ecoplant Co., Ltd.	7,456	3	
	SKC Co., Ltd.	4,129	106	
	SK E&S Co., Ltd.	3,572	457	
	SK Pinx Co., Ltd.	30	15	
	SK REIT Co., Ltd.	26,130	323,638	
	SK C&C Beijing Co., Ltd.	322	986	
	SK C&C USA, Inc.	9,243	1,722	
	SK Networks Co., Ltd.	4,551	1,237	
	SK Magic Co., Ltd.	34,285	8,675	
	SK Telecom Co., Ltd.	79,967	16,640	
	SK Broadband Co., Ltd.	30,096	1,917	
	SK Planet Co., Ltd.	2,420	177	
	SK Square Co., Ltd.	404	2	
	SK Specialty Co., Ltd.	2,274	2,005	
	SK Materials airplus Inc.	2,118	935	
	SK Pharmteco Inc.	1	-	
	SK Tri Chem Co., Ltd.	302	245	
	SK Siltron Co., Ltd.	9,685	72	
	Others	61,407	17,672	
	Associates	THiRA-UTECH Co., Ltd.	-	336
		SMCore Inc.	179	5,440
	Other	SK hynix Inc.	194,001	51,786
Other related parties (*1)	SK Gas Co., Ltd.	1,305	79	
	SK Chemicals Co., Ltd.	2,489	49	
	SK Shieldus Co., Ltd.	19,499	2,271	
	Others	11,417	2,874	
		<u>₩ 1,392,046</u>	<u>₩ 519,805</u>	

(*1) Although, not designated as related parties as defined in paragraph 9 of K-IFRS No. 1024, the entity is designated as related parties based on the resolution made by the Securities and Futures Commission that conglomerate affiliates designated by the Fair Trade Commission are related parties based on the substance of relation as regulated by paragraph 10 of K-IFRS No. 1024.

32. Related parties (cont'd)

(4) Details of dividends received with related parties for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	Company name	December 31, 2023	December 31, 2022
Subsidiary	SK Innovation Co., Ltd.	₩ 105,674	₩ -
	SK Telecom Co., Ltd.	218,019	272,524
	SK Networks Co., Ltd.	11,657	11,657
	SK Ecoplant Co., Ltd.	9,419	9,419
	SKC Co., Ltd.	16,929	16,929
	SK E&S Co., Ltd.	481,597	261,011
	SK Tri Chem Co., Ltd.	45,500	71,500
	SK Materials airplus Inc.	300,002	210,032
	SK Resonac Corporation	10,200	10,196
	SK REIT Co., Ltd.	25,102	24,271
	SK Specialty Co., Ltd.	150,000	-
	SK C&C Beijing Co., Ltd.	4,960	3,153
	SK S.E.Asia Pte. Ltd	-	146,225
	Associates	DSK EV Investment Ltd.	-
	SMCore Inc.	373	266
Other related parties	SK materials renewtech Co., Ltd.	20,000	1,600

(5) Details of the loan with related parties for the years ended December 31, 2023 is as follows (foreign currencies in thousands):

		December 31, 2023						
	Company name	Division	Currency	Beginning balance	Loan	Collection	Other	Ending balance
Subsidiaries	Socar Mobility Malaysia, Sdn. Bhd	Short-term loans	USD	-	20,000	-	-	20,000
Subsidiaries	Plutus Capital NY, Inc.	Long-term loans	USD	388,500	-	-	-	388,500

(6) Detail of significant transactions with related parties in relation to the investments for the year ended December 31, 2023 and 2022 are as follows (Korean won in millions, USD, JPY in thousands):

	Company name	Currency	Transactions	December 31, 2023	December 31, 2022
Subsidiary	SK Innovation Co., Ltd.	KRW	Share capital increase	393,942	-
	SK REIT Co., Ltd.	KRW	Share capital increase	12,760	36,140
	SK Pharmteco Inc.	USD	Share capital increase	-	150,000
	Tellus Investment Partners, Inc.	USD	Share capital increase	-	34,282
	Auxo Capital Inc.	USD	Share capital increase	3,500	10,350
	Plutus Capital NY Inc. (*1)	USD	Share capital increase	72,380	50,980
	SK Japan Investment, Inc.	JPY	Share capital increase	-	10,000,000
	Energy Solution Group, Inc.	USD	Share capital increase	19,500	-
	Energy Solution Holdings Inc.	USD	Share capital increase	-	15,000
	Tillandsia, Inc.	USD	Share capital increase	50,000	-
	Castanea Biosciences Inc.	USD	Share capital decrease	17,400	-
	SK Life Science Labs, Inc. (Formerly, ProteoVant Sciences, Inc.)	USD	Share capital decrease	6,000	-
	I Cube Capital, Inc.	USD	Share capital increase	766	9,099
	Digital Center Capital Inc.	USD	Share capital increase	-	2,023
	Ackerton Partners Co., Ltd.	KRW	Share capital increase	1,300	-
	SK Powertech Co., Ltd.	KRW	Share capital increase	-	64,000
	Associates	PUMP Co., Ltd.	KRW	Share capital increase	-
	DSK EV Investment Ltd.	KRW	Share capital increase	-	12

(*1) During the year ended December 31, 2022, Plutus Capital NY II Inc. merged with Plutus Capital NY, Inc.

32. Related parties (cont'd)

(7) Compensation for key management personnel of the Company for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Salaries	₩ 12,576	₩ 16,797
Provision for pension benefits	4,205	5,893
Share-based payment expenses	2,350	(4,295)
	<u>₩ 19,131</u>	<u>₩ 18,395</u>

33. Assets held for sale

(1) Outline

As the Company decided to sell all of its shares in ESR Cayman Limited, it classified the shares as assets to be sold, and measured them as the smaller of the net fair value and the book value after deducting the additional cost of the sale.

As the company decided to sell the entire stake of Socar Co., Ltd., it classified the stake as an asset to be sold, and measured it as the smaller of the net fair value and the book value after deducting the additional cost of the sale from the fair value.

(2) Details of assets held for sale as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	<u>December 31, 2023</u>
Assets held for sale:	
Investment securities (*1)	₩ 174,725
Investment in associates (*2)	90,436
	<u>₩ 265,161</u>

(*1) As of the end of the current year the book value includes ₩86,245 million in valuation loss on the investment securities.

(*2) As of the end of the current year the book value includes ₩18,869 million in impairment loss.

	<u>December 31, 2022</u>
Assets held for sale:	
Investment securities (*1)	₩ 260,970

(*1) The Company decided to sell ESR Cayman Limited., which is investment stock of an affiliated company held in the previous year. It sold part of its shares in the previous year, and is also considering selling the remaining shares. As of December 31, 2022, the book value includes ₩131,675 million in valuation loss on the investment securities.

34. Cash flow

(1) Costs and revenues without the inflow and outflow of cash for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the years ended	
	December 31, 2023	December 31, 2022
Provision for pension benefits	₩ 38,134	₩ 38,325
Depreciation	100,514	94,680
Amortization	31,089	36,620
Bad debt expenses (reversal)	(1,815)	(2,802)
Provisions transferred in	4,919	3,448
Interest expenses	411,723	281,980
Loss on foreign currency translation	2,341	32,146
Loss on valuation of financial assets measured at FVTPL	234,819	783,214
Loss on valuation of derivative instruments	62,833	21,881
Loss on disposal of investments in subsidiaries, associates and joint ventures	769	-
Loss on impairment of investments in subsidiaries, associates and joint ventures	720,612	2,188
Loss on disposal of property, plant and equipment	11	3
Loss on disposal of intangible assets	63	35
Loss on impairment of intangible assets	21,820	22,738
Share-based payment expenses (reversal)	2,828	(6,659)
Income tax expense (benefits)	75,733	(96,646)
Dividends income	(1,404,961)	(1,038,808)
Interest income	(31,500)	(26,637)
Gain on foreign currency translation	(9,414)	(31,884)
Gain on disposal of investments in subsidiaries, associates and joint ventures	-	(391,805)
Gain on valuation of financial assets measured at FVTPL	(32,016)	(14,795)
Gain on valuation of derivative instruments	(275,483)	(90,416)
Gain on disposal of property, plant and equipment	(248)	(3)
Gain on disposal of intangible assets	(16)	(118)
Others	(483)	663
	₩ (47,728)	₩ (382,652)

(2) Changes in assets and liabilities due to operating activities for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the years ended	
	December 31, 2023	December 31, 2022
Trade receivables	₩ 56,265	₩ (172,918)
Other receivables	(2,431)	5,131
Inventories	19	43
Accrued income	-	660
Advanced payments	(21,595)	(1,735)
Lease receivables	37,316	36,309
Prepaid expenses	(8,186)	4,290
Trade payables	1,123	13,777
Advances received	28,920	82,384
Withholdings	(8,054)	2,830
Other payables	(54,131)	(15,281)
Accrued expenses	67,056	1,355
Provision	(4,993)	(2,869)
Defined benefit obligation	(35,209)	(25,568)
Plan assets	(6,153)	(71,018)
Others	64,702	22,968
	₩ 114,649	₩ (119,642)

34. Cash flow (cont'd)

(3) Important investment and financial activities that do not involve the use of cash and cash equivalents for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the years ended	
	December 31, 2023	December 31, 2022
Transfer of long-term bonds payable to current-portion	₩ 1,493,814	₩ 1,214,454
Transfer of loans to non-current portion	(116)	460,830
Transfer of investments in associates to investments securities	-	460,321
Transfer of investments in associates and joint ventures to subsidiaries	-	26,977
Transfer to investments in associates by exercising of convertible bonds	-	46,496
Decrease(increase) in other payables regarding the acquisition of property, plant and equipment	6,466	116

(4) Details of major changes in liabilities arising from financing activities for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the years ended December 31, 2023				
	Beginning balance	Financial cash flow	Non-cash transactions		Ending balance
			New lease	Others	
Short-term borrowings	₩ 3,774,050	₩ (467,850)	₩ -	₩ -	₩ 3,306,200
Long-term borrowings	199,515	300,000	-	136	499,651
Bonds	6,900,506	378,731	-	5,576	7,284,813
Lease liabilities	415,360	(70,327)	12,395	10,582	368,010
Deposit for rent	23,853	551	-	529	24,933
Dividends payable	171	(278,764)	-	278,771	178
	<u>₩ 11,313,455</u>	<u>₩ (137,659)</u>	<u>₩ 12,395</u>	<u>₩ 295,594</u>	<u>₩ 11,483,785</u>

	For the years ended December 31, 2022				
	Beginning balance	Financial cash flow	Non-cash transactions		Ending balance
			New lease	Others	
Short-term borrowings	₩ 2,652,000	₩ 1,096,845	₩ -	₩ 25,205	₩ 3,774,050
Long-term borrowings	-	199,492	-	23	199,515
Bonds	6,720,900	174,486	-	5,120	6,900,506
Lease liabilities	429,144	(64,633)	42,913	7,936	415,360
Deposit for rent	24,154	22	-	(323)	23,853
Dividends payable	163	(453,321)	-	453,329	171
	<u>₩ 9,826,361</u>	<u>₩ 952,891</u>	<u>₩ 42,913</u>	<u>₩ 491,290</u>	<u>₩ 11,313,455</u>

35. Commitments and contingencies

(1) The agreements concluded with financial institutions as of December 31, 2023 and 2022 are as follows (Korean won in millions, and foreign currency in thousands):

December 31, 2023				
Financial institutions	Type	Currency	Commitments amount	Unused amount
KEB Hana Bank	General loan	KRW	200,000	-
	Limit loan	KRW	116,000	116,000
	Credit bond loan	KRW	30,050	30,050
	Bank overdraft	KRW	5,000	5,000
	Guarantee of foreign currency payment	USD	15,000	15,000
	Issuance of L/C	USD	4,000	4,000
Shinhan Bank	Note acceptance agreement	KRW	100,000	100,000
	Note discount	KRW	20,000	20,000
	Limit loan	KRW	470,000	455,000
	Guarantee of foreign currency payment	USD	2,000	2,000
	Issuance of L/C	USD	10,000	10,000
	Credit bond loan	KRW	20,000	14,500
NH Bank	Limit loan	KRW	170,000	170,000
Woori Bank	Limit loan	KRW	270,000	270,000
	Accounts receivables Secured by accounts	KRW	880	880
KB Bank	Limit loan	KRW	300,000	270,000
	Bank overdraft	KRW	20,000	20,000
IBK Bank	Limit loan	KRW	10,000	10,000
Korea Development Bank	Limit loan	KRW	10,000	10,000
Jeonbuk Bank	Limit loan	KRW	20,000	20,000
Bank of China	Limit loan	KRW	30,000	30,000
	General loan	KRW	50,000	-
Industrial and commercial bank of China	Limit loan	KRW	100,000	100,000
China Everbright Bank	General loan	KRW	40,000	-
Credit Agricole	Limit loan	USD	50,000	50,000
Corporate & Investment Bank	General loan	USD	100,000	-

December 31, 2022				
Financial institutions	Type	Currency	Commitments amount	Unused amount
Industrial and commercial bank of China	General loan	KRW	100,000	100,000
KEB Hana Bank	General loan	KRW	216,000	116,000
	Credit bond loan	KRW	30,000	30,000
	Bank overdraft	KRW	5,000	5,000
	Guarantee of foreign currency payment and others	USD	19,000	6,149
	Line of credit	USD	10,000	10,000
Shinhan Bank	General loan	KRW	300,000	300,000
	Guarantee of foreign currency payment	USD	2,000	2,000
	Note discount	KRW	90,000	90,000
NH Bank	General loan	KRW	115,000	109,000
Woori Bank	General loan	KRW	270,000	270,000
KB Bank	General loan	KRW	320,000	320,000
Standardchartered Bank	General loan	KRW	200,000	-
IBK Bank	General loan	KRW	10,000	10,000
Korea Development Bank	General loan	KRW	10,000	10,000
Mitsubishi Bank	General loan	KRW	30,000	30,000
Credit Agricole	Foreign currency limit loan	USD	150,000	-
Corporate & Investmet Bank				
Bank of China	General loan	KRW	80,000	15,000

35. Commitments and contingencies (cont'd)

(2) Pending litigation

There is no major pending litigation as of December 31, 2023.

(3) The notes and checks that the Company is providing as of December 31, 2023 are as follows (Korean won in millions):

	<u>Numbers</u>	<u>Amount</u>
Blank checks	7	₩ -
Blank notes	10	-

(4) Guarantees and collateral details provided by third parties as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	<u>Currency</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Seoul Guarantee Insurance	KRW	14,022	23,553
Korea Software Financial Cooperative	KRW	585,609	529,372

(5) Significant commitments

- 1) SK Innovation Co., Ltd., SK Energy Co., Ltd., SK Geo Centric Co., Ltd., SK Enmove Co., Ltd., SK Incheon Petrochem Co., Ltd., SK Trading International Co., Ltd., SK ie technology Co., Ltd., SK On Co., Ltd. and SK Earth On Co., Ltd. are collectively responsible for any obligations arising before the spin-off and split-off on July 1, 2007. The Company and SK Biopharmaceuticals Co., Ltd. are collectively responsible for any obligations that occurred before the spin-off on April 1, 2011. The former SK Materials Co., Ltd. is jointly responsible for any obligations before the split-off, with SK Specialty Co., Ltd., which was physically divided as of December 1, 2021.
- 2) The Company has signed a lease contract for the head office building from SK REIT Co., Ltd. The lease contract period under this lease contract is until July 5, 2026, and the company has the option of extending the lease contract by five years before the end of the contract. On the other hand, the company has been granted preferential purchase rights for lessor to purchase the building at fair prices when it is sold.
- 3) The Company has signed IT outsourcing and IT System Maintenance contracts with SK Group affiliates to maintain, develop IT system and supply hardware.
- 4) The Company signed a sales contract with Gyeonggi-do on May 31, 2011 for urban support facilities in Pangyo Housing Development District. The total contract amount of the contract is ₩82,964 million, and the Group 's land contract according to the share ratio (54.9%) is ₩45,536 million. Meanwhile, the building was completed and registered for the preservation of ownership in August 2014, and the transfer of purpose land and buildings is restricted to third parties for 10 years from the time of registration of the preservation of ownership.

35. Commitments and contingencies (cont'd)

- 5) The Company has total return swap contracts in regards to SK Shipping Co., Ltd.'s issuance of ordinary shares and sale of existing shares, and details are as follows:

Description	Subscription of new shares	Sale of existing shares
Investor	Special Situation 1 st Fund and others	Corporate Turnaround 1 st Fund
Number of shares	6,548,672	4,808,259
Contract date	March 30, 2022	March 30, 2022
Expiry date	April 13, 2027	May 11, 2027
Settlement	The Company and the investors settle the amount that deducts the issue price from the net selling price in cash. If the amount is positive, the investor shall pay to the Company, and if the amount is negative, the Company shall pay to the investor. In case where the sale is not complete, the selling price of the shares is considered to be "0".	
Premium	The Company shall pay to the investors the amount equivalent to 3.899% of the total shares held by investors every 3-months. When the investor receives dividends on the shares held, the amount shall be paid to the Company.	
Call option	On every first year between the end of the investment and the expiration date, the Company may request the purchase of the contract amount of ordinary shares held by the investor plus a certain level of additional charges.	

- 6) The Company entered into total return swap contracts with ordinary share investors of SK Siltron Co., Ltd., one of the subsidiaries, and details are as follows:

Description	Total return swap contracts
Investor	Warmachine Sixth Co., Ltd. and others
Number of shares	13,140,440
Contract date	August 16, 2022
Expiry date	August 30, 2027
Settlement	The Company and the investors settle the amount that deducts the issue price from the net selling price in cash. If the amount is positive, the investor shall pay to the Company, and if the amount is negative, the Company shall pay to the investor. In case where the sale is not complete, the selling price of the shares is considered to be "0".
Premium	The Company shall pay 0.5% of the initial contract amount within 5 operating days from the effective date of contract and shall pay to the investors the amount equivalent to 4.948% of the total shares held by investors on a three-month basis. When the investor receives dividends on the shares held, the amount shall be paid to the Company.
Call option	On a three-month basis from the effective date of contract ("the quarterly payment day"), the Company has the right to purchase the shares held by the investors at the initial contract price of the ordinary shares with certain level of additional charges.

35. Commitments and contingencies (cont'd)

- 7) The Company entered into total return swap contracts with ordinary share investors of SK E&S Co., Ltd., one of the subsidiaries, and The details are as follows:

Description	Total return swap contracts
Investor	MD Prime 1st Co., Ltd. and others
Number of shares	4,640,199
Contract date	November 04, 2022
Expiry date	November 16, 2027
Settlement	The Company and the investors settle the amount that deducts the issue price from the net selling price in cash. If the amount is positive, the investor shall pay to the Company, and if the amount is negative, the Company shall pay to the investor. In case where the sale is not complete, the selling price of the shares is considered to be "0".
Premium	At the date when three months passed after the last premium payment date or the effective date ("premium payment date") during the period from the effective date to the expiration date of this Agreement, the Company shall pay the remaining contract amount of the remaining shares multiplied by the TRS Premium (rate of return on final asking price of 91-day Transferable Certificate of Deposit (CD) plus 1.80% of annual rate). On the other hand, if an investor receives dividends or other receivables from holding the target stock, the relevant amount must be paid to the Company.
Call option	On each premium payment date (every three months from the effective date of this contract), the Company may claim all remaining underlying assets (ordinary shares that SK E&S issued and an investor purchased from the Company) to the remaining contract amount of the underlying assets plus the call option exercise fee, securities exchange tax, and special tax for rural development.

- 8) LNG Americas, Inc., a subsidiary, is scheduled to be provided with liquefaction service for 20 years from FLNG Liquefaction 3, LLC, which plans to operate natural gas liquefaction plants in Texas starting from 2020. As of December 31, 2023, SK E&S Co., Ltd., a subsidiary, is responsible for performance guarantee in case of LNG Americas, Inc.'s inability to make payments for service or for claims against breach of obligation. In regard to this, the Company provides performance guarantee for SK E&S Co., Ltd.'s guarantee.
- 9) The Company entered into a cash deficiency support agreement with Hudson Energy NY, LLC, a subsidiary of Plutus Capital NY, Inc., to lend funds for the shortfall of payment for loans and credit limit of USD 236,000 thousand.
- 10) The Company entered into a cash deficiency support agreement with Abrasax Investment Inc., a subsidiary of SK Pharmteco Inc., which is a subsidiary of the Company, to lend funds for the shortfall of payment for loans and credit of up to USD 315,000 thousand.
- 11) The Company has entered into an agreement between shareholders with Resonac Holdings Corporation in relation to the investment in subsidiary SK Resonac Co., Ltd., and Resonac Holdings Corporation has the right to sell 630,000 shares (15%) of SK Resonac Co., Ltd. at ₩5,000 per share in the event of a specific case of this agreement.
- 12) The Company has entered into an agreement with certain shareholders of SK Signet Inc., a subsidiary, in which the shareholders can sell their shares to the Company at ₩50,000 per share when certain conditions are met.

36. Deposits restricted for the use

(1) Deposits restricted for the use as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Reason for restriction</u>
Short-term & Long-term financial instruments	₩ 14,517	₩ 13,150	Refund guarantee and others
Long-term investment securities (Equity investment of Korea Software Financial Cooperation)	2,479	2,417	Refund guarantee and others
Long-term financial instruments	20	20	Collateral for bank overdraft

37. Financial risk management

(1) Outline

The principal financial liabilities of the Company comprise borrowings, bonds payable, trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Company. Further, the Company has various financial assets, including trade and other receivables that are directly related to its operations.

The Company's financial assets and liabilities are exposed to mainly credit risk, liquidity risk and market risk. The Company's key management is responsible for the Company's financial risk-taking activities, and that such activities are governed by appropriate policies and procedures.

(2) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

(2.1) The carrying amount of financial assets measured at amortized cost, represents the maximum exposure to credit risk. The maximum exposures to credit risk as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets measured at FVTPL	₩ 481,417	₩ 526,949
Financial assets measured at amortized cost	1,390,629	1,392,123
	<u>₩ 1,872,046</u>	<u>₩ 1,919,072</u>

(*1) Equity products are excluded from the table above because they are not related to credit risk, and refer to the separate notes for payment guarantee details.

(2.2) The changes in the loss allowance as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	<u>For the years ended December 31, 2023</u>				
	<u>Beginning balance</u>	<u>Impairment</u>	<u>Write-off</u>	<u>Others</u>	<u>Ending balance</u>
Trade receivables	₩ 600	₩ 7	₩ -	₩ (244)	₩ 363
Other receivables	1,563	-	-	(1,563)	-
	<u>₩ 2,163</u>	<u>₩ 7</u>	<u>₩ -</u>	<u>₩ (1,807)</u>	<u>₩ 363</u>

37. Financial risk management (cont'd)

	For the years ended December 31, 2022					Ending balance
	Beginning balance	Impairment	Write-off	Others		
Trade receivables	₩ 1,272	₩ -	₩ (672)	₩ -	₩ -	₩ 600
Other receivables	4,012	-	(2,449)	-	-	1,563
	<u>₩ 5,284</u>	<u>₩ -</u>	<u>₩ (3,121)</u>	<u>₩ -</u>	<u>₩ -</u>	<u>2,163</u>

(2.3) The details of overdue or impaired financial assets as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023							Total
	Normal receivables (non-past due and unimpaired bonds)	Past due but unimpaired bonds				Individual impaired bonds	-	
		Less than one month	One~three months	Three~six months	More than six months			
Trade receivables	₩ 603,174	₩ 38,407	₩ 2,477	₩ 252	₩ 1,131	₩ 363	₩ 645,804	
Other receivables	854,536	-	-	-	-	-	854,536	
Total	<u>₩ 1,457,710</u>	<u>₩ 38,407</u>	<u>₩ 2,477</u>	<u>₩ 252</u>	<u>₩ 1,131</u>	<u>₩ 363</u>	<u>₩ 1,500,340</u>	

	December 31, 2022							Total
	Normal receivables (non-past due and unimpaired bonds)	Past due but unimpaired bonds				Individual impaired bonds	-	
		Less than one month	One~three months	Three~six months	More than six months			
Trade receivables	₩ 671,045	₩ 25,761	₩ 5,045	₩ 443	₩ 169	₩ 600	₩ 703,063	
Other receivables	834,357	-	-	-	-	1,563	835,920	
Total	<u>₩ 1,505,402</u>	<u>₩ 25,761</u>	<u>₩ 5,045</u>	<u>₩ 443</u>	<u>₩ 169</u>	<u>₩ 2,163</u>	<u>₩ 1,538,938</u>	

Meanwhile, our subsidiaries Plutus Capital NY, Inc. and SK Pharmtecho Inc. have entered cash deficiency support agreement with financial institutions for their respective subsidiaries, and the Company is exposed to credit risk due to these agreements. As of the end of the current term and the previous term, the maximum exposure to the Company's credit risk is USD 551,000 thousands due to these agreements (see 35. Commitments and contingencies).

(3) Liquidity risk

Liquidity risk refers to the risk that the Company may default on the contractual obligations that become due. The Company manages its risk to a shortage of funds using a recurring liquidity planning tool.

The contractual maturity of financial liabilities (including interest payments) as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023					Total
	Less than 3 months	3 ~ 12 months	1 ~ 5 years	More than 5 years		
Borrowings	₩ 1,776,440	₩ 1,599,387	₩ 506,916	₩ -	₩ -	₩ 3,882,743
Bonds	484,851	1,214,412	4,865,874	1,443,798	-	8,008,935
Financial derivatives liabilities	27	780	250,904	-	-	251,711
Trade payables	125,799	-	-	-	-	125,799
Lease liabilities	20,260	60,671	203,568	115,443	-	399,942
Other liabilities	117,039	723	196	24,191	-	142,149
	<u>₩ 2,524,416</u>	<u>₩ 2,875,973</u>	<u>₩ 5,827,458</u>	<u>₩ 1,583,432</u>	<u>₩ -</u>	<u>₩ 12,811,279</u>

37. Financial risk management (cont'd)

	December 31, 2022					Total
	Less than 3 months	3 ~ 12 months	1 ~ 5 years	More than 5 years		
Borrowings	₩ 1,579,941	₩ 2,246,744	₩ 200,000	₩ -	₩ 4,026,685	
Bonds	414,057	965,561	4,702,939	1,388,355	7,470,912	
Financial derivatives liabilities	97	5,996	372,807	-	378,900	
Trade payables	127,074	-	-	-	127,074	
Lease liabilities	19,469	59,812	223,831	154,705	457,817	
Other liabilities	168,042	82,531	7,712	15,898	274,182	
	<u>₩ 2,308,680</u>	<u>₩ 3,360,644</u>	<u>₩ 5,507,289</u>	<u>₩ 1,558,957</u>	<u>₩ 12,735,570</u>	

(4) Market risk

Market risk is the fluctuating risk in fair value of the financial instruments caused by the changes in market price. Market risk consists of currency risk, interest rate risk, and other price risks.

(4.1) Foreign currency risk

Foreign currency risk is the risk that the fair value of a financial instrument will fluctuate because of changes in foreign exchange rates. The exposure to the risk of changes in foreign exchange rates relates primarily to selling and purchasing. The Company measured its foreign currency risk due to fluctuations in the Korean Won exchange rate periodically.

The details of significant monetary assets and liabilities denominated in foreign currencies as of December 31, 2023 and 2022 are as follows (Korean won in millions, and USD, EUR and Others in thousands):

	Currency	December 31, 2023		December 31, 2022	
		Korea won equivalent	Foreign currencies	Korea won equivalent	Foreign currencies
Assets	USD	₩ 612,899	475,337	₩ 538,666	₩ 425,050
	JPY	168	18,421	157	16,462
	CNY	22,132	122,387	46,696	257,364
	EUR	2,703	1,895	2,891	2,139
	Others	381		4	
Liabilities	USD	₩ 18,304	14,196	₩ 571,886	₩ 451,263
	JPY	-	-	1	102
	CNY	1,148	6,350	892	4,916
	EUR	191	134	3	3
	Others	1		-	

37. Financial risk management (cont'd)

Should the exchange rate of the aforementioned currencies fluctuate by 10%, the effects on capital would be as follows (Korean won in millions):

Currency	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
USD	₩ 43,762	₩ (43,762)	₩ (2,445)	₩ 2,445
JPY	12	(12)	11	(11)
CNY	1,544	(1,544)	3,371	(3,371)
EUR	185	(185)	213	(213)
Others	28	(28)	-	-

(4.2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company's risk hedging activities are evaluated periodically in order to consider the status of interest rates and degree of risk aversion and fulfill optimal risk hedging strategies.

Key assets and liabilities exposed to interest rate risk as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	For the year ended December 31, 2023		
	Interest rate type	Interest rate	Amount
Short-term borrowings	Variable	CD+1.3% ~ CD+1.5%	₩ 236,000
Long-term borrowings	Variable	CD+1.79% MOR+1.44%	₩ 200,000
	For the year ended December 31, 2022		
	Interest rate type	Interest rate	Amount
Borrowings	Variable	CD+1.20% ~ CD+1.43%	₩ 257,730

All other variables are constant and fluctuate by 1%p in interest rate, the effects on income before income tax expense as of December 31, 2023 and 2022 are as follows (Korean won in millions)

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase (decrease) in income before tax expense	₩ (2,360)	₩ 2,360	₩ (2,577)	₩ 2,577

(4.3) Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices other than from interest rate risk and foreign currency risk.

37. Financial risk management (cont'd)

(5) Capital management

The fundamental goal of capital risk management is to maintain a solid financial structure. In addition, as the Company is a holding company, it should maintain a debt ratio of less than 200% under Article 18 of the *Monopoly Regulations and Fair Trade Law*. The debt ratio is calculated as total liabilities divided by total equity.

The Company's debt ratio as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	December 31, 2023		December 31, 2022	
Total liabilities	₩	12,720,870	₩	12,563,449
Total equity		15,918,046		15,887,799
Debt ratio		79.91%		79.08%

38. Greenhouse Gas Emissions and Emissions Liabilities

(1) As of December 31, 2023, the quantity of free allocation emission rights for each year of implementation in the third planned period (2021-2025) is as follows (in tCO₂-eq)

	2021	2022	2023	2024	2025	Total
Free-allocated emission rights (*1)	74,400	94,069	258	255	255	169,237

(*1) Presents the amount of free-allocated emission right granted initially plus the amount granted additionally less the amount cancelled.

(2) Changes in the quantity of emission rights held for the purpose of performing obligations and the carrying amount as of December 31, 2023 and 2022 are as follows (in tCO₂-eq and Korean won in millions):

	For the year ended December 31, 2023							
	2021		2022		2023		2024 ~ 2025	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Beginning balance	258	₩ -	-	₩ -	-	₩ -	-	₩ -
Carried forward from prior year	-	-	-	-	34	1	-	-
Allocated for free	74,142	-	94,069	-	258	-	510	-
Purchase (disposal)	11,703	243	15,170	200	-	-	-	-
Submission	(86,103)	(243)	(109,205)	(199)	-	-	-	-
Carried forward to subsequent year	-	-	(34)	(1)	-	-	-	-
Ending balance	-	-	-	-	292	1	510	-

	For the year ended December 31, 2023			
	Total			
	Quantity		Book value	
Beginning balance	258	₩	-	-
Carried forward from prior year	34		-	1
Allocated for free	168,979		-	-
Purchase (disposal)	26,873		443	-
Submission	(195,308)		(432)	-
Carried forward to subsequent year	(34)		(1)	-
Ending balance	802		1	-

	For the year ended December 31, 2022							
	2021		2022		2023 ~ 2025		Total	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Beginning balance	258	₩	258	₩	768	₩	1,284	₩
Allocated for free	74,142	-	94,031	-	-	-	168,173	-
Purchase (disposal)	11,703	243	-	-	-	-	11,703	243
Submission	(86,103)	(243)	-	-	-	-	(86,103)	(243)
Ending balance	-	-	94,289	-	768	-	95,057	-

Meanwhile, as of the end of the current term, there are no emission rights provided as collateral and no emission rights held for gains on trading.

38. Greenhouse Gas Emissions and Emissions Liabilities (cont'd)

(3) The details of changes in emission liabilities for the year ended December 31, 2023 and 2022 are as follows (Korean won in millions):

Segments	For the year ended December 31, 2023	For the year ended December 31, 2022
Beginning balance	₩ 237	₩ -
Transferred	125	237
Returned	(199)	-
Ending balance (*1)	163	237

(*1) Emissions liabilities are included in current provisions.

Meanwhile, the estimated amount of greenhouse gas emissions for the year ended December 31, 2023 is 131,736 tons (tCO₂-eq).

39. Subsequent events

At the board of directors meeting on August 29, 2023, the Company decided to sell 5,872,450 shares of Socar Co., Ltd., an affiliated enterprise investment stock. 2,936,225 shares of the first transaction will be sold for KRW 66,065 million as of February 16, 2024. In addition, 2,936,225 shares of the second transaction are being sold for ₩66,065 million to ₩80,159 million.

Notice to Readers

This report is annexed in relation to the audit of the separate financial statements as of December 31, 2023 and the audit of internal accounting control system pursuant to Article 8-7 of the Act on External Audit for Joint-stock Companies of the Republic of Korea.

Independent Auditor's Report on Internal Control over Financial Reporting

Based on a report originally issued in Korean

**To the Shareholders and Board of Directors of
SK Inc.**

Opinion on Internal Control over Financial Reporting

We have audited SK Inc.'s (the "Company") internal control over financial reporting ("ICFR") as of December 31, 2023 based on the criteria established in the Conceptual Framework for Designing and Operating ICFR ("ICFR Design and Operation Framework") issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea (the "ICFR Committee").

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on ICFR Design and Operation Framework.

We also have audited, in accordance with Korean Standards on Auditing (KSAs), the separate financial statements of the Company, which comprise the separate statement of financial position as of December 31, 2023, the separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policy information and other explanatory information, and our report dated March 12, 2024 expressed an unmodified opinion on those separate financial statements.

Basis for Opinion on Internal Control over Financial Reporting

We conducted our audit in accordance with KSAs. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Internal Control over Financial Reporting* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the internal control over financial reporting in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Internal Control over Financial Reporting

The Company's management is responsible for designing, operating and maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting.

Those charged with governance are responsible for overseeing the Company's internal control over financial reporting.

Auditors' Responsibilities for the Audit of the Internal Control over Financial Reporting

Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We conducted our audit in accordance with KSAs. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.



Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of separate financial statements for external purposes in accordance with Korean International Financial Reporting Standards ("K-IFRS"). A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of separate financial statements in accordance with K-IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the separate financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect material misstatements in the separate financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditors' report is Se Hong Choi.

KPMG Samjong Accounting Corp.

Seoul, Korea
March 12, 2024

This report is effective as of March 12, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the internal control over financial reporting. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Management's Report on the Effectiveness of Internal Control over Financial Reporting

To the Shareholders, Board of Directors, and Audit Committee of SK Inc.

We, as the Chief Executive Officer and the Internal Accounting Manager of SK Inc. ("the Company"), assessed operating status of the Company's Internal Control over Financial Reporting ("ICFR") for the year ending December 31, 2023.

Design and operation of ICFR is the responsibility of the Company's management, including the Chief Executive Officer and the Internal Accounting Manager. We evaluated whether the Company effectively designed and operated its ICFR to prevent and detect errors or frauds which may cause a misstatement in financial statements to ensure preparation and disclosure of reliable financial information.

We used the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting' established by the Operating Committee of Internal Control over Financial Reporting in Korea ("the ICFR Committee") as the criteria for design and operation of the Company's ICFR. And we conducted an evaluation of ICFR based on the 'Best Practice Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting' established by the ICFR Committee.

Based on our assessment, we concluded that the Company's ICFR is designed and operated effectively as of December 31, 2023, in all material respects, in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

March 4, 2024

Dong-Hyun Jang
Chief Executive Officer



Juhwan Lim
Internal Accounting Manager