

SK D&D Co., Ltd. and Subsidiaries

**Consolidated Financial Statements
As of and for the Years Ended
December 31, 2023 and 2022, and
Independent Auditor's Report**

SK D&D Co., Ltd.

SK D&D Co., Ltd. and Subsidiaries
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As of and for the Years Ended December 31, 2023 and 2022

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Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and the Shareholders of
SK D&D Co., Ltd.

Report on the Audited Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of SK D&D Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, all expressed in Korean won, for the year then ended, and notes to consolidated financial statements, including material accounting policy information.

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

Basis for Audit Opinion

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the 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 audit opinion.

Key Audit Matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a consolidated opinion on these matters.

(1) Revenue recognition based on input method

Reason why the matter was determined to be a Key Audit Matter

As described in Note 5 (Contract costs) and Note 16 (Construction contracts) to the consolidated financial statements, the Group recognized the contract revenue and contract cost associated with construction contracts as the revenue and cost of sales from sale of housing and the revenue and cost of sales from construction, respectively,

based on the percentage of completion of contract activities at the end of reporting period. Meanwhile, the percentage of completion of the contract may be determined in various ways, but the Group measured the percentage of completion by reference to the proportion of the actual contract costs incurred to the costs to complete the contract.

The Group recognized the revenue from three projects in total, including Think Factory, in accordance with the input method. Revenue using this input method, which accounts for 32.2% of the total revenue of the Group, amounts to ₩154,590 million.

If the method of measuring the percentage of completion using the input method cannot reliably measure the Group's performance, there would be a risk that the revenue and cost of sales from sale of housing and the revenue and cost of sales from construction may be misstated. Therefore, we selected revenue recognition based on input method as a key audit matter.

How our audit addressed the Key Audit Matter

We have performed the following audit procedures to address the Key Audit Matter:

- Confirmed the appropriateness of accounting policies on revenue recognition and obtained an understanding of internal control through review of contract documents by project and standards.
- Inquired about the current progress status and significant changes of main projects at the end of reporting period, performed analytical procedures, analyzed the projects that have significant differences, and obtained relevant evidence, if necessary.
- Compared and determined whether the estimated total contract cost used in calculating the construction percentage of completion of the project is consistent with the estimated total contract cost of the construction contract with the construction group.
- Identified the cause of change and reviewed the relevant documents for the project that has a significant change in the estimated cost. Confirmed that only contract cost that reflects the construction performed is included in the cumulative incurred cost and compared and verified relevant evidence of significant incurred cost.
- Recalculated the percentage of completion for construction calculated by the Group.

Other Matter

The consolidated financial statements as of and for the year ended December 31, 2022, were audited by another auditor who expressed an unqualified opinion on March 10, 2023.

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

Management is responsible for the preparation of the accompanying consolidated financial statements in accordance with K-IFRSs, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management of the Group is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative, but to do so.

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

Auditor's Responsibilities for the Audits of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Korean Standards on Auditing 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Deloitte.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 to 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 auditor's report is Dong-hyun Lee.

Deloitte Idnjin LLC

Seoul, Korea

March 15, 2024

This report is effective as of March 15, 2024, the auditor's report date. Certain subsequent events or circumstances, which may occur between the auditor's report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the auditor's report should understand that there is a possibility that the above auditor's report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

SK D&D Co., Ltd. and Subsidiaries
Consolidated Statements of Financial Position
As of December 31, 2023 and 2022

<i>(In Korean won)</i>	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Assets			
Current assets			
Cash and cash equivalents	3,35	₩ 191,224,060,041	₩ 208,423,466,634
Short-term financial instruments	3,9,34	146,005,968,700	68,413,339,879
Short-term loans	3,9,25,35	21,067,422,100	11,339,922,100
Current portion of long-term loans	3,9,25,35	6,060,868,932	2,983,492,000
Trade and other receivables	3,4,15,25,35	52,914,485,525	53,435,811,113
Contract assets	16	153,359,220	-
Inventories	6,24	1,007,689,348,289	848,089,076,443
Contract cost	5	8,258,471,314	11,552,867,566
Current tax assets	31	84,316,467	133,600
Other current financial assets	3,7,35	3,637,750,959	212,192,722
Other current assets	8	88,916,448,075	70,450,830,809
Derivative assets	3,22,24,34,35	13,238,681,186	1,021,954,619
Firm contract assets	22,24	51,491,861	58,736,783
Non-current assets held for sale	14	3,976,630,475	3,976,630,475
		<u>1,543,279,303,144</u>	<u>1,279,958,454,743</u>
Non-current assets			
Trade and other receivables	3,4,15,25,35	490,205,085	1,593,894,489
Long-term financial instruments	3,9,35	72,967,164,647	39,566,486,229
Long-term investment assets	3,9,34	51,760,133,103	74,287,780,928
Investments in joint ventures and associates	10,24,25	253,477,965,559	268,130,281,111
Long-term loans	3,9,25,35	155,791,040	4,636,953,204
Property, plant and equipment	11,24,28	296,078,710,365	359,855,672,307
Right-of-use assets	15,28	14,241,389,237	10,524,133,396
Investment property	12,24,28	140,053,239,722	98,373,862,554
Intangible assets	13,24,28	16,711,651,813	17,846,266,986
Net defined benefit assets	19	351,482,996	752,832,284
Other non-current financial assets	3,7	3,316,418,022	5,439,435,145
Other non-current assets	8	2,746,710,398	2,746,478,658
Derivative assets	3,22,24,34,35	865,389,624	12,298,908,795
Deferred tax assets	31	26,580,827,503	15,564,773,618
		<u>879,797,079,114</u>	<u>911,617,759,704</u>
Total assets		<u>₩ 2,423,076,382,258</u>	<u>₩ 2,191,576,214,447</u>

(Continued)

SK D&D Co., Ltd. and Subsidiaries
Consolidated Statements of Financial Position (Continued)
As of December 31, 2023 and 2022

<i>(In Korean won)</i>	<u>Notes</u>		<u>2023</u>		<u>2022</u>
Liabilities					
Current liabilities					
Trade and other payables	3,15,17,25,35	₩	70,118,135,260	₩	56,980,535,075
Short-term borrowings	3,18,24,35		59,000,000,000		8,000,000,000
Current portion of long-term borrowings	3,18,24,35		367,564,995,376		254,741,167,671
Current portion of debentures	3,18,24,35		201,459,592,795		74,924,581,109
Provisions	23		4,763,722,888		307,816,884
Contract liabilities	16		87,341,294,977		52,552,406,675
Income tax payable	31		33,775,244,002		8,673,177,966
Other current financial liabilities	3,20,35		9,883,273,097		8,832,953,342
Other current liabilities	21		107,752,169,895		10,896,066,190
Derivative liabilities	3,22,24,34		51,491,861		58,736,783
Firm commitment liabilities	22,24		106,995,541		35,089,658
			<u>941,816,915,692</u>		<u>476,002,531,353</u>
Non-current liabilities					
Trade and other payables	3,15,17,35		15,886,999,322		16,113,019,859
Long-term borrowings	3,18,24,35		491,530,563,791		631,044,007,796
Debentures	3,18,24,35		87,872,678,897		250,136,172,342
Provisions	23		6,905,012,769		5,279,141,327
Income tax payable	31		5,699,135,730		7,247,407,840
Deferred tax liabilities	31		6,550,752,248		6,055,391,803
Derivative liabilities	3,20,35		98,606,516,263		98,084,217,203
Other non-current financial liabilities	3,22,24,34,35		6,329,784,085		4,548,065,641
			<u>719,381,443,105</u>		<u>1,018,507,423,811</u>
Total liabilities			<u>1,661,198,358,797</u>		<u>1,494,509,955,164</u>
Equity					
Share capital	26		24,190,164,000		24,190,164,000
Reserves	26		290,804,912,147		290,804,582,279
Other components of equity	26,27		(9,966,435,432)		5,559,547,215
Accumulated other comprehensive income	26		(140,278,327)		1,070,919,524
Retained earnings	26		456,989,661,073		375,441,046,265
Equity attributable to owners of the Parent Company			<u>761,878,023,461</u>		<u>697,066,259,283</u>
Total equity			<u>761,878,023,461</u>		<u>697,066,259,283</u>
Total liabilities and equity		₩	<u>2,423,076,382,258</u>	₩	<u>2,191,576,214,447</u>

(Concluded)

See accompanying notes to consolidated financial statements.

SK D&D Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

<i>(In Korean won)</i>	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Operating revenue	10,25,28	₩ 479,675,945,477	₩ 563,436,566,175
Operating expenses	10,25,28,29	<u>(289,296,149,312)</u>	<u>(499,090,319,390)</u>
Operating profit	28	190,379,796,165	64,346,246,785
Non-operating income (expenses)			
Finance income	3,30	22,041,050,824	19,139,158,347
Finance costs	3,30	(65,026,513,238)	(37,483,515,611)
Other non-operating income	30	6,195,908,185	66,318,586,609
Other non-operating expenses	30	(10,074,403,731)	(4,521,136,675)
Profits (losses) of associates and joint ventures	10	(9,255,172,176)	5,923,586,887
		<u>(56,119,130,136)</u>	<u>49,376,679,557</u>
Profit before income tax benefit (expense)		134,260,666,029	113,722,926,342
Income tax benefit (expense)	31	(31,182,293,444)	(37,509,743,524)
		<u>103,078,372,585</u>	<u>76,213,182,818</u>
Profit for the year			
Other comprehensive income (loss)			
<i>Other comprehensive income, net of tax, that will be reclassified to profit or loss</i>			
Gain (loss) on valuation of derivative financial instruments	22,26	(1,184,867,914)	950,056,727
Share of other comprehensive losses of associates	10,26	(26,329,937)	-
<i>Other comprehensive income, net of tax, that will not be reclassified to profit or loss</i>			
Gains on revaluation of financial assets at fair value through other comprehensive income	26	-	6,913,154
Remeasurements of net defined benefit assets (liabilities)	19,26	265,340,436	(1,228,554,546)

(Continued)

SK D&D Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income (Continued)
For the Years Ended December 31, 2023 and 2022

<i>(In Korean won)</i>	Notes	<u>2023</u>	<u>2022</u>
Other comprehensive (loss) income for the year, net of tax		(945,897,415)	2,046,612,146
Total comprehensive income for the year		₩ 102,132,515,170	₩ 75,941,598,153
Profit is attributable to:			
Owners of the Parent Company		₩ 103,078,372,585	₩ 76,651,640,368
Loss attributable to owners of the Parent Company		-	(438,457,550)
		₩ 103,078,372,585	₩ 76,213,182,818
Total comprehensive income for the year is attributable to:			
Owners of the Parent Company		₩ 102,132,515,170	₩ 76,380,055,703
Non-controlling interest		-	(438,457,550)
		₩ 102,132,515,170	₩ 75,941,598,153
 Earnings per share attributable to the equity holders of the Parent Company			
Ordinary shares			
Basic earnings per share	32	₩ 4,177	₩ 3,084
Diluted earnings per share	32	4,176	3,084
Preferred shares			
Basic earnings per share	32	₩ 5,199	₩ 4,106
Diluted earnings per share	32	5,198	4,106

(Concluded)

See accompanying notes to consolidated financial statements.

SK D&D Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022

(In Korean won)

	Attributable to owners of the Parent Company							Non-controlling interest	Total equity
	Share capital	Reserves	Other components of equity	Accumulated other comprehensive income	Retained earnings	Total			
Balance at January 1, 2022	₩ 24,190,164,000	₩ 290,804,582,279	₩ (3,940,549,139)	₩ 113,949,643	₩ 328,087,900,969	₩ 639,256,047,752	₩ -	₩ 639,256,047,752	
Total comprehensive income (loss)									
Profit	-	-	-	-	76,651,640,368	76,651,640,368	(438,457,550)	76,213,182,818	
Gain on valuation of derivative financial instruments	-	-	-	950,056,727	-	950,056,727	-	950,056,727	
Gains on revaluation of financial assets at fair value through other comprehensive income	-	-	-	6,913,154	-	6,913,154	-	6,913,154	
Remeasurements of net defined benefit liabilities	-	-	-	-	(1,228,554,546)	(1,228,554,546)	-	(1,228,554,546)	
Total comprehensive income (loss) for the year	-	-	-	956,969,881	75,423,085,822	76,380,055,703	(438,457,550)	75,941,598,153	
Transactions with owners recognized directly in equity									
Share of other comprehensive income of associates	-	-	8,528,146,357	-	-	8,528,146,357	-	8,528,146,357	
Other transactions	-	-	-	-	1,401,488,274	1,401,488,274	438,457,550	1,839,945,824	
Annual and interim dividends	-	-	-	-	(29,471,428,800)	(29,471,428,800)	-	(29,471,428,800)	
Share options	-	-	971,949,997	-	-	971,949,997	-	971,949,997	
Total transactions with owners recognized directly in equity	-	-	9,500,096,354	-	(28,069,940,526)	(18,569,844,172)	438,457,550	(18,131,386,622)	
Balance at December 31, 2022	₩ 24,190,164,000	₩ 290,804,582,279	₩ 5,559,547,215	₩ 1,070,919,524	₩ 375,441,046,265	₩ 697,066,259,283	₩ -	₩ 697,066,259,283	

(Continued)

SK D&D Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity (Continued)
For the Years Ended December 31, 2023 and 2022

(In Korean won)

	Attributable to owners of the Parent Company							Non-controlling interest	Total equity
	Share capital	Reserves	Other components of equity	Accumulated other comprehensive income	Retained earnings	Total			
Balance at January 1, 2023	₩ 24,190,164,000	₩ 290,804,582,279	₩ 5,559,547,215	₩ 1,070,919,524	₩ 375,441,046,265	₩ 697,066,259,283	₩ -	₩ 697,066,259,283	
Total comprehensive income (loss)									
Profit	-	-	-	-	103,078,372,585	103,078,372,585	-	103,078,372,585	
Loss on valuation of derivative financial instruments	-	-	-	(1,184,867,914)	-	(1,184,867,914)	-	(1,184,867,914)	
Share of other comprehensive loss of associates	-	-	-	(26,329,937)	-	(26,329,937)	-	(26,329,937)	
Remeasurements of net defined benefit assets	-	-	-	-	265,340,436	265,340,436	-	265,340,436	
Total comprehensive income (loss) for the year	-	-	-	(1,211,197,851)	103,343,713,021	102,132,515,170	-	102,132,515,170	
Transactions with owners recognized directly in equity									
Disposal of Treasury shares	-	329,868	17,664,000	-	-	17,993,868	-	17,993,868	
Share of other comprehensive income of associates	-	-	(16,709,986,643)	-	-	(16,709,986,643)	-	(16,709,986,643)	
Other transactions	-	-	-	-	(1,999,479,013)	(1,999,479,013)	-	(1,999,479,013)	
Annual and interim dividends	-	-	-	-	(19,795,619,200)	(19,795,619,200)	-	(19,795,619,200)	
Share options	-	-	1,166,339,996	-	-	1,166,339,996	-	1,166,339,996	
Total transactions with owners recognized directly in equity	-	329,868	(15,525,982,647)	-	(21,795,098,213)	(37,320,750,992)	-	(37,320,750,992)	
Balance at December 31, 2023	₩ 24,190,164,000	₩ 290,804,912,147	₩ (9,966,435,432)	₩ (140,278,327)	₩ 456,989,661,073	₩ 761,878,023,461	₩ -	₩ 761,878,023,461	

(Concluded)

See accompanying notes to consolidated financial statements.

SK D&D Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

<i>(In Korean won)</i>	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities			
Cash used in operations			
Profit		₩ 103,078,372,585	₩ 76,213,182,818
Adjustments	33	(73,594,062,575)	20,477,812,905
Change in operating assets and liabilities	33	215,226,679,514	(36,807,603,807)
		<u>244,710,989,524</u>	<u>59,883,391,916</u>
Dividends received		7,442,652,782	5,180,065,306
Interest received		9,978,438,769	5,708,685,961
Interest paid		(59,820,440,743)	(54,346,888,877)
Income taxes paid		(13,648,889,742)	(54,704,840,414)
Net cash provided by (used in) operating activities		<u>188,662,750,590</u>	<u>(38,279,586,108)</u>
Cash flows from investing activities			
	33		
Proceeds from disposal of short-term financial instruments		521,371,967,882	1,717,421,456,986
Payments for acquisition of short-term financial instruments		(596,770,783,033)	(1,692,201,534,001)
Proceeds from disposal of long-term financial instruments		288,306,416,430	364,629,229,641
Payments for acquisition of long-term financial instruments		(323,119,663,597)	(378,044,866,183)
Payments for acquisition of investments in joint ventures		(17,848,550,000)	(26,100,040,000)
Proceeds from disposal of investments in associates		336,700,000	-
Payments for acquisition of investments in associates		(12,940,543,000)	(14,248,792,131)
Decrease in short-term loans		61,147,200,000	19,267,808,962
Increase in short-term loans		(70,874,700,000)	(3,543,300,000)
Decrease in current portion of long-term loans		5,852,911,012	1,204,992,000
Increase in current portion of long-term loans		-	(1,000,000,000)
Decrease in long-term loans		44,958,272	7,555,118,826
Increase in long-term loans		(1,867,000,000)	(3,048,333,332)
Proceeds from disposal of property, plant and equipment		1,685,949,951	156,607,158,154
Payments for acquisition of property, plant and equipment		(5,068,681,210)	(87,765,711,270)
Proceeds from disposal of intangible assets		161,636,364	-
Payments for acquisition of intangible assets		(1,219,786,236)	(286,987,221)
Proceeds from disposal of investment property		889,909,781	-
Payments for acquisition of investment property		(4,257,683,844)	-
Proceeds from disposal of financial assets at fair value through profit or loss		1,932,120,053	5,843,607,833

(Continued)

SK D&D Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
For the Years Ended December 31, 2023 and 2022

<i>(in Korean won)</i>	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Payments for acquisition of financial assets at fair value through profit or loss		₩ (9,525,226,620)	₩ (8,785,977,728)
Proceeds from disposal of financial assets at fair value through other comprehensive income		3,800,000	5,000,000
Increase in other non-current financial assets		(761,427,000)	-
Net cash provided by (used in) investing activities		<u>(162,520,474,795)</u>	<u>57,508,830,536</u>
Cash flows from financing activities	33		
Proceeds from short-term borrowings		59,000,000,000	1,200,000,000
Repayments of short-term borrowings		(8,000,000,000)	-
Proceeds from current portion of long-term borrowings		-	74,600,000,000
Repayments of current portion of long-term borrowings		(220,277,006,669)	(288,295,655,558)
Proceeds from long-term borrowings		230,737,100,000	455,606,400,000
Repayments of long-term borrowings		(39,123,333,332)	(85,240,000,000)
Repayments of current portion of debentures		(75,000,000,000)	(74,704,000,000)
Increase in non-current debentures		37,917,000,000	69,790,000,000
Dividends paid		(19,795,619,200)	(31,813,242,287)
Decrease in lease liabilities		(6,032,152,421)	(5,299,111,988)
Proceeds from paid-in capital increase		-	2,400,000,000
Proceeds from disposal of Treasury shares		17,993,868	-
Repayments of current portion of long-term financial liabilities		(2,269,999,647)	-
Net cash provided by (used in) from financing activities		<u>(42,826,017,401)</u>	<u>118,244,390,167</u>
Net increase (decrease) in cash and cash equivalents		(16,683,741,606)	137,473,634,595
Effects of exchange rate changes on cash and cash equivalents		(515,664,987)	24,163,103
Cash and cash equivalents at beginning of the year		<u>208,423,466,634</u>	<u>70,925,668,936</u>
Cash and cash equivalents at end of the year		<u>₩ 191,224,060,041</u>	<u>₩ 208,423,466,634</u>

(Concluded)

See accompanying notes to consolidated financial statements.

SK D&D Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
As of and for the Years Ended December 31, 2023 and 2022

1. GENERAL INFORMATION:

(1) Overview

SK D&D Co., Ltd. (the “Parent Company”) was established to mainly engage in real estate development on April 27, 2004. The headquarters is located in Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea.

By means of a formal resolution at the shareholders’ meeting on January 19, 2015, the Parent Company divided its face value from ₩5,000 per share to ₩1,000 per share. The Parent Company decided to issue 1,600,000 new shares with the approval by the board of directors on May 8, 2015, and listed its shares on the stock exchange market on June 23, 2015.

Meanwhile, the furniture business sector of the Parent Company was transferred to D&D Living Solution Co., Ltd., which is a newly established company, through a split-off on January 1, 2022, the split-off date. The entity name of D&D Living Solution Co., Ltd. was changed to D&D Property Solution Co., Ltd. on September 1, 2022.

The Parent Company plans to split the renewable energy business units into a new company, SK eternix Co., Ltd., through spin-off, with March 1, 2024, as the split date (although, the split date can be changed by the resolution of the board of directors of the new spin-off company).

After stock split and issue of new share, the share capital of the Parent Company as of December 31, 2023, amounted to ₩24,190 million (including share capital on preferred shares amounting to ₩2,000 million, see Note 26), and its major shareholders (including preferred shares) are as follows:

<i>(in shares)</i>	Ordinary shares		Preferred shares	
	Number of shares	Percentage of ownership (%)	Number of shares	Percentage of ownership (%)
SK Discovery Co., Ltd.	7,564,389	34.09	-	-
Hahn & Co. Development Holdings Co., Ltd.	5,564,392	25.08	2,000,000	100.00
Do-hyun KIM	6,500	0.03	-	-
Employee's stock ownership association	2,390	0.01	-	-
Others	9,052,493	40.79	-	-
	22,190,164	100.00	2,000,000	100.00

The above information is prepared based on the shareholders’ list as of December 31, 2023, and the number of shares held may differ from those as of the report submission date.

SK D&D Co., Ltd. and Subsidiaries
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(2) Consolidated Subsidiaries

Details of the consolidated subsidiaries as of December 31, 2023, are as follows:

	Location	Ownership interest held by the Group (%)	Closing month	Main business
D&D INVESTMENT	Korea	100.00	December 31	Asset management
ESSESCO ¹	Korea	-	December 31	Sales of electricity
KORAMCO No.117 Qualified Investors Private Real Estate Investment Trust	Korea	60.00	December 31	Real estate development
DDIYS832 ²	Korea	-	December 31	Real estate development
IGIS No.412 Professional Investors' Private Placement Real Estate Investment Limited Liab. ³	Korea	21.13	December 31	Real estate development
DDIOS108	Korea	100.00	December 31	Real estate development
D&D Property Solution Co., Ltd. ⁴	Korea	100.00	December 31	Furniture wholesale, development and supply of buildings
Jindo Sanwol Solar Power. Inc.	Korea	100.00	December 31	Electricity
Hyundai No.20 Private Real Equity Investment Trust ⁵	Korea	98.36	December 31	Real estate development

¹ The Parent Company does not have any interests in this entity. However, the Parent Company classifies the entity as a subsidiary since it is determined that the Parent Company has a substantial control over the entity based on the fact that the Parent Company is exposed to variable returns associated with activities of ESSESCO.

² Distribution of residual assets has been completed and it is expected to be liquidated.

³ The percentage of ownership was changed in accordance with the capital increase with consideration subsequent to initial acquisition on June 29, 2021. Although the Parent Company owns less than 50% of ownership, the Parent Company classifies the entity as a subsidiary since it is determined that the Parent Company has a substantial control over the entity based on the fact that the Parent Company is exposed to most of the variable returns of IGIS No.412 Professional Investors' Private Placement Real Estate Investment Limited Liab.

⁴ During the year ended 2022, the Parent Company acquired 100% of interests in D&D Living Solution Co., Ltd., which is a newly established corporation, through a split-off of furniture business sector, and D&D Living Solution Co., Ltd. merged with D&D Property Management Inc. and changed the entity name to D&D Property Solution Co., Ltd.

⁵ Due to changes in percentage of ownership, the Group has acquired control, resulting in the reclassification of investment from investments in associates to investments in subsidiaries.

SK D&D Co., Ltd. and Subsidiaries
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(3) Summarized Financial Information

Summarized financial information for consolidated subsidiaries as of December 31, 2023, is as follows:

<i>(in Korean won)</i>	Assets	Liabilities	Equity	Sales	Profit (loss) for the period
D&D INVESTMENT	₩ 31,520,501,099	₩ 6,213,399,918	₩ 25,307,101,181	₩ 9,948,733,396	₩ 1,891,911,050
ESSESCO	70,267,681,866	39,458,935,056	30,808,746,810	10,588,460,613	78,286,642
KORAMCO No.117 Qualified Investors Private Real Estate Investment Trust	43,607,985,106	24,412,050,997	19,195,934,109	-	(2,735,700,412)
DDIYS832	-	-	-	-	6,147,491,640
IGIS No.412 Professional Investors' Private Placement Real Estate Investment Limited Liab.	133,768,725,604	71,111,679,262	62,657,046,342	-	(909,472,560)
DDIOS108	44,322,541,091	40,908,743,619	3,413,797,472	-	(774,875,560)
D&D Property Solution Co., Ltd.	55,920,027,150	27,511,912,670	28,408,114,480	66,219,464,112	3,362,705,055
Jindo Sanwol Solar Power. Inc.	728,867,450	-	728,867,450	-	(35,787,550)
Hyundai No.20 Private Real Equity Investment Trust	4,826,448,986	1,870,474,990	2,955,973,996	-	11,517,300

(4) Changes in Scope for Consolidation

Subsidiaries newly included in the consolidation or excluded from the consolidation for the years ended December 31, 2023 and 2022, are as follows:

2023		
Subsidiary	Changes in scope	Reason
Hyundai No.20 Private Real Equity Investment Trust	Included in the consolidation	Obtaining control
Uiseong wind	Excluded from the consolidation	Losing control
2022		
Subsidiary	Changes in scope	Reason
D&D Property Solution Co., Ltd. (formerly, D&D Living Solution Co., Ltd.)	Included in the consolidation	Split-off
Jindo Sanwol Solar Power. Inc.	Included in the consolidation	Newly acquired
Uiseong wind	Included in the consolidation	Newly acquired
DDISC49	Excluded from the consolidation	Loss of control
D&D Property Management Inc.	Excluded from the consolidation	Merged

SK D&D Co., Ltd. and Subsidiaries
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Net cash inflow and outflow related to subsidiaries included in the consolidation or excluded from the consolidation for the years ended December 31, 2023 and 2022, are as follows:

Name of entity	Classification	2023
Hyundai No.20 Private Real Equity Investment Trust ¹	Total acquisition consideration	₩ -
	Cash and cash equivalents held by a subsidiary at the time of acquisition	4,794,356,279
	Net cash flow	4,794,356,279
Uiseong wind ²	Total proceeds from disposal	-
	Cash and cash equivalents held by a subsidiary at the time of disposal	376,297,907
	Net cash outflow	(376,297,907)

¹The Parent Company did not pay the acquisition consideration since the control was acquired due to capital decrease with consideration in the form of third-party allocation during the year ended December 31, 2023.

²The Parent Company neither paid the acquisition consideration nor received the proceeds from disposal since the control was lost due to capital increase with consideration in the form of third-party allocation during the year ended December 31, 2023.

Name of entity	Classification	2022
D&D Property Solution Co., Ltd. ¹	Total acquisition consideration	₩ -
	Cash and cash equivalents held by a subsidiary at the time of acquisition	3,301,227,200
	Net cash inflow	-
DDISC49 ²	Total proceeds from disposal	-
	Cash and cash equivalents held by a subsidiary at the time of disposal	1,530,245,087
	Net cash outflow	(1,530,245,087)
D&D Property Management Inc. ³	Total proceeds from disposal	-
	Cash and cash equivalents held by a subsidiary at the time of disposal	4,079,182,224
	Net cash outflow	-

¹No net cash flows were involved as the shares were acquired with the carrying amount of the net assets transferred to the newly established corporation through a split-off.

²The Parent Company neither paid the acquisition consideration nor received the proceeds from disposal since the control was lost due to capital increase with consideration in the form of third-party allocation during the year ended December 31, 2022.

³No net cash flows were involved since the entity was merged to D&D Property Solution Co., Ltd. during the year ended December 31, 2022.

SK D&D Co., Ltd. and Subsidiaries
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(5) Significant Transactions between the Group

1) Details of significant transactions of the Group for the years ended December 31, 2023 and 2022, are as follows:

(in Korean won)

	2023		2022		
	Revenue and others	Expenses and others	Revenue and others	Expenses and others	Disposal of assets ²
D&D Property Management Inc.	₩ -	₩ -	₩ 67,092,324	₩ 904,650,801	₩ -
D&D INVESTMENT	353,574,161	-	192,331,419	74,000,000	-
ESSESCO	1,394,653,754	1,106,311,127	1,658,822,477	1,194,912,648	-
DDISC49 ¹	-	-	88,293,150	-	-
IGIS No.412 Professional Investors' Private Placement Real Estate Investment Limited Liab.	120,000,000	-	220,000,000	-	-
DDIOS108	991,916,713	-	1,061,550,136	-	28,367,819,580
D&D Property Solution Co., Ltd.	222,385,810	1,437,930,889	85,027,560	457,771,302	-
Hyundai No.20 Private Real Equity Investment Trust ¹	91,886,575	-	-	-	-
	₩ 3,174,417,013	₩ 2,544,242,016	₩ 3,373,117,066	₩ 2,631,334,751	₩ 28,367,819,580

¹ If there were any changes in the status of related parties due to changes in equity during the current and previous periods, the transaction details were prepared based on the point in time when the changes occurred.

² It includes the amount claimed in connection with the amount of advance payments by the consolidated entity under the asset transfer contract.

2) Outstanding balance of significant receivables and payables of the Group as of December 31, 2023 and 2022, is as follows:

Name of entity	2023		2022	
	Receivables	Payables	Receivables	Payables
D&D INVESTMENT	₩ 32,671,029	₩ 200,000,000	₩ 19,510,190	₩ 281,400,000
ESSESCO	2,450,512,886	321,511,313	1,945,680,287	365,183,520
IGIS No.412 Professional Investors' Private Placement Real Estate Investment Limited Liab.	11,000,000	-	11,000,000	-
DDIOS108	924,000,000	-	226,268,493	-
D&D Property Solution Co., Ltd.	103,916,200	578,313,125	88,323,710	572,646,265
	₩ 3,522,100,115	₩ 1,099,824,438	₩ 2,290,782,680	₩ 1,219,229,785

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3) Details of significant fund transactions and other transactions of the Group for the years ended December 31, 2023 and 2022, are as follows:

1) *Fund transactions*

Details of significant fund transactions of the Group for the years ended December 31, 2023 and 2022, are as follows:

	2023			
	Beginning balance	Loans	Collections	Ending balance
(in Korean won)				
DDIOS108	₩ 3,000,000,000	₩ 5,800,000,000	₩ -	₩ 8,800,000,000
(in Korean won)				
	2022			
	Beginning balance	Loans	Collections	Ending balance
DDISC49 ¹	₩ 6,700,000,000	₩ 1,200,000,000	₩ (7,900,000,000)	₩ -
DDIOS108	-	3,000,000,000	-	3,000,000,000

¹ If there is a change in the status of a related party due to a change in ownership during the current period, the transactions are prepared based on the time of the change.

2) *Equity transactions*

Details of equity transactions of the Group for the years ended December 31, 2023 and 2022, are as follows:

There were no equity transactions between consolidated entities during the current period.

	2022	
	Contributions	Collections
(in Korean won)		
KORAMCO No.117 Qualified Investors Private Real Estate Investment Trust	₩ 3,600,000,000	₩ -
DDIYS832	-	2,091,245,266
DDIOS108	4,500,000,000	-
D&D Property Solution Co., Ltd. (formerly, D&D Living Solution Co., Ltd.)	15,896,030,926	-
Uiseong wind	500,000,000	-
Jindo Sanwol Solar Power. Inc.	770,000,000	-
	₩ 25,266,030,926	₩ 2,091,245,266

As the Group determines that it has a contractual obligation to distribute financial assets to noncontrolling shareholders of ESSESCO, KORAMCO No.117 Qualified Investors Private Real Estate Investment Trust and IGIS No.412 Professional Investors' Private Placement Real Estate Investment Limited Liab., the interests and profit or loss of the non-controlling shareholders are recognized as current portion of long-term financial liabilities and long-term financial liabilities.

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2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES:

(1) Basis of Preparation

The Group prepares the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("K-IFRS"). The accompanying consolidated financial statements have been translated into English from the Korean consolidated financial statements. In the event of any differences in interpreting the consolidated financial statements or the independent auditor's report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Except for the changes in accounting policies and impacts on the newly adopted standards and interpretations explained below, the accounting policies applied in preparing the accompanying consolidated financial statements have been applied consistently with the annual consolidated financial statements as of and for the year ended 2023.

(2) Material Accounting Policies

The Group has not early adopted the new or amended standards and interpretations issued, but not yet effective.

1) New and amended standards and interpretations

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

(a) Amendments to K-IFRS 1001 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies

The amendments change the requirements in K-IFRS 1001 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those consolidated financial statements.

The supporting paragraphs in K-IFRS 1001 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.

Accounting policy information may be material because of the nature of the related transactions, other events or conditions even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Furthermore, the International Accounting Standards Board has developed guidance and examples to explain and illustrate the application of the '4-step process of materiality' outlined in IFRS Practice Statement 2.

(b) Amendments to K-IFRS 1001 Presentation of Financial Statements - Disclosure of financial liabilities with condition to adjust exercise price

The amendments require disclosure of valuation gains or losses (limited to those recognized in the profit or loss) of the conversion options or warrants (or financial liabilities including them) if all or part of the financial instrument with exercise price that is adjusted depending on the issuer's share price change is classified as financial liability as defined in paragraph 11 (2) of K-IFRS 1032.

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(c) Amendments to K-IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty" and the definition of a change in accounting estimates was deleted.

(d) Amendments to K-IFRS 1012 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences and recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in K-IFRS 1012.

(e) K-IFRS 1012 Income Taxes – International Tax Reform – Pillar Two Model Rules

The amendments clarify that K-IFRS 1012 Income Taxes applies to corporate income tax arising from enacted or substantively enacted tax laws, including those established to implement the OECD's Pillar Two Model Rules.

However, it introduces a temporary exemption provision regarding the accounting treatment requirements for deferred corporate income tax outlined in K-IFRS 1012 Income Taxes, whereby deferred corporate income tax assets and liabilities related to Pillar Two corporate income tax are not recognized, nor is information disclosed thereon. Additionally, it discloses the application of the exemption provision in accordance with this amendment and separately discloses current corporate income tax expense (income) related to Pillar Two corporate income tax.

2) Standards 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 Group's consolidated financial statements are disclosed below.

(a) Amendments to K-IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (Amended in 2020)

The amendments clarify that the classification of liabilities as current or non-current is based on the entity's rights that are in existence at the end of the reporting period and specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. Also, the amendments explain that rights are in existence if covenants are complied with at the end of the reporting period and introduce a definition of settlement to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. When applying these amendments early, the amendments for 2023 must also be applied early.

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(b) Amendments to K-IFRS 1001 Presentation of Financial Statements - Non-current Liabilities with Covenants (Amended in 2023)

The amendments specify that certain conditions (hereinafter referred to as 'contractual provisions') in borrowing agreements, which must be complied with before the end of the reporting period, affect the rights of entities that can defer the settlement of liabilities for more than 12 months after the reporting period. Even if compliance with contractual provisions is assessed only after the reporting period, these provisions affect whether the rights exist at the end of the reporting period.

Additionally, it stipulates that contractual provisions that need to be complied with only after the reporting period do not affect the ability to defer payments. However, if the rights of entities to defer liability payments within 12 months after the reporting period are contingent upon complying with contractual provisions, the financial statement users are provided with information to understand the risk of liabilities being settled within 12 months after the reporting period. This information includes details about the contractual provisions (such as their nature and the timing when entities are required to comply with them), the carrying amount of the related liabilities and any facts and circumstances indicating difficulties in complying with the contractual provisions. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. When applying these amendments early, the amendments for 2020 must also be applied early.

(c) Amendments to K-IFRS 1007 Statement of Cash Flows and K-IFRS 1107 Financial Instruments: Disclosures – Supplier finance arrangements

The amendments include that, when applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk.

The term "Supplier finance arrangements" is not defined. Instead, the amendments outline the characteristics of agreements for which information should be provided.

The Group shall disclose the following information regarding the supplier finance arrangements:

- Conditions of the agreements
- Carrying amount of financial liabilities corresponding to supplier finance agreements and items presented on the statement of financial position related to these financial liabilities
- Carrying amount of financial liabilities corresponding to supplier finance agreements attributable to portions already received by suppliers from finance providers, and items presented on the statement of financial position related to these financial liabilities
- Range of maturity dates for financial liabilities corresponding to supplier finance agreements and range of maturity dates for comparable trade payables not covered by supplier finance agreements
- Types and effects of non-cash changes in carrying amount of financial liabilities corresponding to supplier finance agreements
- Liquidity risk information

The amendments shall be applied from the commencement of the first accounting period beginning on or after January 1, 2024, and include specific transition provisions for the initial adoption accounting period. Early adoption is permitted.

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(d) Amendments to K-IFRS 1116 Leases – Lease Liability in a Sale and Leaseback

The amendments include subsequent measurement requirements for sales-type leases accounted for using K-IFRS 1115 'Revenue from Contracts with Customers'. The amendments require that, when subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted.

(e) Amendments to K-IFRS 1001 Presentation of Financial Statements – Disclosure of Cryptographic Assets (Amended in 2023)

The amendments require disclosure requirements for transactions involving cryptographic assets in addition to those required by other standards. It specifies disclosure requirements for each of the following scenarios: 1) Holding cryptographic assets, 2) Holding cryptographic assets on behalf of customers and 3) Issuing cryptographic assets.

For cases where cryptographic assets are held, disclosure should include general information about the cryptographic assets, applied accounting policies, acquisition methods, acquisition costs, and year-end fair values of the cryptographic assets. Moreover, if cryptographic assets are issued, disclosure should cover the Group's obligations and compliance status related to the issued cryptographic assets, timing and amounts of revenue recognition for sold cryptographic assets, quantity of cryptographic assets held after issuance and significant contractual terms.

The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted.

The Group believes that the amendments and revisions are not expected to have a significant impact on the consolidated financial statements.

(3) Significant Accounting Policies

1) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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The Group with less than a majority of the voting rights has rights that are sufficient to give it power when the investor has the practical ability to direct the relevant activities unilaterally. When assessing whether the Group's voting rights are sufficient to give it power, the Group considers all facts and circumstances, including:

- the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the investor, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate the investor has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Gain or loss on subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary. When the proportion of the equity held by non-controlling interests changes, the Group adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The Group attributes total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

All intragroup transactions and related assets, liabilities, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

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When the Group loses control of a subsidiary, a gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e., reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under K-IFRS 1109 Financial Instruments: Recognition and Measurement, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2) Investment in associates and joint ventures

Associates are entities over which the Group has significant influence, but not control or joint control. Investments in associates are accounted for using the equity method of accounting after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If there is an objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss.

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Interests in joint ventures are accounted for using the equity method after initially being recognized at cost in the consolidated statement of financial position. If there is an objective evidence of impairment for the investment in the joint venture, the Group recognizes the difference between the recoverable amount of the joint venture and its book amount as impairment loss.

Under the equity method, changes in net assets of investees are recognized in accordance with sources, and changes in the Group's share of its profit or losses in investments accounted for using the equity method are adjusted to profit or loss, and any change in other comprehensive income and other components of equity of those investees is presented as part of the Group's other comprehensive income and other components of equity, respectively. In addition, if investees are able to distribute exceeding its retained earnings under the Special Act (e.g., the legislation of the Real Estate Investment Company Act), the entire amount of dividends on preferred share is recognized and accounted for in accordance with sources. In relation to this, the Group develops an accounting policy in order to bring consistency in the accounting treatment.

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When the Group invests in an indirect investment vehicle, which is a separate legal entity (REITs, REF, PFV, etc.) only for the execution of the relevant real estate development and operation project, classifies it as an investment in an associate or a joint venture and applies the equity method, any share of profit or loss of associates and joint ventures using the equity method arising from those share investments is classified and recognized as operating profit or loss (operating revenue or operating expenses). Since the real estate development and operation projects mainly realize profits and losses in the form of share deals or asset deals, it is judged that there is no difference between direct and indirect investments, and profit or loss related to the equity method classified as operating profit or loss is not limited to the share of net profit or loss accounted for using the equity method, and the same classification standards are applied to gains and losses on disposal recognized as a result of changes in shares or disposal of shares, or liquidation dividends from the sale of underlying assets, and impairment loss (reversal) due to impairment.

3) Goodwill

Goodwill arising from business combinations is recognized at cost, net of accumulated impairment losses, at the date of acquiring control (acquisition date). For impairment testing, goodwill is allocated to the cash-generating unit (or group of cash-generating units) within the consolidated entity that is expected to benefit from the synergies of the business combination. Impairment tests are performed annually or whenever there are indicators of impairment for the cash-generating units to which goodwill has been allocated. If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is first allocated to reduce the carrying amount of the goodwill allocated to the cash-generating unit, and any remaining impairment loss is then allocated proportionately to other assets in the cash-generating unit. Impairment losses on goodwill are recognized directly in profit or loss. Impairment losses recognized on goodwill cannot be reversed in subsequent periods. If the related cash-generating unit is disposed of, the amount of goodwill associated with it is included in determining the gain or loss on disposal.

4) Non-current assets held for sale

The Group classifies non-current assets (or disposal group) as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held-for-sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

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When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate that will be disposed of, is classified as held for sale when the criteria described above are met, and the Group ceases to apply the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method. Upon loss of significant influence over the associate, the Group discontinues the use of the equity method at the point of sales.

Even after the investment in an associate is sold, unless the equity method continues to be applied to the remaining holding of the investment in the associate, the Group accounts for the remaining investment held in the associate in accordance with K-IFRS 1109 Financial Instruments.

Non-current assets (or disposal group) classified as held for sale are measured at the lower of their previous carrying amount and the fair value, less costs to sell. When non-current assets (or disposal group) are expected to be disposed of, or liquidation of joint ventures and associates is scheduled, they are excluded from assets held for sale since they do not satisfy the purpose of continuing use.

5) Revenue recognition

The Group measures revenue as the fair value of the consideration received or receivable, stated net of value-added tax, sales returns, sales rebate and sales discount. The Group recognizes revenue when the amount of revenue can be reliably measure, it is probable that future economic benefits will flow into the Group and fulfill the requirements for revenue recognition of the Group listed below.

① Construction of real estate for sale

The Group constructs and sells office and residential real estate according to long-term contracts with customers. Such contracts are signed before construction of the real estate begins. According to the contract conditions, transferring the real estate to another customer is restricted and if the Group has the right to claim for enforceable payment with regard to work performed up to that point, revenue incurred from the real estate is recognized based on the percentage-of-completion method (in other words, actual cost to date as a proportion of the estimated total cost). Management has deemed the percentage-of-completion method to be an appropriate method for measuring the progress rate until performance obligations are satisfied in accordance with K-IFRS 1115.

Meanwhile, if the Group does not have the right to claim for enforceable payment with regard to work performed up to that point, revenue is recognized at a time when the control for the real estate is transferred to the customer.

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The Group has a right to charge customers for the construction of real estate for sale according to the achievement of milestones related to a series of works. When a specific milestone is reached, the relevant statement of work signed by a third-party evaluator is sent and an invoice regarding milestone payments is issued. Contract assets recognized for all previously performed works are reclassified as receivables at the point in which claims are made to customers. If the amount paid for each milestone exceeds the revenue recognized up to that point under the percentage-of-completion method, the Group recognizes the difference as a contract liability. Since the difference between the point of revenue recognition according to the percentage-of-completion method and the point of milestone payment is generally more than one year, it is judged that there is a significant financing component in the construction contract with the customer, and the significant financing component is separated from the transaction price.

The Group pays sales commission in relation to the sales contract of the real estate for sale. When the Group estimates that such incremental cost would be recovered, the incremental cost is capitalized and recognized as expenses at the point in which the control related to the real estate is transferred.

② Power plant construction

The Group enters into plant construction contracts with customers, including design, procurement and construction, such as wind power plants and solar power plants, and fulfills performance obligations over the contract period. The generated revenues are recognized over the period based on the percentage of completion. In these power plant constructions, manufactured main equipment required for operation is delivered from outside suppliers and installed, and there are cases where the cost of main equipment accounts for a high portion of the total projected cost. In this case, a faithful depiction of the Group's performance might be to recognize revenue at an amount equal to the cost of goods used to satisfy a performance obligation if the Group expects that all of the following conditions are met:

-the goods are not distinct and the customer is expected to obtain control of the goods significantly before receiving services related to the goods in accordance with K-IFRS 1115,

- the cost of the transferred goods is significant relative to the total expected costs to completely satisfy the performance obligation; and

- the Group procures the goods from a third party and is not significantly involved in designing and manufacturing the goods.

③ Rental income

The Group recognizes rental income from investment properties and master leases over the lease term based on monthly rental expenses. The rental income of the Group is generated by contract with a certain rental income corresponding to the leased area and rental income that fluctuates in proportion to the business performance of the lessee generated within the leased area. A certain rental income corresponding to the leased area is determined based on the lease contract, and the rental income, which fluctuates in proportion to the lessee's business performance, is determined by a monthly settlement. The Group issues monthly bills for each of the two types of rental income.

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④ Sale of merchandises

The Group sells furniture, including selling and installing finished furniture. In accordance with K-IFRS 1115, the Group identifies distinct performance obligations in contracts with customers and determines whether the respective identified performance obligation is satisfied at a point in time or over a period of time. The Group identifies a good or service that is promised to a customer as a distinct performance obligation if the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer and the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract. For distinct performance obligations, the Group allocates the transaction price in proportion to those stand-alone selling prices, or if a stand-alone selling price is not directly observable, the Group estimates the stand-alone selling price at an amount that would result in the allocation of the transaction price meeting the allocation objective. Among the EPC contracts in which the Group participates in businesses, such as fuel cells, sales of merchandises (supply of main equipment, etc.) that fall under 'P (Procurement)' are identified as performance obligations that are distinct from other promises in the contract so that a customer can recognize the revenue at the selling price when the customer notifies the product acceptance.

⑤ Sale of finished goods

The Group sells electricity produced through wind and solar power generation. Revenues from electricity generation are classified into SMP revenue and REC revenue and the respective supply corresponds to a series of distinct goods or services and, accordingly, is identified as a single performance obligation. Control of the finished goods is transferred when the finished goods are delivered to a customer and revenue is recognized at the same time.

⑥ Rendering of services

Commission income arises from services in various range provided to customers. Revenue from contracts with customer is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The revenue from rendering of services is recognized over time by measuring the percentage of completion when the performance of service transactions can be reliably estimated. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

6) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the Group's functional and presentation currency.

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In preparing the consolidated financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the date 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks;
and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation).

These exchange differences are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

7) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset.

Investment income earned on the temporary investment of specific borrowings on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

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8) Pension and other postemployment benefits

Contributions to defined contribution plans are recognized as an expense when employees have rendered service that entitles them to the contributions.

For a defined benefit plan, the defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements recognized in the consolidated statement of comprehensive income are immediately recognized in retained earnings and are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognizes related restructuring costs or termination benefits. The Group recognized gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Defined benefit costs are composed of service cost (including current service cost and past service cost, as well as gains and losses on curtailments and settlements), net interest expense (income) and remeasurement.

The Group presents the service cost and net interest expense (income) components in profit or loss and the remeasurement component in other comprehensive income. Curtailment gains and losses are accounted for as past service costs.

Net defined benefit assets in the consolidated statement of financial position are limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

9) Share-based payments

The cost of equity-settled transactions granted to employees and similar service providers is determined by the fair value at the date when the grant is made. Vesting conditions, other than market conditions, are not taken into account when estimating the fair value of equity instruments. Further details of determination on fair value of equity-settled transactions are given in Note 27.

The fair value of equity-settled share-based payment transactions determined at grant date is expensed on a straight-line basis over the vesting period based on the Group's estimates for equity instruments to be vested. The Group corrects the estimates for the quantity of equity instruments expected to be vested as a result of vesting conditions, other than market conditions, at the end of each reporting period. The effect of corrections to initial estimates is recognized in profit or loss over the remaining vesting period so that corrections are recorded in cumulative costs and reflected in other components of equity.

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Equity-settled share-based payment transactions vested to counterparties other than employees are measured at fair value of goods or services provided. However, if the fair value of goods or services provided cannot be reliably estimated, it is measured based on the fair value of equity instruments vested at the date in which goods or services are provided.

Under cash-settled share-based payment plan, a liability for a consideration of goods or services provided is initially recognized at fair value. Until the liability is settled, the Group is required to remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in value recognized in profit or loss for the year.

10) Taxes

The tax expense for the period consists of current and deferred taxes. Current and deferred taxes are recognized in profit or loss, except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the taxes are also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is measured at the amount expected to be paid to the taxation authorities using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Group recognizes the current income tax expense based on the amount expected to be paid to a taxation authority.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The Group recognizes as deferred tax liability all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, the Group recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority and when the Group intends to settle on a net basis simultaneously.

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11) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, which is an expenditure arising directly from the construction or acquisition of the item of property, plant and equipment and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are included in profit or loss during the financial period in which they are incurred.

Depreciation of all property, plant and equipment, except for land, is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	Useful lives
Buildings and structures	14 years, 15 years, 20 years and 40 years
Machinery	7 years, 14 years, 15 years and 20 years
Tools and equipment	5 years
Supplies	4 years, 5 years and 8 years
Others	5 years, 10 years and 17 years

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method, residual value and the useful life of an asset are reviewed at the end of each reporting period, and if changes are considered as appropriate, such changes are treated as changes in accounting estimates.

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and included in profit or loss when the item is derecognized.

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12) Leases

① Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. For lease arrangements where the Group is the lessee, the Group recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements, except for short-term leases (lease terms of 12 months or less) and leases of low-value underlying assets. Unless another systematic basis better represents the pattern of benefits to the lessee, the Group recognizes lease payments for short-term leases and leases of low-value underlying assets as expenses on a straight-line basis over the lease term.

①-1) Right-of-use assets

The right-of-use asset comprises the initial measurement amount of the lease liability, lease payments made at or before the commencement date (less any lease incentives received) and any initial direct costs incurred by the lessee. The right-of-use asset is subsequently measured at cost, less accumulated depreciation and accumulated impairment losses.

The estimated costs to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset itself as required by the lease terms are recognized and measured according to K-IFRS 1037 'Provisions, Contingent Liabilities and Contingent Assets.' If these costs are not incurred to produce inventories, they are included as part of the cost of the right-of-use asset.

If ownership of the underlying asset transfers to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee depreciates the right-of-use asset from the commencement date to the end of the useful life of the right-of-use asset. Otherwise, the lessee depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies K-IFRS 1036 'Impairment of Assets' to determine whether the right-of-use asset is impaired. Variable lease payments, which are not based on an index or rate (but excluding those that vary according to an index or rate), are not included in the measurement of the right-of-use asset and lease liability. These payments are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs. As a practical expedient, a lessee may elect, by class of underlying asset, not to separate non-lease components from lease components and instead account for each lease component and any associated non-lease components as a single lease component. The Group uses this practical expedient. For contracts containing a lease component and one or more additional lease or non-lease components, the lessee allocates the consideration in the contract to each lease component based on the relative stand-alone price of the lease and non-lease components.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets as follows:

	Useful lives
Properties	1–20 years
Vehicles	1–4 years

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① -2) Lease liabilities

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the lessee's incremental borrowing rate (IBR) is used.

The IBR varies depending on the lease term, currency and the start date of the lease, and is determined based on input variables including:

- Risk-free interest rates based on government bond yields
- Company-specific risk adjustments
- Credit risk adjustments based on bond yields
- Adjustments specific to the lessee if the lessee's risk characteristics differ from those of the Company and the lease does not benefit from the Company's guarantee

The lease payments included in the measurement of the lease liability comprise the following amounts:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured with a corresponding adjustment to the related right-of-use asset in the following cases:

- If there is a change in the lease term or a significant event or change in circumstances that results in a change in the assessment of the exercise of a purchase option. In this case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- If there is a change in the lease payments due to changes in an index or rate, or if there is a change in the amounts expected to be payable under a residual value guarantee. In this case, the lease liability is remeasured by discounting the revised lease payments using the unchanged discount rate, unless the change in lease payments is due to a change in a floating interest rate, in which case a revised discount rate is used.
- If the lease contract is modified and the modification is not accounted for as a separate lease, the lease liability is remeasured based on the modified lease term by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

①-3) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of other assets (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 other assets that are considered to be low value. 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.

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② Group as a lessor

The Group classifies each lease as either an operating lease or a finance lease. A lease that transfers substantially all of the risks and rewards incidental to ownership of the underlying asset is classified as a finance lease, while a lease that does not transfer substantially all of the risks and rewards incidental to ownership of the underlying asset is classified as an operating lease.

If the Group is a middle lessor, it accounts for head leases and subleases as two separate contracts. The Group classifies subleases as finance leases or operating leases based on the right-of-use asset arising from the head lease rather than the underlying asset.

For operating leases, the Group recognizes lease revenue on a straight-line basis or using another systematic basis if that better represents the reduction in the benefit derived from the right-of-use asset. The Group capitalizes the initial direct costs incurred in obtaining the operating lease and recognizes them as an expense over the lease term, consistent with the recognition of lease revenue.

Payments received from lessees under finance leases are recognized as lease receivables, representing the Group's net investment in the lease. The Group allocates finance income over the lease term using the effective interest method, reflecting a constant periodic rate of return on the net investment.

After initial recognition, the Group periodically reviews the estimated unguaranteed residual value and applies the requirements of K-IFRS 1109 'Financial Instruments' to recognize expected credit losses on lease receivables as impairment allowances.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivable.

However, for impaired finance lease receivables, finance income is calculated with reference to the net carrying amount (i.e., after deduction of impairment allowances).

In contracts with both lease and non-lease components, the Company applies K-IFRS 1115 'Revenue from Contracts with Customers' to allocate the consideration to each distinct component.

13) Investment properties

Investment properties are properties held to earn rentals or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at depreciated cost (less any accumulated impairment losses).

While land is not depreciated, buildings are depreciated using the straight-line method over 32 years and 40 years as estimated useful lives. In addition, buildings accounted for as investment properties with adoption of K-IFRS 1116 Leases are depreciated using the straight-line method over the shorter of the lease term and the estimated useful lives.

14) Intangible assets

① Separately acquired intangible assets

Separately acquired intangible assets with finite useful lives are carried at cost, less any accumulated amortization and accumulated impairment losses. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. If changes are considered as appropriate, such changes are treated as changes in accounting estimates. Separately acquired intangible assets with indefinite useful lives are carried at cost, less accumulated impairment losses.

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② Derecognition of intangible assets

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It is recognized in profit or loss when the asset is derecognized.

③ Amortization of intangible assets

Membership rights with an indefinite useful life are not subject to amortization, and other intangible assets except for membership rights are amortized using the straight-line method over the estimated economic useful lives by the following individual asset:

	Useful lives
Patents	5 years and 10 years
Trademarks	5 years
Software	5–15 years
Others	5 years

15) Impairment of property, plant and equipment and intangible assets other than goodwill

The Group assessed, at the end of each reporting period, whether there is an indication that property, plant and equipment and intangible assets other than goodwill may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. The Group estimated the individual asset's recoverable amount. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs; otherwise, they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication of impairment.

An asset's recoverable amount is the higher of an asset's or CGU's fair value, less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, and the reduced amount is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

16) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the specific identification method. Cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale.

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Cost of sales is recognized as a carrying amount of the inventories in the period they are sold, and the amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as expenses when occurred. In addition, the amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

17) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The discount rate used is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage is recognized in profit or loss within finance costs.

When some or all of the expenditure required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

18) Cash and Cash Equivalents

Cash equivalents are highly liquid short-term investments (typically with maturities of three months or less) that are easily convertible into known amounts of cash and have minimal risk of value changes. Cash equivalents are held for the purpose of meeting short-term cash demands rather than for investment or other purposes.

Bank balances with third-party restrictions, where such restrictions do not render the bank balances no longer meet the definition of cash, are included as part of cash. If contractual restrictions on the use of cash exceed 12 months after the end of the reporting period, the related amounts are classified as non-current assets in the consolidated balance sheet.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of the cash and cash equivalents defined above and the net amount of bank overdrafts that are repayable on demand according to the requirements of financial institutions and form part of the Group's cash management. Such bank overdrafts are presented as short-term borrowings in the consolidated balance sheet.

19) Financial instruments

Financial assets and financial liabilities are recognized in the separate statement of financial position when, and only when, the Group becomes a party to their contractual provisions. Financial assets and financial liabilities are measured at fair value at initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and issue of financial liabilities are deducted from or added to the fair value of the financial assets or financial liabilities, as appropriate, at initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets at fair value through profit or loss or issue of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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20) Financial assets

A regular-way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade-date accounting. A regular-way purchase or sale of a financial asset represents a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

All financial assets recognized are subsequently measured at amortized cost or fair value according to the classification of financial assets.

① Classification of financial assets

A debt instrument is measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

All other financial assets are subsequently measured at fair value through profit or loss.

Nevertheless, the Group may make the following irrevocable choices or designations at the time of initial recognition of financial assets.

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (①-3) below).
- the Group may irrevocably designate a debt investment that meets the amortized cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch (see (①-4) below).

①-1) Amortized cost and effective interest rate method

The effective interest method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e., assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding ECLs, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including ECLs, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of the financial asset before adjusting for any loss allowance.

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Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at fair value through other comprehensive income. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired-financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognized in profit or loss and is included in the "finance income " line item.

①-2) A debt instrument classified as an item at fair value through other comprehensive income

The debt instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these debt instruments as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these debt instruments had been measured at amortized cost. All other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these debt instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

①-3) An equity instrument designated as an item at fair value through other comprehensive income

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments at fair value through other comprehensive income. Designation at fair value through other comprehensive income is not permitted if the equity investment is held for trading or if it is a contingent consideration recognized by an acquirer in a business combination.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at fair value through other comprehensive income are initially measured at fair value, plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead it is transferred to retained earnings.

Dividends on investments in equity instruments are recognized as finance income in the separate statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income.

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①-4) Financial assets at fair value through profit or loss

Financial assets that do not qualify for requirements of measurement at amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss.

- Investments in equity instruments are classified as at fair value through profit or loss, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at fair value through other comprehensive income on initial recognition (see (①-3) above).

- Although a debt instrument meets the requirements of items measured at amortized cost or fair value through other comprehensive income, if it is designated as an item measured at fair value through profit or loss, it may be designated as an item measured at fair value through profit or loss at initial recognition in case where the accounting mismatch is eliminated or significantly reduced (see ① above).

Financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period, and gain or loss arising from changes in fair value excluding the portion designated as hedging relationship is recognized in profit or loss. Net gain or loss recognized in profit or loss includes dividends obtained from financial assets and recognized within 'finance income' (See Note 3). Interest income from financial assets at fair value through profit or loss is recognized within 'finance income' (See Note 3). Fair value is determined using the valuation method described in Note 34.

② Gain or loss on foreign currency translation

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'finance income or costs' line item (see Note 3).

- For debt instruments measured at fair value through other comprehensive income that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the 'finance income or costs' line item. Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

- For financial assets measured at fair value through profit or loss that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'finance income or costs.'

- For equity instruments measured at fair value through other comprehensive income, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

③ Impairment of financial assets

The Group recognizes a loss allowance for ECLs on investments in debt instruments that are measured at amortized cost or at fair value through other comprehensive income, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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The Group always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, for credit exposures for which there has not been a significant increase in credit risk since initial recognition, loss allowance is measured at a 12-month ECL.

Lifetime ECL represents the ECLs that will result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from all default events that are possible within the 12 months after the reporting date.

③-1) Determining significant increases in credit risk

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. To make that assessment, the Group considers reasonable and supportable quantitative/qualitative information, including the historical experiences and forward-looking information, that is available without undue cost or effort. The forward-looking information used by the Group includes various external materials in relation to current and future economic information of the Group's main business, as well as the future outlook of industry of the Group's borrowers available from reports of economic experts, financial analysts, governmental institutions, the relevant think tanks and similar institutions.

The Group considers the following matters when assessing whether the credit risk on a financial instrument has increased significantly since initial recognition.

- An actual or expected significant change in the financial instrument's internal and external credit rating. (if available).
- Significant changes in external market indicators of credit risk for a particular financial instrument Changes in market indicators of credit risk include, but are not limited to: (1) the credit spread, (2) a significant increase in the credit default swap prices for the borrower and (3) the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost.
- An actual or expected significant adverse change in the borrower's business performance.
- Significant increases in credit risk on other financial instruments of the same borrower.

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- An actual or expected significant adverse change in the regulatory, economic or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations.

Regardless of the assessment results, the Group assumes that the credit risk of a financial instrument has increased significantly when the contractual payments are past due for more than 90 days, and recognizes 100% impairment for these past-due receivables (however, for pledged receivables, impairment is recognized only for excess of collateral).

Despite the above matters, the Group may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. The credit risk on a financial instrument is considered low, if (1) the financial instrument has a low risk of default, (2) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (3) the borrower may have a low capacity to meet its contractual cash flow obligations in the long-term due to adverse changes in economic and business environment, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

In accordance with the global practices, the Group considers that the financial assets whose external credit rating is higher than 'investment grade' or the Group's internal credit rating is 'normal' (for those not rated by the independent credit rating agencies) to have a low credit risk. 'Normal' rate indicates that the counterparty has a sound financial position and there is no past-due amount.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment shall be considered to be the date of initial recognition for the purposes of applying the impairment requirements. In order to assess whether the credit risk on financial guarantee contracts has increased since initial recognition, the Group considers the changes in risk of the specific borrower's failure to meet its contractual obligation.

The Group regularly reviews the effectiveness of criteria used to determine whether the credit risk on a financial instrument has increased significantly since initial recognition. In addition, the Group modifies such criteria in an appropriate way to ensure the determination of significant increases of credit risk since initial recognition before the criteria become past due.

③-2) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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③-3) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the issuer or borrower (see ③-2) above);
- a breach of contract, such as default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Group would not otherwise consider;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for the financial asset because of financial difficulties.

③-4) Write-off policies

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are more than three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

③-5) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss-given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss-given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used in determining the expected credit losses are consistent with the cash flows used in measuring the lease receivable in accordance with K-IFRS 1116.

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For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs, less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statements of financial position.

21) Financial liabilities and equity instruments

① Classification of financial liabilities and equity

Debt instruments and equity instruments are allocated into financial liabilities and equity in accordance with the definition of the financial asset and liability.

② 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 Group are recognized at the proceeds received, net of direct issue costs.

When the Group reacquires its own shares, those shares are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments.

③ Compound financial instruments

The convertible bonds are allocated into financial liabilities and equity in accordance with the definition of the financial asset and liability. Convertible option that can be settled by exchanging financial asset, such as fixed amount of cash for the fixed number of treasury shares, is equity instruments.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. The amount is recognized as liability at amortized cost using effective interest method until extinguishment due to conversion or maturity of the financial instrument.

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The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, consideration for conversion classified as equity remain in equity until the conversion option is exercised and when the consideration for conversion is exercised, the amount recognized as equity is transferred to share premium. There is no gain or loss to be recognized as profit or loss when the convertible bonds are converted to equity instruments or extinguished.

Transaction cost in relation to issuance of convertible bond is allocated to liabilities and equity in proportion to total issuance cost. The transaction cost related to equity is directly recognized in equity, and the transaction cost related to liabilities are included in book value and amortized over remaining period of convertible bond in accordance with the effective interest method.

④ Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is contingent consideration that may be paid by an acquirer as part of a business combination, or held for trading, or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing in the near term.
- On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking.
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at fair value through profit or loss upon initial recognition, if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.
- It forms part of a contract containing one or more embedded derivatives, and K-IFRS 1109 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

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Financial liabilities at fair value through profit or loss are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'finance costs' line item in consolidated statements of comprehensive income.

However, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at fair value through profit or loss are recognized in profit or loss.

⑤ Financial liabilities at amortized cost

Financial liabilities measured at amortized cost Financial liabilities that are not (a) contingent consideration of an acquirer in a business combination, (b) held-for-trading or (c) designated as at fair value through profit or loss, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments, including all fees and points paid or received (that form an integral part of the effective interest rate) transaction costs and other premiums or discounts through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

⑥ Financial guarantee liabilities

A financial guarantee contract requires the issuer (the Group) 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 original or modified terms of a debt instrument.

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- the amount of loss allowance, as determined in accordance with K-IFRS 1109 (see 'Financial assets' above)
- the amount initially recognized, less cumulative amortization recognized in accordance with K-IFRS 1115

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⑦ Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the 'finance income or costs' line item in consolidated statements of comprehensive income for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

⑧ Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

22) *Derivative financial instruments*

The Group entered into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest and currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which case, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset and a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

① Embedded derivatives

Embedded derivatives are components of hybrid instruments that include contracts other than derivatives, and they have effects similar to those of independent derivatives in modifying some cash flows of the hybrid instrument.

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Embedded derivatives contained in hybrid contracts that include financial assets within the scope of K-IFRS 1109 are not separated. The entire hybrid contract is classified and subsequently measured at amortized cost or fair value.

Embedded derivatives contained in hybrid contracts, including K-IFRS 1109 other than financial assets within the scope of K-IFRS are accounted for as separate derivatives if the embedded derivatives meet the definition of derivatives, and the characteristics and risks of the embedded derivatives are not closely related to the characteristics and risks of the host contract, and if the host contract is not measured at fair value through profit or loss.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and it is not expected to be realized or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

② Hedge accounting

The Group designates specific derivative instruments as risk management instruments for hedging fair value risks or cash flow risks related to foreign exchange and interest rates. Foreign currency risk hedges for firm commitments are accounted for as cash flow hedges.

At the inception of the hedge, the Group documents the relationship between the hedging instruments and hedged items based on the purpose and strategy of risk management. Furthermore, the Group documents whether the hedging instruments effectively offset the fair value or cash flow fluctuations of the hedged items due to the hedged risks during the hedging relationship's inception and subsequent periods. The effectiveness of the hedging relationship is considered effective if it meets the following requirements:

- There is an economic relationship between the hedged items and hedging instruments.
- The effect of credit risk is not dominant over the economic relationship between the hedged items and hedging instruments.
- The ratio of the hedging effectiveness of the hedging relationship matches the ratio of the quantities of the hedging instruments actually used by the Group to hedge the quantities of hedged items to avoid the risks of the hedged items.

If the hedging relationship no longer meets the effectiveness requirements related to the hedge ratio, but the risk management objectives for the designated hedging relationship remain the same, the Group adjusts the hedge ratio of the hedging relationship to meet the conditions for reapplication of the hedging relationship.

The Group designates the entire fair value changes (including forward elements) of forward contracts as hedging instruments for the entire hedging relationship that includes forward contracts.

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The Group designates only the intrinsic value of option contracts as hedging instruments when using option contracts to hedge anticipated transactions. Under K-IFRS 1039, the time value changes of options (i.e., unspecified elements) were immediately recognized in profit or loss. However, under K-IFRS 1109, the time value changes of options related to hedged items are recognized in other comprehensive income, and the cumulative amount recognized in equity is reclassified to profit or loss during the period when the hedged items affect profit or loss or removed from equity and directly included in the carrying amount of non-financial items.

The Group designates only the intrinsic value of option contracts as hedging instruments. The time value of the corresponding options is recognized in other comprehensive income and accumulated in the hedging cost reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is period-related, the accumulated amount in the hedging cost reserve is reclassified to profit or loss based on a rational basis, and the Group applies a fixed amortization. The reclassified amount is recognized in profit or loss as the same item as the hedged item. If the hedged item is a non-financial item, the accumulated amount in the hedging cost reserve is directly removed from equity and included in the initial carrying amount of the recognized non-financial item. Additionally, if the hedging cost is in a deficit and it is expected that all or part of the deficit will not be recovered in future periods, the amount is immediately reclassified to profit or loss.

②-1) Fair value hedges

Gains or losses on eligible hedging instruments are recognized in profit or loss. However, if the hedging instrument is designated to hedge an equity instrument classified as other comprehensive income - fair value measurement, gains or losses on the hedging instrument are recognized in other comprehensive income.

The carrying amount of hedged items not measured at fair value is adjusted for fair value changes attributable to the hedged risk and recognized in profit or loss. For other comprehensive income - fair value measurement liabilities, as their carrying amounts already correspond to fair value, gains or losses attributable to the hedged risk are recognized in profit or loss instead of other comprehensive income. If the hedged item is an equity instrument designated as other comprehensive income - fair value measurement, gains or losses attributable to the hedged risk are retained in other comprehensive income to offset against the gains or losses on the hedging instrument.

When gains or losses attributable to the hedged risk are recognized in profit or loss, they are recognized against the related items associated with the hedged item.

Hedge accounting is discontinued only when the conditions for hedge accounting are no longer met. This includes situations where the hedging instrument is extinguished, sold, terminated or exercised. Discontinuation is accounted for prospectively. The fair value adjustment on the carrying amount of the hedged item attributable to the hedged risk is amortized from the date of discontinuation and recognized in profit or loss.

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②-2) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated statement of comprehensive income as the recognized hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

23) *Fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of K-IFRS 1102 *Share-based payment*, that leasing transactions are within the scope of K-IFRS 1116 *Leases*, and measurements have some similarities to fair value, but are not fair value, such as net realizable value in K-IFRS 1002 *Inventories*, or value in use in K-IFRS 1036 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

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(4) Material Judgement and Key Sources of Estimation Uncertainty

In the application of the Group accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these 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 items below are important judgments separate from those related to estimation, which are made by management in the process of applying the Group's accounting policies, and have the most important effect on the amount recognized in the consolidated financial statements.

1) Uncertainty of estimation of total construction revenue and costs

The amount of due from customers is affected by the progress rate measured based on the actual accumulated contract cost generated, and the total construction revenue is estimated based on future estimates. Total contract revenue is measured based on contractual amount initially agreed. However, the contract revenue can be increased by additional contract work and others in the course of construction, or decreased by the penalty when the completion of contract is delayed due to the Group's fault. Therefore, total contract costs and contract revenue are affected by the uncertainty of the result of future events.

2) Significant increase in credit risk

As explained in 3-(18)-③ above, for credit exposures for which there has not been a significant increase in credit risk since initial recognition, loss allowance is measured at a 12-month ECL, and for those credit exposures for which there has been a significant increase in credit risk since initial recognition, or asset has been impaired, a loss allowance is measured at a lifetime ECL. K-IFRS 1109 does not define what constitutes a significant increase in credit risk. When assessing whether the credit risk of an asset has increased significantly, the Group considers quantitative and qualitative, reasonable and supportable forward-looking information.

3) Defined benefit plan

The Group's defined benefit obligation is determined based on the actuarial valuation carried out at the end of each annual reporting period. Actuarial assumptions are the Group's best estimates of the variables in determining the cost of providing retirement benefits, such as discount rates, rates of expected future salary increases and mortality rates.

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4) Useful lives of property, plant and equipment and intangible assets

Useful lives and depreciation and amortization method of property, plant and equipment and intangible assets are reviewed at the end of each reporting period. It is required to estimate whether it is appropriate to be changed. In these estimation processes, the management's judgments take an important role.

5) Fair value measurement of financial instruments

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain type of financial instruments. Note 34 provides detailed information about key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions. The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

6) Leases – estimating the IBR

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay,' which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

7) Deferred tax

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 Group's future performance.

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3. FINANCIAL INSTRUMENTS:

(1) Carrying amounts of financial assets by category as of December 31, 2023 and 2022, are as follows:

(In Korean won)

	2023				
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Derivatives designated as hedging	Derivatives not designated as hedging	Total
Current					
Cash and cash equivalents	₩ 191,224,060,041	₩ -	₩ -	₩ -	₩ 191,224,060,041
Short-term financial instruments	119,828,910,665	26,177,058,035	-	-	146,005,968,700
Short-term loans	21,067,422,100	-	-	-	21,067,422,100
Current portion of long-term loans	6,060,868,932	-	-	-	6,060,868,932
Trade and other receivables ¹	43,002,236,857	-	-	-	43,002,236,857
Derivative financial instruments	-	-	6,894,681,186	6,344,000,000	13,238,681,186
Other current financial assets	3,637,750,959	-	-	-	3,637,750,959
	<u>384,821,249,554</u>	<u>26,177,058,035</u>	<u>6,894,681,186</u>	<u>6,344,000,000</u>	<u>424,236,988,775</u>
Non-current					
Long-term financial instruments	72,967,164,647	-	-	-	72,967,164,647
Long-term investment assets	-	51,760,133,103	-	-	51,760,133,103
Long-term loans	155,791,040	-	-	-	155,791,040
Derivative financial instruments	-	-	-	865,389,624	865,389,624
Other non-current financial assets	3,316,418,022	-	-	-	3,316,418,022
	<u>76,439,373,709</u>	<u>51,760,133,103</u>	<u>-</u>	<u>865,389,624</u>	<u>129,064,896,436</u>
	<u>₩ 461,260,623,263</u>	<u>₩ 77,937,191,138</u>	<u>₩ 6,894,681,186</u>	<u>₩ 7,209,389,624</u>	<u>₩ 553,301,885,211</u>

¹ Lease receivables and non-financial receivables are excluded from trade and other receivables.

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2022

	Financial assets at amortized cost		Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Derivatives designated as hedging	Derivatives not designated as hedging	Total
Current								
Cash and cash equivalents	₩ 208,423,466,634	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 208,423,466,634
Short-term financial instruments	33,635,998,782	34,777,341,097	-	-	-	-	-	68,413,339,879
Short-term loans	11,339,922,100	-	-	-	-	-	-	11,339,922,100
Current portion of long-term loans	2,983,492,000	-	-	-	-	-	-	2,983,492,000
Trade and other receivables ¹	45,954,715,585	-	-	-	-	-	-	45,954,715,585
Derivative financial instruments	-	-	-	-	1,021,954,619	-	-	1,021,954,619
Other current financial assets	212,192,722	-	-	-	-	-	-	212,192,722
	<u>302,549,787,823</u>	<u>34,777,341,097</u>	<u>-</u>	<u>-</u>	<u>1,021,954,619</u>	<u>-</u>	<u>-</u>	<u>338,349,083,539</u>
Non-current								
Trade and other receivables ¹	7	-	-	-	-	-	-	7
Long-term financial instruments	39,566,486,229	-	-	-	-	-	-	39,566,486,229
Long-term investment assets	-	74,283,980,928	3,800,000	-	-	-	-	74,287,780,928
Long-term loans	4,636,953,204	-	-	-	-	-	-	4,636,953,204
Derivative financial instruments	-	-	-	-	7,008,991,981	5,289,916,814	-	12,298,908,795
Other non-current financial assets	5,439,435,145	-	-	-	-	-	-	5,439,435,145
	<u>49,642,874,585</u>	<u>74,283,980,928</u>	<u>3,800,000</u>	<u>-</u>	<u>7,008,991,981</u>	<u>5,289,916,814</u>	<u>-</u>	<u>136,229,564,308</u>
	<u>₩ 352,192,662,408</u>	<u>₩ 109,061,322,025</u>	<u>₩ 3,800,000</u>	<u>₩ 3,800,000</u>	<u>₩ 8,030,946,600</u>	<u>₩ 5,289,916,814</u>	<u>₩ -</u>	<u>₩ 474,578,647,847</u>

¹ Lease receivables and non-financial receivables are excluded from trade and other receivables.

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(2) Carrying amounts of financial liabilities by category as of December 31, 2023 and 2022, are as follows:

(In Korean won)

	2023			
	Financial liabilities at amortized cost	Derivatives designated as hedging	Derivatives not designated as hedging	Total
Current				
Trade and other payables ¹	₩ 35,079,110,105	₩ -	₩ -	₩ 35,079,110,105
Short-term borrowings	59,000,000,000	-	-	59,000,000,000
Current portion of long-term borrowings	367,564,995,376	-	-	367,564,995,376
Current portion of debentures	201,459,592,795	-	-	201,459,592,795
Current derivative liabilities	-	51,491,861	-	51,491,861
Other current financial liabilities	9,883,273,097	-	-	9,883,273,097
	<u>672,986,971,373</u>	<u>51,491,861</u>	<u>-</u>	<u>673,038,463,234</u>
Non-current				
Trade and other payables ¹	1,614,520,809	-	-	1,614,520,809
Long-term borrowings	491,530,563,791	-	-	491,530,563,791
Debentures	87,872,678,897	-	-	87,872,678,897
Derivative liabilities	-	422,784,085	5,907,000,000	6,329,784,085
Other non-current financial liabilities	98,606,516,263	-	-	98,606,516,263
	<u>679,624,279,760</u>	<u>422,784,085</u>	<u>5,907,000,000</u>	<u>685,954,063,845</u>
	<u>₩ 1,352,611,251,133</u>	<u>₩ 474,275,946</u>	<u>₩ 5,907,000,000</u>	<u>₩ 1,358,992,527,079</u>

¹ Lease liabilities and non-financial liabilities are excluded from trade and other payables.

(In Korean won)

	2022			
	Financial liabilities at amortized cost	Derivatives designated as hedging	Derivatives not designated as hedging	Total
Current				
Trade and other payables ¹	₩ 26,535,491,340	₩ -	₩ -	₩ 26,535,491,340
Short-term borrowings	8,000,000,000	-	-	8,000,000,000
Current portion of long-term borrowings	254,741,167,671	-	-	254,741,167,671
Current portion of debentures	74,924,581,109	-	-	74,924,581,109
Derivative liabilities	-	58,736,783	-	58,736,783
Other current financial liabilities	8,832,953,342	-	-	8,832,953,342
	<u>373,034,193,462</u>	<u>58,736,783</u>	<u>-</u>	<u>373,092,930,245</u>
Non-current				
Trade and other payables ¹	1,967,375,017	-	-	1,967,375,017
Long-term borrowings	631,044,007,796	-	-	631,044,007,796
Debentures	250,136,172,342	-	-	250,136,172,342
Derivative liabilities	-	845,065,641	3,703,000,000	4,548,065,641
Other non-current financial liabilities	98,084,217,203	-	-	98,084,217,203
	<u>981,231,772,358</u>	<u>845,065,641</u>	<u>3,703,000,000</u>	<u>985,779,837,999</u>
	<u>₩ 1,354,265,965,820</u>	<u>₩ 903,802,424</u>	<u>₩ 3,703,000,000</u>	<u>₩ 1,358,872,768,244</u>

¹ Lease liabilities and non-financial liabilities are excluded from trade and other payables.

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(3) Details of restricted financial instruments as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023		2022		Restriction
Short-term financial instruments	₩	116,828,910,665	₩	33,635,998,782	Collateral for borrowings and others
Long-term financial instruments		72,967,164,647		39,566,486,229	Collateral for borrowings and others
	₩	<u>189,796,075,312</u>	₩	<u>73,202,485,011</u>	

(4) Cash and cash equivalents as of December 31, 2023 and 2022, consist of the following:

<i>(In Korean won)</i>	2023		2022	
Ordinary deposits	₩	96,224,060,041	₩	123,423,466,634
Time deposits		95,000,000,000		85,000,000,000
	₩	<u>191,224,060,041</u>	₩	<u>208,423,466,634</u>

(5) Net gains or losses on each category of financial instruments for the years ended December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023					
	Profit or loss					Other comprehensive income ²
	Interest	Dividends ¹	Valuation	Disposal	Exchange differences	
Financial assets						
Financial assets at amortized cost	₩ 10,437,997,910	₩ -	₩ -	₩ -	₩ (515,664,987)	₩ -
Derivatives designated as hedging	-	-	329,523,357	984,318,505	-	(1,565,215,209)
Derivatives not designated as hedging	-	-	1,919,472,810	-	-	-
Financial assets at fair value through profit or loss	-	973,749,257	(7,659,632,682)	534,940,184	-	-
	₩ 10,437,997,910	₩ 973,749,257	₩ (5,410,636,515)	₩ 1,519,258,689	₩ (515,664,987)	₩ (1,565,215,209)
Financial liabilities						
Financial liabilities at amortized cost	₩ (42,634,503,995)	₩ -	₩ (1,743,206,800)	₩ -	₩ (2,298,518,922)	₩ -
Derivatives designated as hedging	-	-	(51,491,861)	(467,329,568)	(223,804,522)	-
Derivatives not designated as hedging	597,322,430	-	(6,319,876,543)	3,761,856,090	-	-
	₩ (42,037,181,565)	₩ -	₩ (8,114,575,204)	₩ 3,294,526,522	₩ (2,522,323,444)	₩ -

¹Dividend income from investments in associate has been excluded.

²The amounts before applying tax effect

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2022

	Profit or loss						Other comprehensive income ¹
	Interest	Dividends	Valuation	Disposal	Exchange differences		
Financial assets							
Financial assets at amortized cost	₩ 5,109,084,608	₩ -	₩ -	₩ -	₩ 506,038,876	₩ -	-
Derivatives designated as hedging	-	-	421,791,675	247,998,087	-	-	1,265,735,154
Derivatives not designated as hedging	-	-	2,312,309,879	-	-	-	-
Financial assets at fair value through profit or loss	-	1,908,158,241	3,541,728,675	1,780,601,529	-	-	-
	<u>₩ 5,109,084,608</u>	<u>₩ 1,908,158,241</u>	<u>₩ 6,275,830,229</u>	<u>₩ 2,028,599,616</u>	<u>₩ 506,038,876</u>	<u>₩ -</u>	<u>₩ 1,265,735,154</u>
Financial liabilities							
Financial liabilities at amortized cost	₩ (26,913,196,451)	₩ -	₩ 1,707,497,250	₩ -	₩ (5,126,624,421)	₩ -	-
Derivatives designated as hedging	-	-	(379,501,515)	(256,103,589)	477,699,091	-	-
Derivatives not designated as hedging	-	-	(2,029,000,000)	-	-	-	-
	<u>₩ (26,913,196,451)</u>	<u>₩ -</u>	<u>₩ (701,004,265)</u>	<u>₩ (256,103,589)</u>	<u>₩ (4,648,925,330)</u>	<u>₩ -</u>	<u>₩ -</u>

¹ The amounts before applying tax effect

4. TRADE AND OTHER RECEIVABLES:

(1) Trade and other receivables and its provisions for impairment as of 2023 and 2022, are as follows:

(In Korean won)

2023

2022

Current

Trade receivables	₩ 38,509,020,491	₩ 37,168,651,422
Less: provision for impairment	(782,814,204)	(700,712,221)
Non-trade receivables	12,118,106,460	13,348,459,273
Less: provision for impairment	(7,699,714)	(183,509,585)
Finance lease receivables	1,211,900,971	1,953,980,351
Accrued income	1,865,971,521	1,848,941,873
	<u>₩ 52,914,485,525</u>	<u>₩ 53,435,811,113</u>

Non-current

Non-trade receivables	-	7
Finance lease receivables	490,205,085	1,593,894,482
	<u>₩ 490,205,085</u>	<u>₩ 1,593,894,489</u>
	<u>₩ 53,404,690,610</u>	<u>₩ 55,029,705,602</u>

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(2) Movements in the loss allowance provision for trade and other receivables for the years ended December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Beginning balance	₩ 884,221,806	₩ 1,025,474,910
Additions	2,285,499,664	199,755,013
Write-off	-	(40,134,387)
Reversal	<u>(2,379,207,552)</u>	<u>(300,873,730)</u>
Ending balance	<u>₩ 790,513,918</u>	<u>₩ 884,221,806</u>

(3) The aging analysis of trade and other receivables as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023			2022		
	Trade receivables	Other receivables	Total	Trade receivables	Other receivables	Total
Pledged receivables ¹	₩ 106,015,574	₩ -	₩ 106,015,574	₩ 114,231,250	₩ -	₩ 114,231,250
Unpledged receivables ²						
Not past due	34,858,275,764	4,679,449,193	39,537,724,957	18,319,466,157	10,446,491,755	28,765,957,912
1-30 days past due	1,348,186,897	2,954,170	1,351,141,067	16,894,975,888	-	16,894,975,888
31-90 days past due	422,721,210	8,325,730,582	8,748,451,792	449,008,546	5,723,973,921	6,172,982,467
Past due over 90 days	1,773,821,046	2,678,050,092	4,451,871,138	1,390,969,581	2,574,810,310	3,965,779,891

¹ Aging analysis is omitted for pledged receivables in accordance with credit policies.

² The Group performs collective credit analysis in accordance with expected credit losses and individual assessment for unpledged receivables.

5. CONTRACT COSTS:

Details of contract costs as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Costs of obtaining a contract	₩ 8,258,471,314	₩ 11,552,867,566

Costs of obtaining a contract is the amount related to sales commission paid to agent as a result of sales contract of real estate including office and others, and these costs are recognized as expenses when the Group has transferred the control related to that real estate to customers. Meanwhile, there is no impairment loss recognized related to capitalized contract costs during the year ended December 31, 2023.

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6. INVENTORIES:

(1) Details of inventories as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Buildings	₩ 65,938,266,617	₩ 70,365,605,150
Land	193,863,993,737	196,719,943,418
Less: valuation allowances	(321,674,218)	(321,674,218)
Building lot	534,988,567,146	535,332,002,121
Completed construction	7,709,292,253	3,864,199,361
Less: valuation allowances	(939,534,664)	(939,534,664)
Raw materials	20,964,533,562	-
Work in process (construction expenses)	27,738,788,394	931,938,807
Work in process (prepaid construction costs)	59,044,275,964	27,815,654,678
Merchandises	95,342,050,920	5,906,223,286
Less: valuation allowances	-	(3,625,601)
Finished goods	154,065,998	1,899,749,153
Supplies	822,126,860	970,287,182
Less: valuation allowances	(288,118,494)	(410,645,738)
Goods-in-transit	2,672,714,214	5,958,953,508
	<u>₩ 1,007,689,348,289</u>	<u>₩ 848,089,076,443</u>

Loss on valuation of inventories and reversal of loss on valuation of inventories amounted to ₩ 136,013 thousand (2022: ₩ 122,755 thousand) and ₩ 3,626 thousand (2022: ₩ 228,548 thousand), respectively, during the years ended 2023. These were included in 'operating expenses' in profit or loss.

(2) The Group capitalized borrowing costs and recognized it as acquisition costs of inventories and others. The accompanying effect to key items of consolidated statements of financial position and consolidated statements of comprehensive income as of December 31, 2023 and 2022, is as follows:

<i>(In Korean won)</i>	2023	2022
Consolidated statement of financial position		
Work in process	₩ 29,004,840,107	₩ 19,113,372,609
Prepaid construction costs	-	1,683,238,876
Construction in progress	-	1,244,580,820
Consolidated statement of comprehensive income		
Decrease in interest expenses	29,921,446,426	23,272,542,149
Increase in operating expenses	(916,606,319)	(1,231,349,844)
Increase in profit before income tax	29,004,840,107	22,041,192,305

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Effective interest rates of specific borrowings and general borrowings to calculate the capitalized amount during the year ended December 31, 2023, are 6.28% and 5.09%, respectively.

7. OTHER FINANCIAL ASSETS:

Details of other financial assets as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Other current financial assets		
Short-term deposits provided	₩ 3,637,750,959	₩ 212,192,722
Other non-current financial assets		
Long-term deposits provided	3,316,418,022	5,439,435,145
	<u>₩ 6,954,168,981</u>	<u>₩ 5,651,627,867</u>

8. OTHER ASSETS:

Details of other assets as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Other current financial assets		
Advance payments	₩ 80,145,571,366	₩ 60,773,525,555
Prepaid expenses	8,770,876,709	6,674,223,099
Prepaid construction costs	-	3,003,082,155
	<u>88,916,448,075</u>	<u>70,450,830,809</u>
Other non-current financial assets		
Deposits for provision for long-term repairment	2,746,710,398	2,746,478,658
	<u>₩ 91,663,158,473</u>	<u>₩ 73,197,309,467</u>

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9. LONG-TERM AND SHORT-TERM FINANCIAL ASSETS:

(1) Details of long-term and short-term financial assets as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Current		
Financial assets at amortized cost	₩ 146,957,201,697	₩ 47,959,412,882
Financial assets at fair value through profit or loss	26,177,058,035	34,777,341,097
	<u>173,134,259,732</u>	<u>82,736,753,979</u>
Non-current		
Financial assets at amortized cost	73,122,955,687	44,203,439,433
Financial assets at fair value through profit or loss	51,760,133,103	74,283,980,928
Financial assets at fair value through other comprehensive income	-	3,800,000
	<u>124,883,088,790</u>	<u>118,491,220,361</u>
	<u>₩ 298,017,348,522</u>	<u>₩ 201,227,974,340</u>

(2) Details of financial assets at amortized cost as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	Details	Interest rate (%)	2023	2022
Current				
Short-term financial instruments	Deposits and others	0.10–4.18	₩ 119,828,910,665	₩ 33,635,998,782
Short-term loans	Business expenses	0–4.60	21,517,422,100	11,789,922,100
Provision for impairment	Business expenses	-	(450,000,000)	(450,000,000)
Current portion of long-term loans	Business expenses	0–4.60	6,755,876,932	3,678,500,000
	Housing fund loans	1.00	4,992,000	4,992,000
Provision for impairment	Business expenses	-	(700,000,000)	(700,000,000)
			<u>146,957,201,697</u>	<u>47,959,412,882</u>
Non-current				
Long-term financial instruments	Deposits and others	0.10–1.30	72,967,164,647	39,566,486,229
Long-term loans	Business expenses	0–4.60	-	4,431,211,892
	Housing fund loans	1.00	155,791,040	205,741,312
			<u>73,122,955,687</u>	<u>44,203,439,433</u>
			<u>₩ 220,080,157,384</u>	<u>₩ 92,162,852,315</u>

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(3) Details of financial assets at fair value through profit or loss as of December 31, 2023 and 2022, are as follows:

(In Korean won)	Percentage of ownership (%)	2023		2022
		Acquisition cost	Book amount	Book amount
Current				
MMF(Korean Investment Corporation MMF No.2 etc.) ¹	-	₩ 26,000,000,000	₩ 26,177,058,035	₩ 34,777,341,097
		26,000,000,000	26,177,058,035	34,777,341,097
Non-current				
Korea Construction Financial Corp.	-	1,362,079,580	1,362,079,580	1,362,079,580
Korea Specialty Contractor Financial Cooperative	-	901,631,327	901,631,327	901,631,327
Korea Electric Technician Association Corp.	-	6,358,000	6,358,000	6,358,000
IGIS Core Platform Professional Investors Private Placement Real Estate Fund No.1	2.27	4,982,913,460	2,615,000,000	3,344,000,000
Uljin Wind Power Co., Ltd.	-	26,000,000,000	12,979,000,000	15,652,668,586
Hanwha ESS Private Special Asset Investment Trust Security No. 1	-	3,601,507,450	3,601,507,450	4,430,996,453
Chungju Eco Park Co., Ltd.	19.00	950,000	950,000	950,000
Daesowon Ecopark Co., Ltd.	19.00	950,000	950,000	950,000
IGIS No.222 Professional Investors' Private Real Estate Investment Company	13.52	15,000,000,000	15,000,000,000	15,000,000,000
Semicolon Mullae REIT CO., LTD. ²	-	-	-	22,480,000,000
Seongnam Sujeong Korean Federation of Community Credit Cooperatives	-	100,000	100,000	100,000
Jungwon Korean Federation of Community Credit Cooperatives ³	-	50,000	50,000	-
KORAMCO No.135 General Type Private Real Estate Investment Trust	12.18	6,175,000,000	6,003,634,379	8,041,438,126
KORAMCO No.145 General Type Private Real Estate Investment Trust	7.25	4,307,800,000	2,070,134,570	300,000,000
AQARA KOREA CO., LTD.	0.51	500,001,210	500,001,210	500,001,210
Murex Wave No.3 Fund Caredoc ³	-	2,000,000,000	2,000,000,000	1,000,000,000
Shinhan Normalization General Type Private Real Estate Investment Trust No. 1 ³	1.67	1,000,001,088	1,000,001,088	-
IGIS No.61 Professional Investors' Private Placement Real Estate Investment Limited Liab.	4.26	2,140,425,532	2,140,425,532	-
LB No. 49 General Type Private Real Estate Investment Trust ³	0.13	300,000,000	351,376,967	350,823,566
	0.01	300,000,000	297,333,000	-

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(In Korean won)	Percentage of ownership (%)	2023		2022
		Acquisition cost	Book amount	Book amount
DDI Residential Parent REIT Co., Ltd.	1.54	929,600,000	929,600,000	911,984,080
		69,509,367,647	51,760,133,103	74,283,980,928
		₩ 95,509,367,647	₩ 77,937,191,138	₩ 109,061,322,025

¹ As it has been determined that the component of assets of MMF (including government bonds and others) does not meet the definition of cash and cash equivalents and did not satisfy the SPPI requirements, it was classified as financial assets at fair value through profit or loss.

² During the current period, investment in D&D Platform REIT Co., Ltd., a subsidiary investment of the Group, was reclassified from financial assets at fair value through profit or loss to investments in associates as the Group holds significant influence over it.

³ It was newly acquired during the year ended December 31, 2023.

(4) Details of financial assets at fair value through other comprehensive income as of December 31, 2023 and 2022, are as follows:

(In Korean won)	Percentage of ownership (%)	2023		2022
		Acquisition cost	Book amount	Book amount
FIRSTIGE REITS CO., LTD.	16.20	₩ 360,000,000	₩ -	₩ -
Uljin Wind Power Co., Ltd.	19.00	161,500,000	-	-
Kohan Wind Power Co., Ltd. ¹	-	-	-	3,800,000
		₩ 521,500,000	₩ -	₩ 3,800,000

¹ It was disposed of during the year ended 2023.

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(5) Changes in long-term and short-term financial assets for the years ended 2023 and 2022, are as follows:

(In Korean won)

	2023					
	Beginning balance	Acquisition ¹	Disposal ¹	Valuation	Transfer ²	Ending balance
Current						
Financial assets at amortized cost	₩ 47,959,412,882	₩ 542,645,483,033	₩ (454,216,139,899)	₩ -	₩ 10,568,445,681	₩ 146,957,201,697
Financial assets at fair value through profit or loss	34,777,341,097	126,000,000,000	(134,777,341,097)	177,058,035	-	26,177,058,035
	<u>82,736,753,979</u>	<u>668,645,483,033</u>	<u>(588,993,480,996)</u>	<u>177,058,035</u>	<u>10,568,445,681</u>	<u>173,134,259,732</u>
Non-current						
Financial assets at amortized cost	44,203,439,433	327,844,328,637	(288,356,366,702)	-	(10,568,445,681)	73,122,955,687
Financial assets at fair value through profit or loss	74,283,980,928	9,525,226,620	(1,990,976,143)	(17,683,707,690)	(12,374,390,612)	51,760,133,103
Financial assets at fair value through other comprehensive income	3,800,000	-	(3,800,000)	-	-	-
	<u>118,491,220,361</u>	<u>337,369,555,257</u>	<u>(290,351,142,845)</u>	<u>(17,683,707,690)</u>	<u>(22,942,836,293)</u>	<u>124,883,088,790</u>
	<u>₩ 201,227,974,340</u>	<u>₩ 1,006,015,038,290</u>	<u>₩ (879,344,623,841)</u>	<u>₩ (17,506,649,655)</u>	<u>₩ (12,374,390,612)</u>	<u>₩ 298,017,348,522</u>

¹ Effects for loans that form part of its net investment of investments in associates are included (see Note 10-(1)).

² Reclassification of assets and reclassification to current portion are included.

(In Korean won)

	2022					
	Beginning balance	Acquisition	Disposal ¹	Valuation	Transfer ²	Ending balance
Current						
Financial assets at amortized cost	₩ 77,133,050,834	₩ 560,953,685,309	₩ (579,310,849,836)	₩ -	₩ (10,816,473,425)	₩ 47,959,412,882
Financial assets at fair value through profit or loss	-	1,139,688,342,109	(1,155,000,000,000)	88,998,988	50,000,000,000	34,777,341,097
	<u>77,133,050,834</u>	<u>1,700,642,027,418</u>	<u>(1,734,310,849,836)</u>	<u>88,998,988</u>	<u>39,183,526,575</u>	<u>82,736,753,979</u>
Non-current						
Financial assets at amortized cost	79,392,674,007	379,094,866,183	(375,100,574,182)	-	(39,183,526,575)	44,203,439,433
Financial assets at fair value through profit or loss	67,876,695,454	8,785,977,728	(5,843,607,833)	3,452,729,687	12,185,892	74,283,980,928
Financial assets at fair value through other comprehensive income	8,800,000	-	(5,000,000)	-	-	3,800,000
	<u>147,278,169,461</u>	<u>387,880,843,911</u>	<u>(380,949,182,015)</u>	<u>3,452,729,687</u>	<u>(39,171,340,683)</u>	<u>118,491,220,361</u>
	<u>₩ 224,411,220,295</u>	<u>₩ 2,088,522,871,329</u>	<u>₩ (2,115,260,031,851)</u>	<u>₩ 3,541,728,675</u>	<u>₩ 12,185,892</u>	<u>₩ 201,227,974,340</u>

¹ Effects for loans that form part of its net investment of investments in associates are included (see Note 10-(1)).

² Reclassification of assets and reclassification to current portion are included.

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10. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

(1) Details of investments in joint ventures and associates as of December 31, 2023 and 2022, are as follows:

	Location	2023		2022	
		Percentage of ownership (%)	Book amount	Percentage of ownership (%)	Book amount
<i>(In Korean won)</i>					
Joint ventures					
KORAMCO No.120 General Type Private Real Estate Investment Trust	Korea	50.00	₩ 8,437,335,534	50.00	₩ 5,125,207,425
KORAMCO Icheon Baeksa Logistics General Type Private Real Estate Investment Trust	Korea	50.00	7,434,315,986	50.00	4,826,233,525
Tiger Alternative Investment trust No.318 ¹	Korea	-	-	50.00	34,719,477,476
Cheongju Eco Park Co., Ltd. ²	Korea	29.00	6,854,753,608	29.00	7,241,396,534
Hanwha Cheongju ecopark private equity 1st(Infrastructure) ²	Korea	48.60	16,951,617,618	48.60	17,769,077,248
Eumsung Ecopark Co., Ltd ²	Korea	29.00	6,737,523,356	29.00	3,589,364,706
Hanwha Eumseong ecopark private equity 1st(Infrastructure) ²	Korea	49.00	16,389,874,669	49.00	12,937,842,297
HHR Real Estate Private Fund No.5 ²	Korea	49.59	8,415,685,315	49.59	19,275,452,574
Metheus Ilsan Complex Logistics Center PFV Co., Ltd ²	Korea	45.00	1,521,902,909	45.00	2,257,207,894
PungBaek Wind Farm Corporation ²	Korea	37.00	6,035,250,430	37.00	6,733,319,769
Connect Pie Cloud Co., Ltd. ^{2,3}	Korea	49.00	4,364,202,408	-	-
Yangmok Ecopark Co., Ltd. ^{2,3}	Korea	49.91	998,505,019	-	-
Chilgok Ecopark Co., Ltd. ⁴	Korea	29.00	2,342,480,372	-	-
Uiseong wind ⁵	Korea	49.00	2,282,614,464	-	-
Geumyang Ecopark Co., Ltd. ^{2,3}	Korea	29.00	3,643,948,786	-	-
			92,410,010,474		114,474,579,448
Associates					
KintexMall Co., Ltd.	Korea	40.00	16,056,361	40.00	16,263,924
Daegusolar	Korea	26.00	2,514,012,391	26.00	2,553,947,326
Monaissance	Korea	24.36	1,043,922,340	24.36	940,474,749
IGIS No.135 Professional Investors' Private Placement Real Estate Investment Limited Liab.	Korea	35.00	12,436,220,884	35.00	13,151,478,276
DDISY-230 Residential REIT Co., LTD	Korea	20.00	13,846,541,229	20.00	14,142,275,218
DDISS-280 RETAIL REIT CO., LTD ⁶	Korea	28.62	-	28.62	-
DDISC-1338 Residential REIT Co., Ltd	Korea	20.00	8,476,005,507	20.00	9,099,785,386
DDISC-1339 Residential REIT Co., Ltd	Korea	20.00	9,544,588,451	20.00	10,097,016,836
DDISC-57 Residential REIT Co., Ltd	Korea	20.00	8,831,040,788	20.00	9,042,938,789
DDI Residential No.1 Subsidiary REIT Co., Ltd ⁷	Korea	15.10	2,422,584,723	15.10	2,834,530,491
Hyundai Private Real Estate Investment Trust No. 20 ⁸	Korea	-	-	49.06	4,570,600,550
Gunpo Mixed Use Development PFV Company ⁹	Korea	25.20	-	29.80	-
Daehoji Solar Park, Inc. ¹	Korea	-	-	28.99	193,395,554
FASSTO ^{7,13}	Korea	14.82	-	14.90	13,766,627,003

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	Location	2023		2022	
		Percentage of ownership (%)	Book amount	Percentage of ownership (%)	Book amount
Howbuild ⁷	Korea	5.49	3,000,574,549	5.90	3,000,334,860
D&D Platform REIT Co., Ltd. ⁵	Korea	9.32	28,062,463,211	9.32	28,680,192,938
Chilgok Ecopark ^{5,7}	Korea	-	-	19.00	-
Gulup Wind Power Development Corp. ⁵	Korea	10.00	2,772,728,890	10.00	2,944,909,986
DDIVC-1 REIT Co., Ltd.	Korea	49.00	33,431,821,903	49.00	28,979,805,915
DDISC49 ¹⁰	Korea	20.00	-	20.00	499,617,508
DDI YS-40 REIT	Korea	20.00	3,609,429,084	20.00	5,608,149,094
Korea Space Data ⁷	Korea	5.28	2,027,722,911	5.88	2,007,720,780
DDI LVC Master Real Estate Investment Trust Co., Ltd. ^{7,11}	Korea	1.67	723,079,595	1.67	703,530,185
DDI VC Master Real Estate Investment Trust Co., Ltd. ^{7,11}	Korea	2.00	1,188,751,615	2.00	822,106,295
Glennmont D&D Solar Holdings ³	Korea	49.00	4,954,187,604	-	-
Shinhan Normalization General Type Private Real Estate Investment Trust No. 1 ³	Korea	23.08	14,932,696,479	-	-
Semicolon Mullae REIT CO., LTD. ¹²	Korea	8.53	-	-	-
GridFlex, Inc. ³	US	20.00	7,233,526,570	-	-
			161,067,955,085		153,655,701,663
			₩ 253,477,965,559		₩ 268,130,281,111

¹ The Group sold entire shares held by the Group during the year ended December 31, 2023.

² Although the Group owns less than half of the effective percentage of ownership of the entity, it was classified as investments in joint ventures as it is determined that the Group is holding equal voting rights for major activities of the entity.

³ The entity was newly acquired during the year ended December 31, 2023.

⁴ Due to changes in percentage of ownership and equal voting rights for major activities of the entity, it was reclassified from investments in associates to investments in joint ventures.

⁵ During the year ended December 31, 2023, the Group lost control. Although the Group owns less than half of its shares, it was reclassified from investments in subsidiaries to investments in joint ventures as the Group holds equal voting rights for major activities of the entity.

⁶ As of December 31, 2023, as the carrying amount became less than zero, the application of the equity method is discontinued. In relation to this, unrecognized changes in equity amount to ₩ 8,966,866,872.

⁷ The Group classified it as investments in associates since it is determined that the Group has a right to appoint the member of the Board of Directors.

⁸ Due to changes in percentage of ownership, the Group has acquired control, resulting in the reclassification of investment from investments in associates to investments in subsidiaries.

⁹ As of December 31, 2023, as the carrying amount became less than zero, the application of the equity method is discontinued. In relation to this, unrecognized changes in equity amount to ₩ 2,857,665,040, which were increased from relevant loans that form part of net investment.

¹⁰ As of December 31, 2023, as the carrying amount became less than zero, the application of the equity method is discontinued. In relation to this, unrecognized changes in equity amount to ₩ 1,784,807,522.

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¹¹ The Group owns the entire shares of the entity through D&D INVESTMENT, a subsidiary of the Group.

¹² The Group reclassified, a subsidiary of D&D Platform REIT Co., Ltd., which is an associate of the Group, from financial assets at fair value through profit or loss to investment in associates. As of December 31, 2023, as the carrying amount became less than zero, the application of the equity method is discontinued. In relation to this, unrecognized changes in equity amount to ₩ 6,629,879,070.

¹³ The Group recognized an impairment loss ₩ 3,308,945,987 for using equity method, the carrying amount became zero during the year ended December 31, 2023.

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(2) Changes in investments in joint ventures and associates for the years ended 2023 and 2022, are as follows:

(In Korean won)

	2023								
	Beginning balance	Acquisition	Share of (loss) profit	Share of other comprehensive income	Dividend income	(Losses) profits of associates and joint ventures (operating) ¹	Others ²	Disposal	Ending balance
Joint ventures									
KORAMCO No.120 General Type Private Real Estate Investment Trust	₩ 5,125,207,425	₩ 10,360,000,000	₩ -	₩ -	₩ -	₩ (7,047,871,891)	₩ -	₩ -	₩ 8,437,335,534
KORAMCO Icheon Baeksa Logistics General Type Private Real Estate Investment Trust	4,826,233,525	10,340,000,000	-	-	-	(7,731,917,539)	-	-	7,434,315,986
Tiger Alternative Investment trust No.318	34,719,477,476	4,000,000,000	-	-	-	214,480,522,524	-	(253,200,000,000)	-
Cheongju Ecopark Co., Ltd.	7,241,396,534	-	(386,642,926)	-	-	-	-	-	6,854,753,608
Hanwha Cheongju ecopark private equity 1st(Infrastructure)	17,769,077,248	-	(674,819,629)	-	(142,640,001)	-	-	-	16,951,617,618
Eumsung Ecopark Co., Ltd.	3,589,364,706	-	3,148,158,650	-	-	-	-	-	6,737,523,356
Hanwha Eumseong ecopark private equity 1st(Infrastructure)	12,937,842,297	-	3,611,263,065	-	(159,230,693)	-	-	-	16,389,874,669
HHR Real Estate Private Fund No.5	19,275,452,574	-	-	-	(1,361,629,964)	482,381,501	-	(9,980,518,796)	8,415,685,315
Metheus Ilsan Complex Logistics Center PFV Co., Ltd	2,257,207,894	-	-	-	-	(735,304,985)	-	-	1,521,902,909
PungBaek Wind Farm Corporation	6,733,319,769	-	(698,069,339)	-	-	-	-	-	6,035,250,430
Connectfy Cloud Co., Ltd.	-	4,900,000,000	(464,740,242)	(71,057,350)	-	-	-	-	4,364,202,408
Yakmok Ecopark Co., Ltd.	-	1,899,500,000	(900,994,981)	-	-	-	-	-	998,505,019
Chilgok Ecopark Co., Ltd.	-	2,986,050,000	(588,986,507)	-	-	-	(54,583,121)	-	2,342,480,372
Uiseong wind.	-	4,400,000,000	(2,606,218,403)	-	-	-	488,832,867	-	2,282,614,464
Geumyang Ecopark Co., Ltd.	-	3,663,000,000	(19,051,214)	-	-	-	-	-	3,643,948,786

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(In Korean won)

	2023								
	Beginning balance	Acquisition	Share of (loss) profit	Share of other comprehensive income	Dividend income	(Losses) profits of associates and joint ventures (operating) ¹	Others ²	Disposal	Ending balance
	114,474,579,448	42,548,550,000	419,898,474	(71,057,350)	(1,663,500,658)	199,447,809,610	434,249,746	(263,180,518,796)	92,410,010,474
Associates									
KintexMall Co.Ltd	16,263,924	-	(207,563)	-	-	-	-	-	16,056,361
Daegusolar	2,553,947,326	-	326,061,865	-	(365,996,800)	-	-	-	2,514,012,391
Monaissance	940,474,749	-	103,447,591	-	-	-	-	-	1,043,922,340
IGIS No.135 Professional Investors' Private Placement Real Estate Investment Limited Liab.	13,151,478,276	-	-	-	-	(715,257,392)	-	-	12,436,220,884
DDISY-230 Residential REIT Co., LTD.	14,142,275,218	1,200,000,000	-	(3,813,050)	-	(1,491,920,939)	-	-	13,846,541,229
DDISS-280 RETAIL REIT CO., LTD.	-	-	-	-	-	-	-	-	-
DDISC-1338 Residential REIT Co., Ltd.	9,099,785,386	-	-	-	-	(623,779,879)	-	-	8,476,005,507
DDISC-1339 Residential REIT Co., Ltd.	10,097,016,836	-	-	-	-	(552,428,385)	-	-	9,544,588,451
DDISC-57 Residential REIT Co., Ltd.	9,042,938,789	-	-	-	-	(211,898,001)	-	-	8,831,040,788
DDI Residential No.1 Subsidiary REIT Co., Ltd.	2,834,530,491	-	-	(1,401,420,874)	(719,087,117)	1,708,562,223	-	-	2,422,584,723
Hyundai Private Real Estate Investment Trust No. 20	4,570,600,550	-	-	-	(1,174,318,950)	(451,824,904)	(2,944,456,696)	-	-
Gunpo Mixed Use Development PFV Company	-	-	-	-	-	9,624,035,040	(2,857,665,040)	(6,766,370,000)	-
Daehoji Solar Park, Inc.	193,395,554	-	(43,264,162)	-	-	-	186,568,608	(336,700,000)	-
FASSTO	13,766,627,003	-	(10,398,297,813)	(20,633,631)	-	-	(3,347,695,559)	-	-
Howbuild	3,000,334,860	-	1,506,482	(1,266,793)	-	-	-	-	3,000,574,549
D&D Platform REIT Co., Ltd.	28,680,192,938	-	632,593,224	495,677,049	(1,746,000,000)	-	-	-	28,062,463,211
Chilgok Ecopark	-	-	-	-	-	-	-	-	-

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	2023								
	Beginning balance	Acquisition	Share of (loss) profit	Share of other comprehensive income	Dividend income	(Losses) profits of associates and joint ventures (operating) ¹	Others ²	Disposal	Ending balance
Gulup Wind Power Development Corp.	2,944,909,986	-	(172,181,096)	-	-	-	-	-	2,772,728,890
DDIVC-1 REIT Co., Ltd.	28,979,805,915	5,635,000,000	-	(4,536,910)	-	(1,178,447,102)	-	-	33,431,821,903
DDISC49	499,617,508	500,000,000	-	-	-	(999,617,508)	-	-	-
DDI YS-40 REIT	5,608,149,094	-	-	-	-	(1,998,720,010)	-	-	3,609,429,084
Korea Space Data	2,007,720,780	-	47,092,999	(24,338,027)	-	-	(2,752,841)	-	2,027,722,911
DDILVC Master REIT Co., Ltd.	703,530,185	50,000,000	(30,401,207)	(49,383)	-	-	-	-	723,079,595
DDIVC Master REIT Co., Ltd.	822,106,295	413,150,000	(46,504,680)	-	-	-	-	-	1,188,751,615
Glennmont D&D Solar Holdings	-	5,209,077,000	(94,908,811)	(159,980,585)	-	-	-	-	4,954,187,604
Shinhan Normalization General Type Private Real Estate Investment Trust No. 1	-	15,000,000,000	-	-	-	(67,303,521)	-	-	14,932,696,479
Semicolon Mullae REIT CO., LTD.	-	-	-	(20,712,343,714)	-	-	20,712,343,714	-	-
GridFlex, Inc.	-	7,268,316,000	(7,479)	(34,781,951)	-	-	-	-	7,233,526,570
	<u>153,655,701,663</u>	<u>35,275,543,000</u>	<u>(9,675,070,650)</u>	<u>(21,867,487,869)</u>	<u>(4,005,402,867)</u>	<u>3,041,399,622</u>	<u>11,746,342,186</u>	<u>(7,103,070,000)</u>	<u>161,067,955,085</u>
	<u>₩ 268,130,281,111</u>	<u>₩ 77,824,093,000</u>	<u>₩ (9,255,172,176)</u>	<u>₩ (21,938,545,219)</u>	<u>₩ (5,668,903,525)</u>	<u>₩ 202,489,209,232</u>	<u>₩ 12,180,591,932</u>	<u>₩ (270,283,588,796)</u>	<u>₩ 253,477,965,559</u>

¹ It includes profits (losses) of associates and joint ventures classified as operating income and gain or loss on disposal of investments in subsidiaries, joint ventures, and associates, impairment loss, etc. (See Notes 28 and 29).

² It includes acquisition and disposal due to changes in percentage of ownership, and the recognition of equity method on share gain or loss on investments in associates (see Note 10-(1)).

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	2022									
	Beginning balance	Acquisition	Share of profit (loss)	Share of other comprehensive income	Dividend income	Profits (losses) of associates and joint ventures (operating) ¹	Others ²	Disposal	Ending balance	
Joint ventures										
KORAMCO No.120 General Type Private Real Estate Investment Trust	₩ 4,655,392,105	₩ -	₩ -	₩ -	₩ -	₩ 469,815,320	₩ -	₩ -	₩ 5,125,207,425	
KORAMCO Icheon Baeksa Logistics General Type Private Real Estate Investment Trust	4,365,794,555	-	-	-	-	460,438,970	-	-	4,826,233,525	
Tiger Alternative Investment trust No.318 (formerly, IGIS No.318 Professional Investors' Private Placement Real Estate Investment Limited Liab.)	35,353,288,982	-	-	-	-	(633,811,506)	-	-	34,719,477,476	
DDI YS-40 REIT	9,951,062,480	-	-	234,672,263	-	3,828,437,431	(8,464,185,394)	(5,549,986,780)	-	
Cheongju Eco Park Co., Ltd.	2,035,267,946	-	5,206,128,588	-	-	-	-	-	7,241,396,534	
Hanwha Cheongjuecopark private equity 1st(Infrastructure)	11,961,473,815	-	5,957,243,434	-	(149,640,001)	-	-	-	17,769,077,248	
Eumsung Ecopark Co., Ltd.	-	5,740,180,000	(2,121,815,930)	(29,949,364)	-	-	950,000	-	3,589,364,706	
Hanwha Eumseongecopark private equity 1st(Infrastructure)	-	12,474,420,000	551,575,475	-	(88,153,178)	-	-	-	12,937,842,297	
HHR Real Estate Private Fund No.5	-	18,000,000,000	-	-	-	1,275,452,574	-	-	19,275,452,574	
Metheus Ilsan Complex Logistics Center PFV Co., Ltd	-	2,700,000,000	-	-	-	(442,792,106)	-	-	2,257,207,894	
PungBaek Wind Farm Corporation	-	7,885,440,000	(1,145,466,891)	(6,653,340)	-	-	-	-	6,733,319,769	
	<u>68,322,279,883</u>	<u>46,800,040,000</u>	<u>8,447,664,676</u>	<u>198,069,559</u>	<u>(237,793,179)</u>	<u>4,957,540,683</u>	<u>(8,463,235,394)</u>	<u>(5,549,986,780)</u>	<u>114,474,579,448</u>	
Associates										
KintexMall Co.Ltd	16,474,921	-	(210,997)	-	-	-	-	-	16,263,924	

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	2022								
	Beginning balance	Acquisition	Share of profit (loss)	Share of other comprehensive income	Dividend income	Profits (losses) of associates and joint ventures (operating) ¹	Others ²	Disposal	Ending balance
Daegusolar	2,099,866,159	-	694,404,367	-	(240,323,200)	-	-	-	2,553,947,326
Monaissance	853,422,481	-	87,052,268	-	-	-	-	-	940,474,749
IGIS No.135 Professional Investors' Private Placement Real Estate Investment Limited Liab.	14,122,217,450	-	-	-	-	(970,739,174)	-	-	13,151,478,276
IGIS No.178 Professional Investors' Private Placement Real Estate Investment Limited Liab.	365,638,112	-	-	23,549,885	-	(106,858,741)	-	(282,329,256)	-
DDISY-230 Residential REIT Co., LTD.	96,197,525	15,405,000,000	-	3,735,588,082	-	9,405,489,611	-	(14,500,000,000)	14,142,275,218
DDISS-280 RETAIL REIT CO., LTD.	-	-	-	-	-	-	-	-	-
DDISC-1338 Residential REIT Co., Ltd.	9,869,270,828	-	-	-	-	(769,485,442)	-	-	9,099,785,386
DDISC-1339 Residential REIT Co., Ltd.	515,944,096	10,670,000,000	-	2,862,723,610	-	5,172,349,130	-	(9,124,000,000)	10,097,016,836
DDISC-57 Residential REIT Co., Ltd.	-	9,254,662,500	-	2,986,670,197	-	5,131,606,092	-	(8,330,000,000)	9,042,938,789
DDI Residential No.1 Subsidiary REIT Co., Ltd.	3,871,428,888	-	-	(60,480,923)	(982,281,778)	5,864,304	-	-	2,834,530,491
Hyundai Private Real Estate Investment Trust No. 20	12,493,093,974	-	-	-	-	(7,922,493,424)	-	-	4,570,600,550
Gunpo Mixed Use Development PFV Company	-	-	-	78,421,053	-	(2,992,980,100)	2,914,559,047	-	-
Daehoji Solar Park, Inc.	246,102,630	-	(52,707,076)	-	-	-	-	-	193,395,554
FASSTO	6,256,566,818	10,661,179,000	(4,173,949,731)	(69,960,154)	-	-	1,092,791,070	-	13,766,627,003
Howbuild	2,679,251,501	-	322,843,334	(1,759,975)	-	-	-	-	3,000,334,860
D&D Platform REIT Co., Ltd.	29,116,300,938	-	704,296,050	671,104,858	(1,811,508,908)	-	-	-	28,680,192,938
Chilgok Ecopark	-	-	-	-	-	-	-	-	-

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(In Korean won)

	2022								
	Beginning balance	Acquisition	Share of profit (loss)	Share of other comprehensive income	Dividend income	Profits (losses) of associates and joint ventures (operating) ¹	Others ²	Disposal	Ending balance
DDISHQ REIT Co., Ltd.	2,473,228,801	-	-	583,826,035	-	5,133,293,969	(1,352,197,055)	(6,838,151,750)	-
Gulup Wind Power Development Corp.	3,000,000,000	-	(55,090,014)	-	-	-	-	-	2,944,909,986
DDIVC-1 REIT Co., Ltd.	-	37,926,000,000	-	(2,506,448)	-	(8,943,687,637)	-	-	28,979,805,915
DDISC49	-	-	-	-	-	(4,500,382,492)	5,000,000,000	-	499,617,508
DDI YS-40 REIT	-	-	-	-	-	(2,856,036,300)	8,464,185,394	-	5,608,149,094
Korea Space Data	-	2,000,213,131	9,739,765	(2,232,116)	-	-	-	-	2,007,720,780
DDILVC Master REIT Co., Ltd.	-	736,100,000	(31,262,050)	(1,307,765)	-	-	-	-	703,530,185
DDIVC Master REIT Co., Ltd.	-	851,300,000	(29,193,705)	-	-	-	-	-	822,106,295
	<u>88,075,005,122</u>	<u>87,504,454,631</u>	<u>(2,524,077,789)</u>	<u>10,803,636,339</u>	<u>(3,034,113,886)</u>	<u>(4,214,060,204)</u>	<u>16,119,338,456</u>	<u>(39,074,481,006)</u>	<u>153,655,701,663</u>
	<u>₩ 156,397,285,005</u>	<u>₩ 134,304,494,631</u>	<u>₩ 5,923,586,887</u>	<u>₩ 11,001,705,898</u>	<u>₩ (3,271,907,065)</u>	<u>₩ 743,480,479</u>	<u>₩ 7,656,103,062</u>	<u>₩ (44,624,467,786)</u>	<u>₩ 268,130,281,111</u>

¹ It includes profits (losses) of associates and joint ventures classified as operating income and gain or loss on disposal of investments in subsidiaries and associates, impairment loss, etc. (See Notes 28 and 29).

² It includes acquisition and disposal due to changes in percentage of ownership, and the recognition of equity method losses on loans to investments in associates (see Note 10-(1)).

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(3) Summarized financial information of subsidiaries, associates and joint ventures as of and for the years ended December 31, 2023 and 2022, is as follows:

(In Korean won)

	2023			
	Total assets	Total liabilities	Sales	(Loss) profit for the year
Joint ventures				
KORAMCO No.120 General Type Private Real Estate Investment Trust	₩ 70,130,447,847	₩ 43,879,677,530	₩ -	₩ (5,022,959,271)
KORAMCO Icheon Baeksa Logistics General Type Private Real Estate Investment Trust	69,089,504,104	43,020,467,517	-	(4,268,548,333)
Cheongju Eco Park Co., Ltd.	145,168,000,419	111,577,487,698	42,676,989,353	(1,909,677,170)
Hanwha Cheongjuecopark private equity 1st(Infrastructure)	31,264,297,157	10,872,184	-	(435,474,537)
Eumsung Ecopark Co., Ltd.	154,700,431,862	122,982,659,322	50,690,153,247	10,397,395,058
Hanwha Eumseongecopark private equity 1st(Infrastructure)	30,292,422,912	10,650,494	-	4,954,454,628
HHR Real Estate Private Fund No.5	16,973,394,988	1,762,936	1,034,184,796	972,802,694
Metheus Ilsan Complex Logistics Center PFV Co., Ltd	45,718,550,672	41,858,673,970	-	(1,333,915,797)
PungBaek Wind Farm Corporation	65,805,001,447	51,804,282,645	-	(1,389,953,448)
Connect Pie Cloud Co., Ltd.	9,472,326,670	565,791,143	183,791,741	(948,449,473)
Yakmok Ecopark Co., Ltd.	3,409,762,000	1,399,062,341	-	(1,794,850,341)
Chilgok Ecopark Co., Ltd.	105,193,404,426	97,115,885,900	-	(2,030,987,955)
Uiseong wind	19,163,514,637	14,505,117,771	-	(5,337,920,559)
Geumyang Ecopark Co., Ltd.	13,831,351,565	1,395,000,000	-	(65,693,661)
Associates				
KintexMall Co.Ltd	40,140,902	-	-	(518,907)
Daegusolar	14,140,480,225	4,471,201,791	4,225,037,236	1,771,625,104
Monaissance	4,051,835,342	711,984,098	2,931,523,674	427,237,955
IGIS No.135 Professional Investors' Private Placement Real Estate Investment Limited Liab.	135,760,405,292	100,228,345,623	3,830,155,199	(2,043,592,549)
DDISY-230 Residential REIT Co., LTD.	219,772,171,602	183,715,900,872	11,548,764,661	(7,320,224,100)
DDISS-280 RETAIL REIT CO., LTD.	75,400,838,993	50,826,408,501	4,111,526,805	(339,443,213)
DDISC-1338 Residential REIT Co., Ltd.	195,705,995,841	168,134,040,936	8,017,814,593	(3,197,905,801)
DDISC-1339 Residential REIT Co., Ltd.	181,518,515,818	145,570,638,266	7,822,291,887	(3,115,170,529)
DDISC-57 Residential REIT Co., Ltd.	119,986,639,823	92,970,242,480	6,396,370,641	(1,004,970,802)
DDI Residential No.1 Subsidiary REIT Co., Ltd.	115,560,287,680	76,594,507,750	7,572,377,605	2,193,377,045
Gunpo Mixed Use Development PFV Company	276,260,827,319	282,698,300,448	60,268,126,854	8,578,068,697
FASSTO	167,113,883,151	176,012,655,027	72,889,870,397	(49,647,146,808)
Howbuild	2,214,246,790	1,542,730,738	4,680,649,490	(1,439,447,536)
D&D Platform REIT Co., Ltd.	853,319,156,770	551,677,191,462	41,211,471,667	6,813,876,874
Gulup Wind Power Development Corp.	19,083,235,236	26,874,970	-	(1,721,779,915)
DDIVC-1 REIT Co., Ltd.	245,354,327,487	158,449,638,874	-	(1,204,994,085)
DDISC49	70,325,710,394	44,390,510,102	-	(534,591,336)
DDI YS-40 REIT	107,381,884,851	82,879,737,601	-	(254,125,416)
Korea Space Data	6,462,534,273	2,760,397,584	13,809,208,064	(2,463,753,231)

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	2023			
	Total assets	Total liabilities	Sales	(Loss) profit for the year
DDILVC Master REIT Co., Ltd.	43,404,025,595	19,250,000		(2,233,330,537)
DDIVC Master REIT Co., Ltd.	60,089,775,162	651,616,535	-	(2,251,921,289)
Glennmont D&D Solar Holdings	23,713,163,531	2,851,059,743	363,019,487	(299,109,429)
Shinhan Normalization General Type Private Real Estate Investment Trust No. 1	130,650,493,481	65,942,142,072	-	(291,648,591)
Semicolon Mullae REIT CO., LTD.	580,985,485,201	369,112,672,338	31,040,400,615	6,901,941,982
GridFlex, Inc.	36,152,160,065	-	-	(37,380)

(In Korean won)

	2022			
	Total assets	Total liabilities	Sales	Profit (loss) for the year
Joint ventures				
KORAMCO No.120 General Type Private Real Estate Investment Trust	₩ 48,427,267,496	₩ 37,873,537,908	₩ -	₩ 908,161,060
KORAMCO Icheon Baeksa Logistics General Type Private Real Estate Investment Trust	45,424,338,156	35,766,753,236	-	706,692,129
Tiger Alternative Investment trust No.318 (formerly, IGIS No.318 Professional Investors' Private Placement Real Estate Investment Limited Liab.)	310,237,559,066	240,623,150,751	-	(1,267,623,012)
Cheongju Eco Park Co., Ltd.	152,138,715,192	116,638,525,301	66,259,729,923	17,318,706,369
Hanwha Cheongjuecopark private equity 1st(Infrastructure)	32,376,771,695	10,872,184	-	7,074,833,272
Eumsung Ecopark Co., Ltd.	144,817,155,352	123,496,777,871	10,526,485,373	1,694,052,639
Hanwha Eumseongecopark private equity 1st(Infrastructure)	26,076,352,314	10,650,112	-	969,702,202
HHR Real Estate Private Fund No.5	38,876,120,175	3,957,484	-	2,572,162,691
Methus Ilsan Complex Logistics Center PFV Co., Ltd	43,909,994,161	38,716,273,972	-	(806,279,811)
PungBaek Wind Farm Corporation	46,956,932,778	31,666,827,286	-	(3,095,856,462)
Associates				
KintexMall Co.Ltd.	40,659,809	-	-	(527,492)
Daegusolar	13,254,245,466	3,431,371,128	4,755,482,100	2,914,060,716
Monaissance	3,948,419,860	1,033,166,936	2,523,590,890	43,279,973
IGIS No.135 Professional Investors' Private Placement Real Estate Investment Limited Liab.	137,392,206,387	99,816,554,169	2,722,155,227	(2,806,271,296)
DDISY-230 Residential REIT Co., LTD.	220,619,089,827	183,084,149,151	7,081,369,800	(6,277,296,669)
DDISS-280 RETAIL REIT CO., LTD.	76,823,859,463	50,759,014,532	3,557,012,851	811,156,070
DDISC-1338 Residential REIT Co., Ltd.	199,825,065,010	169,134,210,711	7,654,290,788	(3,847,427,209)
DDISC-1339 Residential REIT Co., Ltd.	184,982,293,493	146,272,274,014	6,731,732,018	(2,863,980,818)
DDISC-57 Residential REIT Co., Ltd.	121,548,754,040	93,472,866,691	4,662,543,357	(1,058,618,555)
DDI Residential No.1 Subsidiary REIT Co., Ltd.	115,868,045,566	76,484,455,564	7,182,575,067	1,831,619,077
Hyundai Private Real Estate Investment Trust No. 20	25,762,037,683	3,050,702,065	68,448,733	(2,777,079,705)

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	2022			
	Total assets	Total liabilities	Sales	Profit (loss) for the year
Gunpo Mixed Use Development PFV Company	220,844,202,324	235,859,744,150	2,990,810,694	(9,153,389,498)
Daehoji Solar Park, Inc.	2,142,038,252	1,475,004,522	-	(181,790,103)
FASSTO	86,433,894,071	36,500,269,673	31,063,969,127	(30,363,516,903)
Howbuild	2,133,557,115	1,544,199,099	3,867,633,402	(6,598,269,978)
D&D Platform REIT Co., Ltd.	865,257,234,322	551,411,085,070	39,483,399,464	7,559,658,127
Chilgok Ecopark	4,004,231,797	4,008,618,137	-	(5,611,429)
Gulup Wind Power Development Corp.	20,786,333,477	8,162,250	-	(550,900,138)
DDIVC-1 REIT Co., Ltd.	119,851,596,149	43,232,654,451	-	(722,631,862)
DDI YS-40 REIT	93,981,981,500	69,225,708,834	-	(1,187,671,772)
Korea Space Data	3,909,961,479	657,561,978	8,271,826,476	(2,026,016,713)
DDISC49	61,586,484,752	37,614,201,896	-	(609,812,002)
DDILVC Master REIT Co., Ltd.	42,256,333,404	44,522,390	-	(1,875,723,066)
DDIVC Master REIT Co., Ltd.	41,825,768,984	720,454,291	-	(1,459,685,307)

(4) Fair value of investments in joint ventures and associates that has a quoted market price as of December 31, 2023 and 2022, are as follows:

(In Korean won)

	2023	2022
Associate		
D&D Platform REIT Co., Ltd.	₩ 19,170,000,000	₩ 20,430,000,000

Meanwhile, the Group performed impairment test on equity-method investments of which the fair value of quoted market price is less than the book amount, and there is no impairment loss recognized during the year ended December 31, 2023.

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11. PROPERTY, PLANT AND EQUIPMENT:

(1) Details of property, plant and equipment as of December 31, 2023 and 2022, are as follows:

(In Korean won)

	2023			2022		
	Acquisition cost	Accumulated depreciation	Book amount	Acquisition cost	Accumulated depreciation	Book amount
Land	₩ 42,480,618,056	₩ -	₩ 42,480,618,056	₩ 43,967,945,094	₩ -	₩ 43,967,945,094
Buildings	22,030,352,447	(6,686,094,316)	15,344,258,131	21,627,186,136	(5,413,990,093)	16,213,196,043
Structures	3,427,760,000	(985,717,882)	2,442,042,118	3,427,760,000	(757,200,548)	2,670,559,452
Machinery	354,158,243,325	(124,782,663,772)	229,375,579,553	352,421,876,817	(102,471,615,679)	249,950,261,138
Tools and equipment	26,561,600	(23,845,890)	2,715,710	24,669,000	(22,682,000)	1,987,000
Supplies	4,507,236,742	(2,763,962,761)	1,743,273,981	4,046,869,564	(2,126,545,229)	1,920,324,335
Other property, plant and equipment	14,785,669,922	(11,352,382,306)	3,433,287,616	13,949,673,342	(9,238,320,601)	4,711,352,741
Construction-in-progress	1,256,935,200	-	1,256,935,200	40,420,046,504	-	40,420,046,504
	₩ 442,673,377,292	₩ (146,594,666,927)	₩ 296,078,710,365	₩ 479,886,026,457	₩ (120,030,354,150)	₩ 359,855,672,307

(2) Changes in property, plant and equipment for the years ended December 31, 2023 and 2022, are as follows:

(In Korean won)

	2023						Ending balance
	Beginning balance	Acquisition	Transfer ^{1,2}	Disposal	Others ³	Depreciation	
Land	₩ 43,967,945,094	₩ 1,120,464,095	₩ 520,691,203	₩ (2,298,180,795)	(830,301,541)	₩ -	₩ 42,480,618,056
Buildings	16,213,196,043	24,557,006	423,885,155	(45,275,850)	-	(1,272,104,223)	15,344,258,131
Structures	2,670,559,452	-	-	-	-	(228,517,334)	2,442,042,118
Machinery	249,950,261,138	2,936,980,000	-	(1,078,714,492)	-	(22,432,947,093)	229,375,579,553
Tools and equipment	1,987,000	1,892,600	-	-	-	(1,163,890)	2,715,710
Supplies	1,920,324,335	376,730,105	162,272,645	(30,084,457)	-	(685,968,647)	1,743,273,981
Other property, plant and equipment	4,711,352,741	32,263,980	806,132,600	(1,960,000)	-	(2,114,501,705)	3,433,287,616
Construction-in-progress	40,420,046,504	3,333,003,200	(42,496,114,504)	-	-	-	1,256,935,200
	₩ 359,855,672,307	₩ 7,825,890,986	₩ (40,583,132,901)	₩ (3,454,215,594)	(830,301,541)	₩ (26,735,202,892)	₩ 296,078,710,365

¹ Transferred from inventories to land and buildings.

² Amounts transferred to inventories, investment properties and intangible assets are included.

³ Amounts related to changes in the scope of consolidation that occurred during the current period are included.

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		2022						
		Beginning balance	Acquisition	Transfer ¹	Disposal	Others ²	Depreciation	Ending balance
Land	₩	4,572,965,515	₩ 471,874,828	₩ 38,923,104,751	₩ -	-	₩ -	₩ 43,967,945,094
Buildings		15,713,213,694	-	1,770,601,687	-	-	(1,270,619,338)	16,213,196,043
Structures		2,899,076,786	-	-	-	-	(228,517,334)	2,670,559,452
Machinery		271,838,166,742	390,707,000	-	(1,000)	-	(22,278,611,604)	249,950,261,138
Tools and equipment		2,867,000	-	-	-	-	(880,000)	1,987,000
Supplies		1,803,470,222	222,267,106	529,546,088	(9,377,700)	-	(625,581,381)	1,920,324,335
Other property, plant and equipment		6,623,631,201	600,282,365	(84,747,295)	(4,440,000)	-	(2,423,373,530)	4,711,352,741
Construction-in-progress		53,112,996,089	94,656,806,874	(62,785,916,323)	-	(44,563,840,136)	-	40,420,046,504
	₩	356,566,387,249	₩ 96,341,938,173	₩ (21,647,411,092)	₩ (13,818,700)	(44,563,840,136)	₩ (26,827,583,187)	₩ 359,855,672,307

¹ Amounts transferred to investment properties, intangible assets and non-current assets held for sale are included.

² Amounts related to changes in the scope of consolidation that occurred during the previous period are included.

12. INVESTMENT PROPERTIES:

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

(In Korean won)

		2023			
		Acquisition cost	Accumulated depreciation	Accumulated impairment	Book amount
Land	₩	118,126,370,256	₩ -	₩ -	₩ 118,126,370,256
Buildings		22,258,609,386	(1,893,655,960)	(2,237,534,111)	18,127,419,315
Right-of-use assets		10,137,510,742	(6,338,060,591)	-	3,799,450,151
	₩	150,522,490,384	₩ (8,231,716,551)	₩ (2,237,534,111)	₩ 140,053,239,722

(In Korean won)

		2022			
		Acquisition cost	Accumulated depreciation	Accumulated impairment	Book amount
Land	₩	74,573,245,678	₩ -	₩ -	₩ 74,573,245,678
Buildings		22,608,667,482	(1,883,308,784)	(2,237,534,111)	18,487,824,587
Right-of-use assets		10,338,933,590	(5,026,141,301)	-	5,312,792,289
	₩	107,520,846,750	₩ (6,909,450,085)	₩ (2,237,534,111)	₩ 98,373,862,554

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(2) Changes in investment properties for the years ended 2023 and 2022, are as follows:

(In Korean won)

	2023						Ending balance
	Beginning balance	Additions	Transfer ^{1,2}	Effect of reestimation and others ³	Disposal	Depreciation	
Land	₩ 74,573,245,678	2,840,279,704	₩ 41,575,522,888	₩ -	₩ (862,678,014)	₩ -	₩ 118,126,370,256
Buildings	18,487,824,587	5,114,839,391	(5,054,294,304)	-	(27,231,767)	(393,718,592)	18,127,419,315
Right-of-use assets	5,312,792,289	-	(208,265,696)	6,842,848	-	(1,311,919,290)	3,799,450,151
	<u>₩ 98,373,862,554</u>	<u>7,955,119,095</u>	<u>₩ 36,312,962,888</u>	<u>₩ 6,842,848</u>	<u>₩ (889,909,781)</u>	<u>₩ (1,705,637,882)</u>	<u>₩ 140,053,239,722</u>

¹ Amounts transferred from construction in progress to land and buildings, from inventories to land and buildings are included.

² Changes due to new subleases are included.

³ Amounts reversed from early termination of sublease are included.

(In Korean won)

	2022				
	Beginning balance	Transfer ¹	Effect of reestimation and others	Depreciation	Ending balance
Land	₩ 59,302,195,628	₩ 15,271,050,050	₩ -	₩ -	₩ 74,573,245,678
Buildings	17,484,856,122	1,506,941,095	-	(503,972,630)	18,487,824,587
Right-of-use assets	7,058,993,197	(85,932,463)	(65,592,316)	(1,594,676,129)	5,312,792,289
	<u>₩ 83,846,044,947</u>	<u>₩ 16,692,058,682</u>	<u>₩ (65,592,316)</u>	<u>₩ (2,098,648,759)</u>	<u>₩ 98,373,862,554</u>

¹ Changes due to new subleases are included.

(3) Profit or loss recognized in relation to investment properties for the years ended December 31, 2023 and 2022, is as follows:

(In Korean won)

	2023	2022
Rental income from investment properties	₩ 2,257,900,395	₩ 2,926,590,527
Rental expenses from investment properties	1,709,716,077	1,984,304,795

(4) Fair value of land and buildings recognized as investment properties as of December 31, 2023, is ₩ 136,154 million.

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13. INTANGIBLE ASSETS:

(1) Intangible assets as of December 31, 2023 and 2022, consist of the following:

(In Korean won)

	2023			2022		
	Acquisition cost	Accumulated amortization	Book amount	Acquisition cost	Accumulated amortization	Book amount
Goodwill	₩ 3,115,136,496	₩ -	₩ 3,115,136,496	₩ 3,115,136,496	₩ -	₩ 3,115,136,496
Patents	30,392,272	(18,692,409)	11,699,863	30,392,272	(14,613,255)	15,779,017
Trademarks	410,500,080	(348,524,403)	61,975,677	408,883,360	(283,598,439)	125,284,921
Membership rights	2,272,610,428	-	2,272,610,428	2,417,391,538	-	2,417,391,538
Software	20,064,287,137	(9,238,857,788)	10,825,429,349	18,449,342,682	(6,276,667,668)	12,172,675,014
Other intangible assets	472,000,000	(47,200,000)	424,800,000	-	-	-
	<u>₩ 26,364,926,413</u>	<u>₩ (9,653,274,600)</u>	<u>₩ 16,711,651,813</u>	<u>₩ 24,421,146,348</u>	<u>₩ (6,574,879,362)</u>	<u>₩ 17,846,266,986</u>

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

(In Korean won)

	2023					
	Beginning balance	Acquisition	Transfer ¹	Disposal	Amortization	Ending balance
Goodwill	₩ 3,115,136,496	₩ -	₩ -	₩ -	₩ -	₩ 3,115,136,496
Patents	15,779,017	-	-	-	(4,079,154)	11,699,863
Trademarks	125,284,921	1,616,720	-	-	(64,925,964)	61,975,677
Membership rights	2,417,391,538	-	-	(144,781,110)	-	2,272,610,428
Software	12,172,675,014	184,293,456	1,358,824,755	-	(2,890,363,876)	10,825,429,349
Other intangible assets	-	472,000,000	-	-	(47,200,000)	424,800,000
	<u>₩ 17,846,266,986</u>	<u>₩ 657,910,176</u>	<u>₩ 1,358,824,755</u>	<u>₩ (144,781,110)</u>	<u>₩ (3,006,568,994)</u>	<u>₩ 16,711,651,813</u>

¹ Transferred from construction in progress.

(In Korean won)

	2022						
	Beginning balance	Acquisition	Transfer ¹	Disposal	Others ²	Amortization	Ending balance
Goodwill	₩ 3,118,892,496	₩ -	₩ -	₩ -	₩ (3,756,000)	₩ -	₩ 3,115,136,496
Patents		980,364	9,418,908	-	-	(2,461,330)	15,779,017
Trademarks	189,144,474	956,360	-	-	-	(64,815,913)	125,284,921
Membership rights	2,417,391,538	-	-	-	-	-	2,417,391,538
Software	13,095,188,078	803,483,344	878,670,000	(47,510,002)	-	(2,557,156,406)	12,172,675,014
	<u>₩ 18,828,457,661</u>	<u>₩ 805,420,068</u>	<u>₩ 888,088,908</u>	<u>₩ (47,510,002)</u>	<u>₩ (3,756,000)</u>	<u>₩ (2,624,433,649)</u>	<u>₩ 17,846,266,986</u>

¹ Transferred from construction in progress.

² Amounts from changes in scope of consolidation during the previous period are included.

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(3) The Group performed impairment test on intangible assets with indefinite useful lives, and there is no impairment loss recognized during the year ended December 31, 2023.

14. NON-CURRENT ASSETS HELD FOR SALE:

Details of non-current assets held for sale as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023		2022	
Land	₩	3,117,921,993	₩	3,117,921,993
Buildings		858,708,482		858,708,482
	₩	<u>3,976,630,475</u>	₩	<u>3,976,630,475</u>

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES:

(1) Right-of-use assets as of December 31, 2023 and 2022, consist of the following:

<i>(In Korean won)</i>	2023			2022		
	Acquisition cost	Accumulated depreciation	Book amount	Acquisition cost	Accumulated depreciation	Book amount
Land	₩ 6,451,029,356	₩ (1,720,274,496)	₩ 4,730,754,860	₩ 6,451,029,356	₩ (1,290,205,872)	₩ 5,160,823,484
Buildings	15,106,820,873	(6,370,044,847)	8,736,776,026	8,201,985,590	(3,356,450,196)	4,845,535,394
Vehicles	1,239,490,598	(465,632,247)	773,858,351	1,045,489,076	(527,714,558)	517,774,518
	₩ 22,797,340,827	₩ (8,555,951,590)	₩ 14,241,389,237	₩ 15,698,504,022	₩ (5,174,370,626)	₩ 10,524,133,396

(2) Changes in right-of-use assets and lease liabilities for the years ended 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023				
	Right-of-use assets			Lease liabilities	
	Land	Buildings	Vehicles	Total	Lease liabilities
Beginning balance	₩ 5,160,823,484	₩ 4,845,535,394	₩ 517,774,518	₩ 10,524,133,396	₩ 18,427,585,141
Effect of reestimation and others	-	1,039,010,257	(31,856,609)	1,007,153,648	710,564,859
Acquisition/increase	-	6,152,414,474	665,164,524	6,817,578,998	5,899,817,791
Disposal/redemption	-	(89,519,800)	-	(89,519,800)	-
Depreciation	(430,068,624)	(3,210,664,299)	(377,224,082)	(4,017,957,005)	-
Interest expenses	-	-	-	-	1,080,997,488
Lease payment	-	-	-	-	(6,801,399,209)
Ending balance	₩ 4,730,754,860	₩ 8,736,776,026	₩ 773,858,351	₩ 14,241,389,237	₩ 19,317,566,070

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	2022								
	Right-of-use assets				Lease liabilities				
	Land	Buildings	Vehicles	Total	Land	Buildings	Vehicles	Total	
Beginning balance	₩ 5,590,892,108	₩ 3,049,367,977	₩ 431,934,320	₩ 9,072,194,405	₩ 19,949,337,204				
Effect of reestimation and others	-	667,178,835	5,461,624	672,640,459					571,417,511
Others	-	(1,125,022,091)	-	(1,125,022,091)					(1,010,556,070)
Acquisition/increase	-	4,213,822,109	397,359,690	4,611,181,799					4,216,498,484
Depreciation	(430,068,624)	(1,959,811,436)	(316,981,116)	(2,706,861,176)					-
Interest expenses	-	-	-	-					898,932,176
Lease payment	-	-	-	-					(6,198,044,164)
Ending balance	₩ 5,160,823,484	₩ 4,845,535,394	₩ 517,774,518	₩ 10,524,133,396	₩ 18,427,585,141				

(3) Details of undiscounted contractual redemption plan of lease liabilities related to right-of-use assets of the Group are as follows:

(In Korean won)	Within 1 year	Between 1 year to 4 years	Later than 4 years	Total
Land	₩ 600,000,000	₩ 1,800,000,000	₩ 4,200,000,000	₩ 6,600,000,000
Buildings	3,205,247,414	6,002,116,543	30,000,000	9,237,363,957
Vehicles	392,246,650	470,188,284	-	862,434,934
Investment properties	1,798,567,876	2,470,842,727	1,256,817,420	5,526,228,023
	₩ 5,996,061,940	₩ 10,743,147,554	₩ 5,486,817,420	₩ 22,226,026,914

(4) The consolidated statement of other comprehensive income shows the following amounts relating to right-of-use assets and lease liabilities:

(In Korean won)	2023	2022
Revenue		
Interest income of finance lease receivables	₩ 79,020,251	₩ 165,277,229
Expenses		
Depreciation of right-of-use assets	4,017,957,005	2,706,861,176
Interest expenses of lease liabilities	1,080,997,488	898,932,176
Lease payments - short-term leases and leases of low-value assets ¹	616,971,309	1,127,321,006
Net expenses recognized in the consolidated statement of other comprehensive income	₩ 5,636,905,551	₩ 4,567,837,129

¹For short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as personal computers, small office furniture, etc.), the Group recognizes lease payments as operating expenses on a straight-line basis over the lease term according to the terms of the contract.

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(5) Details of undiscounted contractual maturity analysis of finance lease receivables as of December 31, 2023, are as follows:

<i>(In Korean won)</i>	2023			
	Within 1 year	Between 1 year to 5 years	Later than 5 years	Total
Investment properties	₩ 1,253,085,400	₩ 500,671,781	₩ 2,851,620	₩ 1,756,608,801

(6) The future minimum lease payments expected to be received in relation to the non-cancelable operating lease agreement as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023		2022	
Within 1 year	₩	375,663,875	₩	438,740,000
Between 1 year and 5 years		-		7,000,000
	₩	<u>375,663,875</u>	₩	<u>445,740,000</u>

16. CONSTRUCTION CONTRACTS:

(1) Details of contract assets and liabilities as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023		2022	
Accumulated costs	₩	143,388,185,500	₩	45,860,097,680
Add: accumulated profit		44,436,883,749		15,895,098,393
Accumulated contract revenue		187,825,069,249		61,755,196,073
Less: progress billings ¹		(275,013,005,006)		(114,307,602,748)
		<u>(87,187,935,757)</u>		<u>(52,552,406,675)</u>
Contract assets and due from customers		153,359,220		-
Contract liabilities and due to customers ¹	₩	<u>(87,341,294,977)</u>	₩	<u>(52,552,406,675)</u>

¹ Advance payments of ₩5,005,361,817 for progress and ₩3,893,531,192 for delivery are excluded.

(2) Regarding contracts in progress as of December 31, 2023, that recognized revenue under stage of completion using the cost-based input method, the changes in estimates of total contract revenue and estimated total contract costs during the year ended December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	Changes in estimated total contract revenue	Changes in estimated total contract cost	Impact on profit or loss for the period	Impact on profit or loss for the future	Changes in contract assets	Changes in contract liabilities
Saeng-gag gongjang Guro	₩ -	₩ 7,723	₩ (59)	₩ (7,664)	₩ -	₩ 59

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The impact on profit or loss for the period and future are calculated based on the estimated total contract costs based on the circumstances that occurred from the commencement of the contract until the end of the reporting period, and contract costs and contract revenue may change in the future period.

- (3) Contracts that recognize revenue under stage of completion using the cost-based input method, for which contract amount for the year ended December 31, 2023, is more than 5% of previous revenues, are as follows:

	Contract date	Contractual completion date	Progress (%)	Contract assets and due from customers		Trade receivables	
				Total amount	Accumulated impairment loss	Total amount	Allowance for doubtful account
<i>(In Korean won)</i>							
Saeng-gag gongjang Guro	2022-04-22	2025-08-25	15.93	₩	-	₩	-
PungBaek Wind Farm Corporation EPC	2022-06-24	2025-06-25	46.39		-		-
New construction of Gunpo Mixed Use Development	2020-12-28	2025-09-30	10.91		-		-

17. TRADE AND OTHER PAYABLES:

Details of trade and other payables as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Current		
Trade payables	₩ 17,673,168,586	₩ 6,851,388,823
Non-trade payables	38,534,280,227	32,203,632,850
Current lease liabilities	5,045,087,557	4,281,940,299
Accrued expenses	8,865,598,890	13,643,573,103
	<u>70,118,135,260</u>	<u>56,980,535,075</u>
Non-current		
Long-term non-trade payables	1,614,520,809	1,967,375,017
Non-current lease liabilities	14,272,478,513	14,145,644,842
	<u>15,886,999,322</u>	<u>16,113,019,859</u>
	<u>₩ 86,005,134,582</u>	<u>₩ 73,093,554,934</u>

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18. DEBENTURES AND BORROWINGS:

(1) Details of debentures and borrowings as of December 31, 2023 and 2022, are as follows:

(In Korean won)

	2023		2022	
	Current	Non-current	Current	Non-current
Short-term borrowings	₩ 59,000,000,000	₩ -	₩ 8,000,000,000	₩ -
Long-term borrowings	367,564,995,376	491,530,563,791	254,741,167,671	631,044,007,796
Debentures	201,459,592,795	87,872,678,897	74,924,581,109	250,136,172,342
	<u>₩ 628,024,588,171</u>	<u>₩ 579,403,242,688</u>	<u>₩ 337,665,748,780</u>	<u>₩ 881,180,180,138</u>

(2) Details of short-term borrowings as of December 31, 2023 and 2022, are as follows:

(In Korean won)

Creditor	Category	Interest rate (%)	2023	2022
Korea Development Bank and others	General borrowings	5.23–6.70	₩ 35,000,000,000	₩ 8,000,000,000
Gyeongnam Center Credit Association and others	Specific borrowings	7.80	24,000,000,000	-
			<u>₩ 59,000,000,000</u>	<u>₩ 8,000,000,000</u>

(3) Details of long-term borrowings as of December 31, 2023 and 2022, are as follows:

(In Korean won)

Creditor	Category	Interest rate (%)	2023	2022
KEB Hana Bank and others	Specific and general borrowings	3.60–7.70	₩ 823,730,742,747	₩ 817,578,382,748
KEB Hana Bank ¹	Specific borrowings	3M CD+2.01	-	27,000,000,000
KEB Hana Bank ²	General borrowings	LIBOR 3M+3.41	-	7,223,610,000
Woori Bank ²	General borrowings	SOFR 3M+3.02	38,682,000,000	38,019,000,000
			<u>862,412,742,747</u>	<u>889,820,992,748</u>
Less: discount on borrowings			(3,317,183,580)	(4,035,817,281)
Less: current portion			(368,124,306,669)	(254,847,916,669)
Less: current portion of discount on borrowings			559,311,293	106,748,998
			<u>₩ 491,530,563,791</u>	<u>₩ 631,044,007,796</u>

¹ The Group has entered into an interest rate swap contract to fix the variable interest rate risk related to Seoungsu Episode PF loans (see Notes 22 and 24).

² The Group has entered into a currency swap contract to fix the interest and exchange rate fluctuation risk exposed in payment of principal and interests of debentures in foreign currency with floating rate (see Notes 22 and 24).

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(4) Details of debentures as of December 31, 2023 and 2022, are as follows:

(In Korean won)

Category	Issuance date	Redemption date	Stated interest rate (%)		2023	2022
Debentures	2020-08-21	2023-08-21	4.90	₩	-	₩ 30,000,000,000
	2020-10-27	2023-10-27	4.90		-	45,000,000,000
	2021-03-12	2024-03-12	4.50		130,000,000,000	130,000,000,000
	2022-03-17	2025-03-17	5.00		40,000,000,000	40,000,000,000
	2022-03-28	2025-03-28	5.00		10,000,000,000	10,000,000,000
	2022-07-27	2024-07-26	6.00		20,000,000,000	20,000,000,000
	2023-05-31	2025-05-19	6.90		15,000,000,000	-
	2023-10-27	2025-04-25	7.50		16,000,000,000	-
	2023-10-27	2025-10-27	8.00		7,000,000,000	-
					238,000,000,000	275,000,000,000
Less: discount on borrowings					(170,091,963)	(389,383,611)
Less: current portion					(150,000,000,000)	(75,000,000,000)
Less: current portion of discount on borrowings					42,770,860	75,418,891
					87,872,678,897	199,686,035,280
					25,788,000,000	25,346,000,000
Debentures in foreign currency ¹	2021-04-23	2024-04-23	SOFR 3M+1.26		USD (20,000,000)	USD (20,000,000)
					25,788,000,000	25,346,000,000
	2021-07-29	2024-07-29	SOFR 3M+3.19		USD (20,000,000)	USD (20,000,000)
					51,576,000,000	50,692,000,000
Less: discount on borrowings					(73,636,345)	(241,862,938)
Less: current portion					(51,576,000,000)	-
Less: current portion of discount on borrowings					73,636,345	-
					-	50,450,137,062
					₩ 87,872,678,897	₩ 250,136,172,342

¹ The Group has entered into a currency swap contract to fix the interest and exchange rate fluctuation risk exposed in payment of principal and interests of debentures in foreign currency with floating rate (see Notes 22 and 24).

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19. POSTEMPLOYMENT BENEFITS:

The Group operates defined benefit pension plans and also has a defined contribution pension plan for certain employees. The defined benefit obligation is calculated annually by competent and independent actuary using the projected unit credit method.

(1) Details of net defined benefit liabilities (assets) recognized in the consolidated statements of financial position as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Present value of defined benefit obligations	₩ 12,892,015,670	₩ 12,547,044,989
Fair value of plan assets	<u>(13,243,498,666)</u>	<u>(13,299,877,273)</u>
Net defined benefit assets	<u>₩ (351,482,996)</u>	<u>₩ (752,832,284)</u>

(2) Components of retirement benefits by account for the years ended December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Cost of sales	₩ 482,851,401	₩ 268,431,072
General administrative expenses	<u>2,381,557,660</u>	<u>2,541,280,830</u>
	<u>₩ 2,864,409,061</u>	<u>₩ 2,809,711,902</u>

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(3) Movements in the net defined benefit liabilities (assets) for the years ended December 31, 2023 and 2022, are as follows:

(In Korean won)

	2023		
	Present value of defined benefit obligations	Plan assets	Net defined benefit liabilities (assets)
Beginning balance	₩ 12,547,044,989	₩ (13,299,877,273)	₩ (752,832,284)
Profit or loss			
Current service cost	3,156,164,370	-	3,156,164,370
Interest expense (income)	375,468,192	(776,000,976)	(400,532,784)
	<u>3,531,632,562</u>	<u>(776,000,976)</u>	<u>2,755,631,586</u>
Remeasurements recognized as other comprehensive income			
Loss from plan assets	-	354,443,080	354,443,080
Change in financial assumptions	487,953,386	-	487,953,386
Experience adjustments	(1,204,404,944)	-	(1,204,404,944)
	<u>(716,451,558)</u>	<u>354,443,080</u>	<u>(362,008,478)</u>
Contributions paid	-	(4,086,455,849)	(4,086,455,849)
Benefit payments	(2,127,336,120)	4,195,407,224	2,068,071,104
Transfer from (to) affiliates	(342,874,203)	368,985,128	26,110,925
Ending balance	<u>₩ 12,892,015,670</u>	<u>₩ (13,243,498,666)</u>	<u>₩ (351,482,996)</u>

(in Korean won)

	2022		
	Present value of defined benefit obligations	Plan assets	Net defined benefit liabilities (assets)
Beginning balance	₩ 11,318,927,145	₩ (10,291,142,908)	₩ 1,027,784,237
Profit or loss			
Current service cost	2,838,747,415	-	2,838,747,415
Interest expense (income)	218,788,531	(360,470,254)	(141,681,723)
	<u>3,057,535,946</u>	<u>(360,470,254)</u>	<u>2,697,065,692</u>
Remeasurements recognized as other comprehensive income			
Loss from plan assets	-	178,975,146	178,975,146
Change in financial assumptions	(1,139,105,906)	-	(1,139,105,906)
Experience adjustments	2,709,760,669	-	2,709,760,669
	<u>1,570,654,763</u>	<u>178,975,146</u>	<u>1,749,629,909</u>
Contributions paid	-	(4,063,401,946)	(4,063,401,946)
Benefit payments	(3,865,254,274)	1,695,867,491	(2,169,386,783)
Transfer from (to) affiliates	465,181,409	(459,704,802)	5,476,607
Ending balance	<u>₩ 12,547,044,989</u>	<u>₩ (13,299,877,273)</u>	<u>₩ (752,832,284)</u>

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(4) Plan assets as of December 31, 2023 and 2022, consist of the following:

<i>(In Korean won)</i>	2023	2022
Ordinary deposits and others	₩ 13,243,498,666	₩ 13,299,877,273

(5) The significant actuarial assumptions as of December 31, 2023 and 2022, are as follows:

<i>(In percentage)</i>	2023	2022
Discount rate	3.13%–5.65%	6.09%
Salary growth rate (base-up)	4.00%–4.50%	4.50%

(6) While holding all other assumptions constant as of December 31, 2023 and 2022, and in the case where significant actuarial assumptions are within the reasonable and possible changes, the fluctuation of the defined benefit obligations is as follows:

<i>(In Korean won)</i>	2023			
	Discount rate		Salary growth rate	
	1% increase	1% decrease	1% increase	1% decrease
Defined benefit obligations	₩ (643,717,307)	₩ 731,211,858	₩ 719,207,525	₩ (644,734,146)

<i>(In Korean won)</i>	2022			
	Discount rate		Salary growth rate	
	1% increase	1% decrease	1% increase	1% decrease
Defined benefit obligations	₩ (494,960,637)	₩ 560,649,907	₩ 561,964,367	₩ (504,867,040)

(7) The expense recognized in the previous period in relation to defined contribution plan was ₩7,646 thousand.

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20. OTHER FINANCIAL LIABILITIES:

Details of other financial liabilities as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Other current financial liabilities		
Deposits withheld	₩ 12,320,000	₩ 440,000
Leasehold deposits received	6,450,405,349	4,979,174,145
Financial guarantee liabilities	-	8,135,110
Current portion of long-term financial liabilities ¹	2,276,219,178	3,845,204,087
Dividends payable	1,144,328,570	-
	<u>9,883,273,097</u>	<u>8,832,953,342</u>
Other non-current financial liabilities		
Leasehold deposits received	4,177,262,409	3,980,194,413
Financial guarantee liabilities	5,194,574,630	4,141,479,450
Long-term financial liabilities ¹	89,234,679,224	89,962,543,340
	<u>98,606,516,263</u>	<u>98,084,217,203</u>
	<u>₩ 108,489,789,360</u>	<u>₩ 106,917,170,545</u>

¹ As it is determined that the Group has a contractual obligation and others to distribute the financial assets to non-interest shareholders of ESSESCO, KORAMCO No.117 Qualified Investors Private Real Estate Investment Trust and IGIS No.412 Professional Investors' Private Placement Real Estate Investment Limited Liab., the shares and profit or loss of those non-controlling shareholders are included.

As of December 31, 2023, the management evaluated the historical overdue experience of debt instruments subject to financial guarantee contracts and debt status of the debtor, as well as the outlook of the industry to which the debtor belongs, and as a result, the management determined that the credit risk has not increased significantly after initial recognition of financial guarantee liabilities. There is no change in estimation techniques or material assumptions applied when evaluating financial guarantee liabilities during the year ended December 31, 2023.

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21. OTHER CURRENT LIABILITIES:

Details of other current liabilities as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023		2022	
Withholdings	₩	1,712,825,595	₩	3,902,400,283
Advance receipts ¹		103,796,514,892		5,990,421,344
Unearned revenues		2,242,829,408		1,003,244,563
	₩	<u>107,752,169,895</u>	₩	<u>10,896,066,190</u>

¹ Amounts with nature of contract liabilities received from customers in advance are included.

22. DERIVATIVE FINANCIAL INSTRUMENTS:

(1) Details of derivative assets and liabilities as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023			
	Derivative assets		Derivative liabilities	
	Current	Non-current	Current	Non-current
Currency forward	₩ 106,995,541	₩ -	₩ 51,491,861	₩ -
Currency swaps	6,787,685,645	-	-	422,784,085
OTC derivatives	6,344,000,000	865,389,624	-	5,907,000,000
	₩ <u>13,238,681,186</u>	₩ <u>865,389,624</u>	₩ <u>51,491,861</u>	₩ <u>6,329,784,085</u>
	2022			
	Derivative assets		Derivative liabilities	
	Current	Non-current	Current	Non-current
Currency forward	₩ 35,089,658	₩ -	₩ 58,736,783	₩ -
Currency swaps	915,949,686	7,008,991,981	-	845,065,641
Interest rate swaps	70,915,275	-	-	-
OTC derivatives	-	5,289,916,814	-	3,703,000,000
	₩ <u>1,021,954,619</u>	₩ <u>12,298,908,795</u>	₩ <u>58,736,783</u>	₩ <u>4,548,065,641</u>

Meanwhile, the Group evaluates derivatives at its fair value at the time of initial recognition and at the end of each reporting period, and in case of derivative contracts with a maturity of one year or longer, the amount considering the time value is reflected in adjusted gains and losses.

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(2) Details of derivative assets and liabilities related to currency swap as of December 31, 2023 and 2022, are as follows:

(In Korean won and in US Dollars)

	Purchase		Sell		2023		2022							
					Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities						
					Current	Non-current	Current	Non-current						
	Amount		Amount											
USD	1,800,000	KRW	2,139,300,000	₩	-	₩	-	₩	189,265,238	₩	-	₩	-	
USD	3,900,000	KRW	4,313,400,000		-		-		726,684,448		-		-	
USD	20,000,000	KRW	22,382,000,000		3,589,934,811		-		-		3,628,034,118		-	
USD	20,000,000	KRW	23,000,000,000		3,197,750,834		-		-		3,380,957,863		-	
USD	30,000,000	KRW	39,045,000,000		-		422,784,085		-		-		845,065,641	
					₩	6,787,685,645	₩	422,784,085	₩	915,949,686	₩	7,008,991,981	₩	845,065,641

(3) The Group applies cash flow hedge accounting, which uses interest rate swaps as a hedging instrument to hedge risks arising from changes in interest rates on borrowings with floating rate. Details of derivative assets related to interest rate swaps as of December 31, 2023 and 2022, are as follows:

(in Korean won)

Contractor	Contract period	Contractual interest rate		2023	2022	
		Payment	Receipt	Derivative assets (current)	Derivative assets (current)	
KEB Hana Bank	2020-02-07– 2023-02-07	3.50%	KRW CD 3M + 2.01%	₩	- ₩	70,915,275

(4) The Group applies fair value hedge accounting, which uses currency forwards as a hedging instrument to fix exchange rate fluctuation risks exposed in payments of imports of raw materials and furniture. Details of derivatives assets and liabilities related to currency forwards as of December 31, 2023 and 2022, are as follows:

(In Korean won and in Euros)

	Purchase		Sell		2023		2022					
					Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities				
					(current)	(current)	(current)	(current)				
	Amount		Amount									
EUR	1,520,000	KRW	2,019,928,000	₩	-	₩	-	₩	35,089,658	₩	58,736,783	
EUR	3,900,000	KRW	5,453,390,000		106,995,541		-		-		-	
USD	4,910,668	KRW	6,382,886,266		-		51,491,861		-		-	
					₩	106,995,541	₩	51,491,861	₩	35,089,658	₩	58,736,783

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(5) As of December 31, 2023, the Group has five over-the-counter (“OTC”) derivative contracts (see Note 24-(18) for the details). The Group measures the fair value of OTC derivatives by applying the option-pricing model (binomial model) based on the fair value measurement of the underlying assets and the evaluated underlying assets. Details of gain or loss on valuation of derivatives recognized due to OTC derivative contracts for the years ended December 31, 2023 and 2022, are as follows:

(In Korean won)	2023					2022		
	Derivative assets (current)	Derivative assets (non-current)	Derivative liabilities (non-current)	Gain (loss) on valuation of derivatives	Gain on transaction of derivatives	Derivative assets (non-current)	Derivative liabilities (non-current)	Gain (loss) on valuation of derivatives
Beneficiary certificates of Hyundai Private Real Estate Investment Trust No. 20 ¹	₩ -	₩ -	₩ -	₩ -	₩ 3,703,000,000	₩ -	₩ 3,703,000,000	₩ (2,029,000,000)
Beneficiary securities of preferred shares (investment trust) of Seongsu commercial facility	6,344,000,000	-	-	1,915,000,000	-	4,429,000,000	-	1,806,000,000
Semicolon Mullae REIT CO., LTD. Common stock put and call options	-	865,389,624	-	4,472,810	-	860,916,814	-	506,309,879
Beneficiary securities put and call options of DDI LVC Master Real Estate Investment Trust Co., Ltd. ²	-	-	5,907,000,000	(5,907,000,000)	-	-	-	-
Type 1 shares of Gunpo Mixed Use Development PFV Company	-	-	-	-	-	-	-	-
Uiseong wind Common stock put option ²	-	-	-	-	-	-	-	-
	₩ 6,344,000,000	₩ 865,389,624	₩ 5,907,000,000	₩ (3,987,527,190)	₩ 3,703,000,000	₩ 5,289,916,814	₩ 3,703,000,000	₩ 283,309,879

¹ Matured for the year ended December 31, 2023.

² Although these are OTC derivatives, there is no gain or loss on valuation for the year ended December 31, 2023.

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23. PROVISIONS:

(1) Details of provisions as of December 31, 2023 and 2022, are as follows:

(In Korean won)	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Provision for warranty	₩ -	₩ 2,242,737,556	₩ 2,242,737,556	₩ 307,816,884	₩ 1,565,881,491	₩ 1,873,698,375
Provision for loss compensation	4,763,722,888	929,504,277	5,693,227,165	-	929,504,277	929,504,277
Provision for long-term maintenance	-	2,745,905,764	2,745,905,764	-	2,745,905,764	2,745,905,764
Provision for restoration	-	986,865,172	986,865,172	-	37,849,795	37,849,795
	<u>₩ 4,763,722,888</u>	<u>₩ 6,905,012,769</u>	<u>₩ 11,668,735,657</u>	<u>₩ 307,816,884</u>	<u>₩ 5,279,141,327</u>	<u>₩ 5,586,958,211</u>

(2) Changes in provisions for the years ended December 31, 2023 and 2022, are as follows:

2023

(In Korean won)	Beginning balance	Additions	Interest expenses	Used	Reversal	Ending balance
Provision for warranty	₩ 1,873,698,375	₩ 623,100,503	₩ -	₩ (76,990,412)	₩ (177,070,910)	₩ 2,242,737,556
Provision for loss compensation	929,504,277	4,763,722,888	-	-	-	5,693,227,165
Provision for long-term maintenance	2,745,905,764	-	-	-	-	2,745,905,764
Provision for restoration	37,849,795	935,742,480	13,272,897	-	-	986,865,172
	<u>₩ 5,586,958,211</u>	<u>₩ 6,322,565,871</u>	<u>₩ 13,272,897</u>	<u>₩ (76,990,412)</u>	<u>₩ (177,070,910)</u>	<u>₩ 11,668,735,657</u>

2022

(In Korean won)	Beginning balance	Additions	Interest expenses	Used	Ending balance
Provision for warranty	₩ 1,809,262,031	₩ 409,913,679	₩ -	₩ (345,477,335)	₩ 1,873,698,375
Provision for loss compensation	2,500,000,000	-	-	(1,570,495,723)	929,504,277
Provision for long-term maintenance	2,726,895,472	19,010,292	-	-	2,745,905,764
Provision for restoration	-	35,960,983	1,888,812	-	37,849,795
	<u>₩ 7,036,157,503</u>	<u>₩ 464,884,954</u>	<u>₩ 1,888,812</u>	<u>₩ (1,915,973,058)</u>	<u>₩ 5,586,958,211</u>

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24. CONTINGENCIES AND COMMITMENTS:

(1) Major commitments for financial transactions of the Group as of December 31, 2023, are as follows:

(In Korean won and in US Dollars)

	Details		Credit limit
KEB Hana Bank and others	Collateralized loans on electronic trade receivables	₩	3,000,000,000
	Currency derivatives ¹		USD 86,976,000
	General loans ²	₩	117,387,996,000
	Overdrafts	₩	4,000,000,000
	Corporate card	₩	1,400,000,000
	Agreements for discounting of commercial paper	₩	1,943,000,000

¹ Limits for currency swap contracts to fix the interest and exchange rate fluctuation risk exposed in payment of principal and interests of debentures in foreign currency with floating rate and currency forward contracts to fix exchange rate fluctuation risk exposed in payment for imports of raw materials.

² Loans of ₩99.7 billion from ESSESCO are included.

(2) Details of the trust contract the Group entered into as of December 31, 2023, are as follows:

(In millions of Korean won)

Trust property	Trust company	Beneficiary	Amount	Trust type
Wind Power Plant, San 35-1, Gasi-ri, Pyoseon-myeon, Seogwipo-si, Jeju-do	KEB Hana Bank	First-tier joint: KEB Hana Bank	₩ 24,000	General Property Trust
		First-tier joint: Hana Life Insurance Co.,Ltd.	6,000	
		First-tier joint: Hana Insurance Co., Ltd.	6,000	
		First-tier joint: NongHyup Bank (Trustee of KTB Renewable Energy Private equity investment trust No. 45)	60,000	
280-6, Seongsu-dong 2-ga, Seongdong-gu, Seoul, etc.	KOREA trust Co., Ltd.	First-tier joint: Korea Federation of Community Credit Cooperatives	26,000	Management Land Trust of Knowledge Industry Center Development
		First-tier joint: Shinhan Bank and Shinhan Capital Co., Ltd.	39,000	
		Second-tier: MADW Seongsu W Center Co.,Ltd.	65,000	
280, Seongsu-dong 2-ga, Seongdong-gu, Seoul, etc.	MUGUNGHWA TRUST CO., LTD.	First-tier joint: Shinhan Bank	32,500	Management Land Trust of Knowledge

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Trust property	Trust company	Beneficiary	Amount	Trust type
				Industry Center Development
		First-tier joint: Daegu Bank	19,500	
		First-tier joint: Shinhan Capital Co., Ltd.	15,600	
		First-tier joint: KB CAPITAL Co., Ltd.	13,000	
		First-tier joint: ABLE VIEW TOWER Co., Ltd.	1,300	
		Second-tier: ABLE VIEW TOWER Co., Ltd.	35,100	
		Third-tier: SK ecoplant Co., Ltd.	90,039	
12-1, 12, Dangsang-dong 1-ga, Yeongdeungpo-gu, Seoul	KOREA trust Co., Ltd.	First-tier joint: Shinhan Bank	24,000	Management Land Trust
		First-tier joint: Kyobo Life Insurance Co., Ltd.	42,000	
		First-tier joint: National Agricultural Cooperative Federation	42,000	
		First-tier joint: Fisheries Cooperative Federation	18,000	
		First-tier joint: Korean Reinsurance Company	18,000	
		First-tier joint: JB Woori Capital Co., Ltd.	12,000	
		First-tier joint: NH Capital Co., Ltd.	12,000	
		First-tier joint: KDB CAPITAL CORPORATION	6,000	
		First-tier joint: Shinhan Card Co., Ltd.	6,000	
		First-tier joint: NongHyup Bank (Trustee of SHBNPP Private Real Estate Loan Fund No. 1)	6,000	
		Second-tier: TAEYOUNG ENGINEERING & CONSTRUCTION	149,880	
636-89, Guro-dong, Guro-gu, Seoul, etc.	KOREA trust Co., Ltd.	First-tier joint: Shinhan Bank	12,000	Management Land Trust
		First-tier joint: Korea Securities Finance Corporation	84,000	
		First-tier joint: Industrial Bank of Korea	96,000	
		First-tier joint: National Credit Union Federation of Korea	36,000	
		First-tier joint: Ganaan Credit Association	6,000	

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(In millions of Korean won)

Trust property	Trust company	Beneficiary	Amount	Trust type
		First-tier joint: Songpa East Credit Union	3,600	
		First-tier joint: Jecheon North Credit Union	1,200	
		First-tier joint: CHEONANJEIL COOPERATIVE CREDIT UNION	4,200	
		First-tier joint: DAEICHEONG CREDIT UNION	960	
		First-tier joint: SEONRIN COOPERATIVE CREDIT UNION	1,800	
		First-tier joint: Nambu Credit Association	1,560	
		First-tier joint: Juseong Credit Cooperative	4,680	
		First-tier joint: Shinhan Card Co., Ltd.	36,000	
		First-tier joint: IBK Capital Corporation	12,000	
		Second-tier: TAEYOUNG ENGINEERING & CONSTRUCTION	264,792	
23-6, Yongdu-dong, Dongdaemun-gu, Seoul, etc.	Kyobo Asset Trust Co., Ltd.	First-tier joint: LEETAEWON 1-DONG SAEMAEUL FINANCE FIRM	3,000	Real Estate Collateral Trust
		First-tier joint: Eunpyeong New Town Community Credit Cooperatives	2,400	
		First-tier joint: Gusandong Saemaetul Finance Firm	3,000	
		First-tier joint: GUNPO COMMUNITY CREDIT COOPERATIVE	5,400	
		First-tier joint: PAJU SAEMAEUL FINANCE FIRM	1,200	
		First-tier joint: Myeongdong Community Credit Cooperatives	2,760	
		First-tier joint: ANSAN CENTER SAEVILLAGE SAFE	4,800	
		First-tier joint: ICHON COMMUNITY CREDIT COOPERATIVE	3,600	
		First-tier joint: SEOBINGGODONG SAE VILLAGE SAFE	2,400	
		First-tier joint: SEONGAM	2,400	

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Trust property	Trust company	Beneficiary	Amount	Trust type
23-22, Yongdu-dong, Dongdaemun-gu, Seoul, etc.	Kyobo Asset Trust Co., Ltd.	SAEMAEUL FINANCE FIRM		
		First-tier joint: Yongin Center Community Credit Cooperative	3,600	
		Second-tier: IBK Capital Corporation	6,000	
		First-tier joint: GUNPO COMMUNITY CREDIT COOPERATIVE	600	Real Estate Collateral Trust
		First-tier joint: ICHON COMMUNITY CREDIT COOPERATIVE	720	
		First-tier joint: SEONGAM SAEMAEUL FINANCE FIRM	600	
		First-tier joint: DONGSOMUN SAEMAEUL FINANCE FIRM	840	
		First-tier joint: SINDANG HWANGHAK KOREAN FEDERATION OF COMMUNITY CREDIT COOPERATIVE	1,080	
		First-tier joint: Samcheok Dowon Korean Federation Of Community Credit Cooperatives	720	
		First-tier joint: Seongnam Jungbu Community Credit	6,000	
		First-tier joint: Seongnam Jeil Community Credit Cooperatives	3,600	
		First-tier joint: NAMHANSANSEONG SAEMAEUL SAFE	1,200	
		First-tier joint: YANGPYEONGSAE VILLAGE SAFE CHAMBER OF COMMERCE AND INDUSTRY	720	
		First-tier joint: NOWON KOREAN FEDERATION OF COMMUNITY CREDIT COOPERATIVES	1,200	
1-1, Yangpyeong-dong 4-ga, Yeongdeungpo-gu, Seoul, etc.	MUGUNGHWA TRUST CO., LTD.	Second-tier: IBK Capital	6,000	
		First-tier joint: Dong Seoul Agricultural Cooperative Association Jangan-dong Branch	1,200	Real Estate Collateral Trust
		First-tier joint: Gyeongsan Agricultural Cooperative	4,800	

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Trust property	Trust company	Beneficiary	Amount	Trust type
		First-tier joint: Hongseong Agricultural Cooperative Ogwan Branch	3,600	
		First-tier joint: ANJUNG AGRICULTURAL COOPERATIVE Poseung Branch	6,000	
		First-tier joint: UIJEONGBU AGRICULTURAL COOPERATIVE Songyang Branch	4,800	
		First-tier joint: Joam Agricultural Cooperative	3,600	
		First-tier joint: Jeongeup Agriculture Cooperative	4,800	
		First-tier joint: Bukdaejeon Agricultural Cooperative	3,600	
		First-tier joint: DAECHEON NONGHYUP HANARO MART Myeongcheon Branch	3,600	
		First-tier joint: CHEONGDO NATIONAL AGRICULTURAL COOPERATIVE FEDERATION	3,600	
		First-tier joint: Donggok Agricultural Cooperative Association	3,000	
		First-tier joint: Onyang Agricultural Cooperative	4,800	
		First-tier joint: GWANGJUBIA FARMING COOPERATIVE	3,600	
		First-tier joint: SINDO NATIONAL AGRICULTURAL COOPERATIVE FEDERATION	4,800	
		First-tier joint: Jejusi National Agricultural cooperative federation	4,200	
		First-tier joint: Woori Bank	54,000	
		Second-tier joint: LOTTE CARD Co., Ltd.	24,000	
		Second-tier joint: NH Capital Co., Ltd.	9,600	
		Second-tier joint: WOORI FINANCIAL CAPITAL CO., LTD.	13,200	
		Second-tier joint: KB CAPITAL Co., Ltd.	19,200	

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Trust property	Trust company	Beneficiary	Amount	Trust type
532-11, Sinsa-dong, Gangnam-gu, Seoul, etc.	KEB Hana Bank	First-tier joint: KEB Hana Bank Jongro Financial Center Branch	20,400	Real Estate Collateral Trust
		First-tier joint: POHANG AGRICULTURAL COOPERATIVE	6,000	
		First-tier joint: Busan Bank	12,000	
		Second-tier: KEB Hana Bank Jongno Financial Center Branch	12,000	
61-1, Yeonpyeong-ri, Jinjeop-eup, Namyangju-si, Gyeonggi-do, etc.	Shinhan Asset Trust	First-tier joint: IBK Capital Corporation	26,200	Real Estate Collateral Trust
		First-tier joint: Daishin Savings Bank Co., Ltd.	13,100	
		First-tier joint: YUANTA SAVINGS BANK KOREA	3,930	
		First-tier joint: Jeonbuk Bank Gwanghwamun Comprehensive Financial Center	2,620	
		First-tier joint: Daegu Bank	13,100	
		First-tier joint: Shinhan Capital Co., Ltd.	6,550	
		First-tier joint: JT Chinae Savings Bank	3,930	
		First-tier: Seongnamsujeong Community Credit Cooperatives	12,000	
8-6, Mullae-dong 3-ga, Yeongdeungpo-gu, Seoul	Shinhan Asset Trust	First-tier: Wangsip-Ri Center Sae Village Safe	2,760	Real Estate Collateral Trust
8-8, Mullae-dong 3-ga, Yeongdeungpo-gu, Seoul	Shinhan Asset Trust	First-tier: Wangsip-Ri Center Sae Village Safe	1,440	Real Estate Collateral Trust
8-1, Mullae-dong 3-ga, Yeongdeungpo-gu, Seoul, etc.	Shinhan Asset Trust	First-tier joint: LEETAEWON 1-DONG SAEMAEUL FINANCE FIRM	600	Real Estate Collateral Trust
		First-tier joint: Namdaemun Chungmuro Korean Federation of Community Credit Cooperatives	2,400	
		First-tier joint: DEURIMSAE VILLAGE SAFE CO.	2,760	
		First-tier joint: Bansong Community Credit Cooperatives	3,000	
		First-tier joint: Baetel Community Credit Cooperatives	600	
		First-tier joint: BYEOLNAE SAEMAEUL	2,400	

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Trust property	Trust company	Beneficiary	Amount	Trust type
		FINANCE FIRM		
		First-tier joint: SeJong Community Credit Cooperatives	1,200	
		First-tier joint: SINDANG HWANGHAK KOREAN FEDERATION OF COMMUNITY CREDIT COOPERATIVE	1,200	
		First-tier joint: ANYANG JEIL SAEMAEUL SAFE CO.	1,200	
		First-tier joint: YEOLRIN KOREAN FEDERATION OF COMMUNITY CREDIT COOPERATIVE	1,200	
		First-tier joint: Uijeongbu Center Community Credit Cooperatives	2,400	
		First-tier joint: JEONTAEK SAEMAEUL FINANCE FIRM	840	
		First-tier joint: Jegidong Community Credit Cooperatives	1,200	
		First-tier joint: Pocheon Community Credit Cooperatives	2,400	
		First-tier joint: HANGANG 2-DONG SAEMAEUL FINANCE FIRM	600	
14-3, Mullae-dong 3-ga, Yeongdeungpo-gu, Seoul, etc.	Shinhan Asset Trust	First-tier: Jungwon Community Credit Cooperative	8,640	Real Estate Collateral Trust
8-2, Mullae-dong 3-ga, Yeongdeungpo-gu, Seoul, etc.	Shinhan Asset Trust	First-tier: Nakwon Community Credit Cooperative	5,160	Real Estate Collateral Trust
5-3, Namdaemun 2-ga, Jung-gu, Seoul, etc.	Koramco Reits Management and Trust Co., Ltd.	First-tier: NongHyup Bank	24,000	Real Estate Collateral Trust
		First-tier: Woori Bank (Trustee of KORAMCO Debt CW-SJ General Private Equity Investment Trust NO. 1)	36,000	
		First-tier: Kyobo Life Insurance Co., Ltd.	66,000	
		Second-tier: Shinhan Capital Co., Ltd.	9,000	
		Second-tier: Hana Capital, Co, Ltd	9,000	
108-104, Oryu-dong, Guro-gu, Seoul, etc.	Shinhan Asset Trust	First-tier joint: Gyeongnam Gaon Credit Union	1,200	Real Estate Collateral Trust

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(In millions of Korean won)

Trust property	Trust company	Beneficiary	Amount	Trust type
		First-tier joint: Gyeongnam Masan Credit Union	2,400	
		First-tier joint: GUDEOK CREDIT COOPERATIVE	3,720	
		First-tier joint: GUPO CREDIT ASSOCIATION	1,200	
		First-tier joint: Namseoul Credit Union Co.	3,600	
		First-tier joint: Dalgubeol Credit Cooperative	3,600	
		First-tier joint: Busanjin Credit Association	3,600	
		First-tier joint: Seongmo Credit Union	840	
		First-tier joint: ASAN CREDIT COOPERATIVE	4,800	
		First-tier joint: INCHEONDAEGEONSIN YONG COOPERATIVE CO.	2,400	
		First-tier joint: Hanra Credit Association	2,400	
		First-tier joint: HongSeong Credit Union	2,400	
		First-tier joint: Hana Bank	1,200	
		First-tier joint: NongHyup Bank	2,400	

(3) Details of guarantees provided to the Group as of December 31, 2023, are as follows:

(In millions of Korean won)

Guarantor	Details	Guaranteed amount
Seoul Guarantee Insurance	Approval guarantee insurance and others	₩ 51,926
Construction Guarantee Cooperative	Subcontracting payment surety and others	34,157
Korea Specialty Contractor Financial Cooperative	Construction warranty performance guarantee and others	47,373
Korea Housing & Urban Guarantee Corporation	Construction warranty performance guarantee and others	50

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(4) Details of collateral provided to the Group as of December 31, 2023, are as follows:

(In millions of Korean won)

Guarantor	Details	Collateral amount
Uljin Windpower Co., Ltd.	Collateral for land of Uljin Windpower Co., Ltd.	₩ 315

(5) Details of the assets provided as collateral by the Group as of December 31, 2023, are as follows:

(In Korean won)

Provided by	Secured amount	Secured assets	Carrying amount
KIAMCO Uljin Wind Power Private equity investment trust	₩ 216,060,000,000	Shares of an investee (Uljin Windpower Co., Ltd.)	₩ -
HANWHA LIFE INSURANCE CO., LTD., NongHyup Bank, Kookmin Bank	99,683,000,000	Property, plant and equipment, and intangible assets	70,390,774,455
KEB Hana Bank	32,400,000,000	Land and buildings of Episode Seongsu 121 (26-3, Seongsu-dong 1-ga, Seongdong-gu, Seoul)	31,489,437,862
EAST SEOUL AGRICULTURAL COOPERATIVE	6,000,000,000	Land located at 25-13, Samseong-dong	8,592,100,849
Gyeongnam Central Credit Union, Oncheonjang Credit Union, Changwon Mirae Credit Union, Ulsan Nambu Credit Union, Hongseong Credit Union, Busan Dongrae Credit Union, Dalgubeol Credit Union, Halla Credit Union, Changshin Credit Union, Janghowon Credit Union	28,800,000,000	384-32 SinGal-dong and nine other parcels of land and buildings	40,914,853,261
Standard Chartered Bank Korea, Daegu Bank	98,400,000,000	43 Chungmuro 3-ga land and buildings	130,721,969,929
Hana Bank, NongHyup Bank, Gyeongnam Gaon Credit Union, Gyeongnam Masan Credit Union, Gudeok Credit Union, Gupo Credit Union, East Seoul Credit Union, Dalgubeol Credit Union, Busanjin Credit Union, Seongmo Credit Union, Asan Credit Union, Incheon Daegun Credit Union, Halla Credit Union, Hongseong Credit Union	35,760,000,000	Land and buildings at 108-104 Oryu-dong, Guro-gu, Seoul	42,124,659,577
SEONGMO Credit Cooperative, GYEONGNAM GAON Credit Cooperative, GYEONGNAM MASAN Credit Cooperative, HONGSEONG Credit	32,160,000,000	Shares of a subsidiary (DDIOS108)	-

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Cooperative, GUDEOK Credit Cooperative, GUPO Credit Cooperative, SOUTH SEOUL Credit Cooperative, DALGUBEOL Credit Cooperative, BUSANJIN Credit Cooperative, HALLA Credit Cooperative, ASAN Credit Cooperative, INCHEON DAEGUN Credit Cooperative			
Kyobo Life Insurance, NongHyup Life Insurance, NongHyup Bank, Hana Bank(Trustee of Hanwha Cheongju Eco Park Special Asset Investment Trust No. 1 (Power Generation Facility))	137,355,600,000	Shares of a joint venture (Cheongju Eco Park Co., Ltd.)	6,854,753,608
Kyobo Life Insurance(Special Account), Kyobo Life Insurance(General Account), NongHyup Life Insurance, KB Securities (Trustee of Hanwha Eumseong Eco Park General Asset Investment Trust No. 1 (Power Generation Facility))	134,484,000,000	Shares of a joint venture (Eumseong Eco Park Co., Ltd.)	6,737,523,356
Hanwha Life Insurance, NongHyup Bank (Trustee of Hanwha Wind Solar General Asset Investment Trust No. 1 (Power Generation Facility))	149,500,000,000	Share of a joint venture (Pungback Wind Power Generation Co., Ltd.)	6,035,250,430
Kookmin Bank, Samsung Fire&Marine Insurance, Kyobo Life Insurance, Hyundai Marine & Fire Insurance, Industrial Bank of Korea(Trustee of KB Renewable Energy General Asset Investment Trust No. 3 (Specialized))	158,640,000,000	Shares of a joint venture (Chilgok Eco Park Co., Ltd.)	2,342,480,372
Korea Development Bank	15,106,000,000	Shares of an associate (Daegu Solar Power Co., Ltd.)	2,514,012,391
Industrial Bank of Korea, National Credit Union Federation of Korea, Eunpyeong Credit Cooperative	84,000,000,000	Shares of an associate (DDI Residential No.1 Subsidiary REIT Co., Ltd.)	2,422,584,723
Industrial Bank of Korea, IBK Capital, KDB Capital Corporation, Shinhan Bank	300,000,000,000	shares of an associate (Gunpo Mixed Use Development PFV Company)	-

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(6) Details of the insurance coverage of the Group as of December 31, 2023, are as follows:

(In millions of Korean won)

Insured by	Details	Insured amount
Meritz Fire & Marine Insurance CO., Ltd	Comprehensive Machinery Insurance and others	₩ 303,492
Hana Insurance Co., Ltd	Commercial General Liability Insurance	30,602
Hyundai Marine & Fire Insurance Co., Ltd.	Package Insurance and others	82,354
Samsung Marine & Fire Insurance Co., Ltd.	Package Insurance and others	163,922
Hanwha General Insurance Co., Ltd.	Package Insurance and others	104,451
DB INSURANCE Co., Ltd.	Package Insurance and others	83,512
KB Insurance Co., Ltd	Group Personal Accident Insurance and others	7,968
NH Nonghyup Insurance Co., Ltd.	Package Insurance	6,270

(7) Details of major litigation pending in which the Group is involved as a defendant as of December 31, 2023, are as follows. The outcome of the lawsuits cannot be predicted as of December 31, 2023.

(In millions of Korean won)

	Amount	Plaintiff	Defendant	Remark
Compensation for damages ¹	₩ 15,417	Y.H LOGISTICS CO.,LTD. and others	The Group and others	First and second trial in progress
Claim for unjust enrichment (counterclaim)	1,186	M Stay	The Group	Second trial in progress
Claim for service payment ²	1,915	NAMMUN DEVELOPMENT CO.	The Group and DDIVC-1 REIT CO., LTD.	Second trial in progress

¹ DIJ Airgas Co., Ltd. has received the first-instance judgment after the reporting period as the defendant in a lawsuit and recognized a provision for loss compensation of approximately ₩4,764 million. The case is currently under appeal for the second instance (see Note 23).

² Following the reporting period, the Group won the first-instance judgment, but the opposing party has appealed, and the case is currently in the process of the second-instance trial.

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(8) The Parent Company is a construction company for the wind power generation project implemented by Uljin Windpower Co., Ltd. and is an interest party according to the acquisition contract of convertible notes between Uljin Windpower Co., Ltd. and the financial investor (contract date: December 15, 2016). Details related to early redemption of financial investors, Uljin Windpower Co., Ltd., and related parties are as follows.

	Right holder	Counterparty	Requirements
Put Option	Financial investors	Uljin Wind Power Co., Ltd.	If the utilization rate of the facility after about three years from the date of commencement of operation does not reach a certain rate
Call Option	Uljin Wind Power Co., Ltd.	Financial investors	It can be exercised from about five years after the date of commencement of operation and a related party (the Parent Company) may request the exercise

If there is a deficiency in the financial resources for redemption of Uljin Windpower Co., Ltd. at the time of early redemption of the right holder, the Parent Company, as an interest party, has an obligation to raise additional funds (limit: ₩28 billion) to Uljin Windpower Co., Ltd. through a loan with subordinated conditions.

(9) The Parent Company has entered into a joint agreement with ESSESCO to jointly provide power-saving services to customers. The details are as follows:

Details

Power-saving service	Provides a service to reduce electricity bills through the ESS to customers and receives some of the savings from customers at a contracted rate.	
Collateral	ESS is owned by the Parent Company and ESSESCO based on the investment ratio, and the entire facility is provided as collateral to the large shareholders of ESSESCO.	
Financial support agreement	If a customer does not pay usage fees within the deadline, the Parent Company shall supplement the joint income account with the amount corresponding to the overdue amount of the usage fee at the request of ESSESCO.	
Operation of Energy Storage System (“ESS”)	The Parent Company is responsible for operating the ESS, and can receive additional fees if the sales plan is exceeded, and is obliged to compensate for operating losses due to insufficient discharge capacity.	
Business scale and contract period	500 MWh, August 2018 to December 2033	
Put option	Exerciser	ESSESCO
	Obligator	The Parent Company
	Underlying assets	ESS
	Exercise price	Amount after depreciation at a fixed rate of 5% (every three months), up to ₩35 billion
	Exercise period	January 2020 to December 2032

The Parent Company has determined that it has control over the business for the provision of power-saving services (see Note 1-(2)) and judged ESSESCO as a consolidated subsidiary.

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(10) Details of the contingent liabilities related to construction contracts as of December 31, 2023, are as follows:

a) Summary

(In millions of Korean won)

	Type	Business segment	Guarantee limit ²	Guarantee amount ²	2023	Outstanding loan balance					2022
						Not later than three months	Later than three months and not later than six months	Maturity			
						Later than six months and not later than one year	Later than one year and not later than two years	Later than two years and not later than three years			
Other businesses ¹	Construction loan	Gunpo TRIARTZ Industrial Knowledge Center	302,520	235,358	201,000	-	-	201,000	-	-	186,000
	Construction loan	Chilgok Ecopark Co., Ltd. ³	-	-	-	-	-	-	-	-	-
	Construction loan	Yakmok Ecopark Co., Ltd. ⁴	2,744	2,744	-	-	-	-	-	-	-
	Construction loan	Myeongdong Cheonghwi Building	1,210	1,210	96,000	-	96,000	-	-	-	96,000
	Construction loan	Icheon Baeksamyeon Logistics Center (Building A)	41,500	41,500	41,500	-	-	41,500	-	-	35,700
	Construction loan	Icheon Baeksamyeon Logistics Center (Building B)	43,500	43,500	43,500	-	-	43,500	-	-	37,800

¹ The Group has excluded credit enhancement for 'midterm loan,' which has relatively lower risk compared to 'responsible construction' where the subject of guarantee is different from the scope of preparation for the consolidated summary statement.

² The Group has disclosed the amount considering the Group's burden rate on the consolidated summary statement for consortium projects, while information such as overall limits is disclosed in the guarantee details.

³ If the increased contract amount for the construction subcontract agreement of Chilgok Ecopark Co., Ltd. between the Group and Daeseon E&C is not modified due to the increase, and the increased contract amount is not paid to SK Ecoplant Co., Ltd. within the deadline, the Group is responsible for replenishing funds through borrowing or other means.

⁴ If the increased contract amount for the construction subcontract agreement of Yakmok Ecopark Co., Ltd. between the Group and Daeseon E&C is not modified and the increased contract amount is not paid to SK Ecoplant Co., Ltd. within the deadline, the Group is responsible for replenishing funds through borrowing or other means. Additionally, if there is insufficient funds to make a one-time payment of ₩2,744 million for the paid-in capital increase to the financial contributor on the maturity date of the subordinated loan according to the shareholder agreement, the Group is responsible for replenishing funds.

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b) Details

(In millions of Korean won)

Business area	Business segment	Types of PF	Types of credit enhancement	Guarantee limit (Total)	Debt-to-equity ratio (consolidated)	Guarantee amount	Debtor		Outstanding loan balance (consolidated)		Loan period	Date of maturity	Types of loan	Guaranteed completion deposit amount
							Debtor	Related parties	2023	2022				
The area of 150-1, Dang-dong, Gumpo-si, Gyeonggi-do	Gumpo TRIARTZ Industrial Knowledge Center ¹	Construction loan	Assumption of obligation	300,000	67.84%	136,358	Gumpo Mixed Use Development PFV Company	Investment in an associate	201,000	186,000	2021.04.23–2025.08.23	2025.08.23	Loans payable	203,520
			Guarantee of payment	300,000	33.00%	99,000								
Early Repayment: If the borrower wishes to repay all or part of the loan early, they may do so only on each interest payment date. However, the borrower must pay the full amount of unpaid accrued interest (including overdue interest) to the lender, and the early repayment amount must be in multiples of ₩100 million, with a minimum amount of ₩1,000 million.														
443-11, Jungni, Seokjeok-eup, Chilgok-gun, Gyeongangbuk-do	Chilgok Ecopark Co., Ltd.	Construction loan	Completion guarantee	125,048	83.29%	104,148								104,148
			Cash deficiency support ²	-	-	-								
750, Bokseong-ri, Yagmok-myeon, Chilgok-gun, Gyeongangbuk-do	Yagmok Ecopark Co., Ltd.	Construction loan	Completion guarantee	59,225	81.06%	48,005								48,005
			Cash deficiency support ³	2,744	100%	2,744								
Hwanghaksan area, Uiseong-gun, Gyeongangbuk-do	Uiseong wind	Construction loan	Completion guarantee	206,559	58.61%	121,063								121,063
33-1, Myeong-dong 2-ga, Jung-gu, Seoul	Cheonghwi Building	Construction loan	Cash deficiency support	3,456	35%	1,210	IGIS No.135 Professional Investors' Private Placement Real Estate Investment Limited Liab. KORAMCO	Investment in an associate	96,000	96,000	2021.08.27–2024.08.27	2024.08.27	Loans payable	-
267-2, Hyunbang-ri, Baeksamyeon, Icheon-si, Gyeonggi-do (20 additional parcels)	Icheon Baeksamyeon Logistics Center (Building A)	Construction loan	Assumption of obligation and cash deficiency support	41,500	100%	41,500	Icheon Baeksa Logistics General Type Private Real Estate Investment Trust KORAMCO	Investment in a joint venture	41,500	35,700	2021.03.24–2025.08.31	2025.08.31	Loans payable	-
270-3, Hyunbang-ri, Baeksamyeon, Icheon-si, Gyeonggi-do (16 additional parcels)	Icheon Baeksamyeon Logistics Center (Building B)	Construction loan	Assumption of obligation and cash deficiency support	43,500	100%	43,500	No.120 General Type Private Real Estate Investment Trust	Investment in a joint venture	43,500	37,800	2021.03.24–2025.08.31	2025.08.31	Loans payable	-

¹The Group has additional joint guarantee arrangements related to the obligation of guarantee for construction/completion and interim payment loan agreements with subpurchasers in addition to the stated credit enhancements (see Notes 24-(11) and (12)).

²If the increased amount of the contract price in the construction subcontract agreement of Chilgok Ecopark Co., Ltd., between the Group and Daeseon E&C is not adjusted due to the increase and the matured amount is not paid to SK Ecoplant Co., Ltd. within the deadline, the Group shall bear the obligation to supplement funds through borrowing or other means.

³If the increased amount of the contract price in the construction subcontract agreement of Yagmok Ecopark Co., Ltd. between the Group and Daeseon E&C is not adjusted due to the increase and the matured amount is not paid to SK Ecoplant Co., Ltd. within the deadline, the Group shall bear the obligation to supplement funds through borrowing or other means. Furthermore, if there is insufficient funds to make a one-time payment of ₩2,744 million for the paid-in capital increase on the maturity date of the subordinated loan pursuant to the shareholders' agreement, the Group shall bear the obligation to supplement funds.

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(11) Details of the obligations for which the Group is responsible for ensuring proper construction and completion as of December 31, 2023, are as follows:

(In millions of Korean won)	Business segment	2023				2022			
		Number of construction projects	Contract amount	Agreed amount	Outstanding loan balance	Number of construction projects	Contract amount	Agreed amount	Outstanding loan balance
Other businesses	Gunpo	1	562,700	203,520	201,000	1	440,000	203,520	186,000
	TRIARTZ								
	Industrial Knowledge Center ¹								
	Chilgok Ecopark Co., Ltd.	1	125,048	104,148	-	-	-	-	-
	Yakmok Ecopark Co., Ltd.	1	59,225	48,005	-	-	-	-	-
	Uiseong wind	1	206,559	121,063	-	-	-	-	-
Total		4	953,532	476,736	201,000	1	440,000	203,520	186,000

¹ In relation to the ongoing Gunpo Integrated Development Project, the Group bears the obligation to assume overlapping debts of ₩156,000 million and debts according to the construction share ratio of ₩47,520 million in the event of non-compliance with the obligation for responsible construction and completion.

(12) Details of the joint guarantees the Group entered into in relation to intermediate payment of consumer in relation to real estate development as of December 31, 2023, are as follows:

(In millions of Korean won)	Financial institutions	Outstanding loan balance	Guaranteed amount	Guarantee limit	Guarantee period
Saeng-gag gongjang Guro	Nonghyup Bank, Woori Bank, Kookmin Bank, Industrial Bank of Korea, Hana Capital Co., Ltd.	₩ 162,270	₩ 194,723	₩ 268,280	From the initial execution date of the interim payment to March 31, 2026 (however, Woori Bank is until February 27, 2026).
Gunpo TRIARTZ Industrial Knowledge Center	Nonghyup Bank, Kookmin Bank, Hana Capital Co., Ltd.	₩ 56,036	₩ 67,243	₩ 480,000	From the initial execution date of the interim payment to October 23, 2026.

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(13) The Group has entered into a contract with Cheongju Ecopark Co.,Ltd. for the payment of excess compensation for performance guarantee of the fuel cell power generation business. The payment obligation is up to a total of ₩12 billion for 20 years for the compensation exceeding the performance guarantee compensation liability guaranteed by the supplier under the long-term service contract for the fuel cell power generation business.

(14) The Group has entered into a contract with Eumsung Ecopark Co.,Ltd. for the payment of excess compensation for performance guarantee of the fuel cell power generation business. The payment obligation is up to a total of ₩12 billion for 20 years for the compensation exceeding the performance guarantee compensation liability guaranteed by the supplier under the long-term service contract for the fuel cell power generation business.

(15) The Group has entered into a contract with Chilgok Ecopark Co.,Ltd. for the payment of excess compensation for performance guarantee of the fuel cell power generation business. The payment obligation is up to a total of ₩12 billion for 20 years for the compensation exceeding the performance guarantee compensation liability guaranteed by the supplier under the long-term service contract for the fuel cell power generation business.

(16) The Group has entered into a contract with Yakmok Ecopark Co.,Ltd. for the payment of excess compensation for performance guarantee of the fuel cell power generation business. The payment obligation is up to a total of ₩5.4 billion for 20 years for the compensation exceeding the performance guarantee compensation liability guaranteed by the supplier under the long-term service contract for the fuel cell power generation business.

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(17) Details of the OTC derivatives contracts held by the Group as of December 31, 2023, are as follows:

a) Beneficiary securities of preferred shares (investment trust) of Seongsu commercial facility

Details		
Counterparty	SSK 1st Co., Ltd.	SSK 2nd Co., Ltd.
Contract date	March 19, 2020	
Maturity date ¹	The earlier of the day on which the counterparty sells all of the underlying assets, the day on which all proceeds from the sale of the real estate owned by the REITs in which the underlying asset is invested are fully paid, the day when the preferred share of the REIT is sold, the day on which the REITs decides to reduce the relevant preferred share for consideration is paid or March 24, 2023 (however, if the real estate is not sold, the earlier of the day on which the preferred share of the REITs is sold or the capital reduction is paid or October 31, 2024).	
Nominal amount ²	- Transaction date–July 21, 2020: ₩2,925 million - July 22, 2020–maturity date: ₩5,850 million	- Transaction date–July 21, 2020: ₩2,925 million - July 22, 2020–maturity date: ₩5,850 million
Underlying assets	Richmond Private Real Estate Fund No. 91	Korea Investment Seongsudong Retail Professional Investment Type Private Parent Real Estate Investment Trust
Settlement method	The Group pays transaction costs for OTC derivatives according to the contract, and if the settlement price is higher than the transaction price at the time of settlement, the counterparty pays the difference to the Group, and if the settlement price is lower than the transaction price, the Group pays the difference to the counterparty.	

¹ The maturity date has been extended since the real estate was not sold.

² The amount is the acquisition price of the beneficiary certificate.

b) Ordinary shares put option and call option of Semicolon Mullae REIT CO., LTD.

Details		
Exercise right	Put option	Call option
Exerciser	S-1 CORPORATION ¹	D&D INVESTMENT
Obligator	D&D INVESTMENT	S-1 CORPORATION ¹
Exercise assets	800,000 shares of ordinary share	
Requirements	₩5,000 per share (₩4,000,000,000 in total)	
Exercise period	Within three months from the date of termination of a PM/FM contract	

¹ Non-controlling shareholder of Semicolon Mullae REIT CO., LTD.

c) Put and call options of beneficiary certificates of DDI LVC Master Real Estate Investment Trust Co., Ltd.

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	Details	
Counterparty	Put option	Call option
Exerciser	DDI LVC Master Real Estate Investment Trust Co., Ltd.	The Parent Company
Obligator	The Parent Company	DDI LVC Master Real Estate Investment Trust Co., Ltd.
Exercise assets	All issued shares or beneficiary certificates of the last investment organization among the investment organizations established under the memorandum of understanding on joint investment with DDILVC Co., Ltd.	
Requirements	When the actual distribution to DDILVC Co., Ltd. is smaller than the distribution in portfolio ¹	When the actual distribution to DDILVC Co., Ltd. is greater than the distribution in portfolio ¹
Exercise price	The amount expected to be paid to DDILVC Co., Ltd. According to the estimated amount of disposal of the investment asset in relation to the last investment organization (distribution in portfolio - actual distribution) ¹	The amount expected to be paid to DDILVC Co., Ltd. According to the estimated amount of disposal of the investment asset in relation to the last investment organization (distribution in portfolio – actual distribution) ¹
Exercise period	The period from the day before 25 business days to the day before seven business days from the expected date of disposal of the investment assets of the last investment organization	

¹ Distribution in portfolio: DDILVC Co., Ltd.'s cumulative expected return amount for all investment organization established under the memorandum of understanding on joint investment.

d) Type 1 shares of Gunpo Mixed Use Development PFV Company

	Details
Counterparty	TAEYOUNG ENGINEERING & CONSTRUCTION
Contract date	January 19, 2023
Maturity date	Distribution date for residual assets according to development completion (or liquidation) of the target company from the date of full payment for the acquisition of the underlying asset in accordance with the sales contract by the profit payer (TAEYOUNG ENGINEERING & CONSTRUCTION)
Contract amount	₩6,766,370,000
Underlying assets	230,000 shares of Type 1 shares
Settlement method	The Parent Company shall pay a fixed income pursuant to the contract, and at the final settlement, if the settlement amount for variable income is positive (+), TAEYOUNG ENGINEERING & CONSTRUCTION shall pay to the Parent Company, whereas if it is negative (-), the Parent Company shall pay the corresponding amount to TAEYOUNG ENGINEERING & CONSTRUCTION.

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e) Uiseong wind Common share Put Option

Details

Exerciser	Mainstream 16th Co., Ltd.
Obligator	The Parent Company
Exercised assets	Mainstream 16th owns 510,000 ordinary shares (put option exercise unit: 10,000 shares)
	Exercise Price per Share for Put Option × Quantity of Put Options Exercised
Exercise price	Exercise Price per Share for Put Options $= \{ \text{₩}5,333,200,000 + (\text{₩}7,500,000,000 \times 9.3\% \times (\text{The number of days from the issuance date of Mainstream 16th Co., Ltd.'s shares to the payment date of the exercise price for put options of Uiseong wind}) / 365) / 510,000$
Exercise period	From the issuance date of new shares of Mainstream 16th of Euisung Hwanghak Mountain Wind Power Co., Ltd. within 36 months

Meanwhile, the Group measures the fair value of OTC derivatives by performing fair value measurement on the underlying assets and applying an option pricing model (binomial model) based on the underlying assets and discounted cash flow models. The derivative valuation gains and losses recognized during the year due to OTC derivative contracts are disclosed in the derivative notes (see Note 22-(5)).

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25. RELATED-PARTY TRANSACTIONS:

(1) Details of related parties as of December 31, 2023, are as follows:

Type	Name of entity
Entities with joint control over the Group	SK Discovery Co., Ltd. and Hahn & Co. Development Holdings Co., Ltd.
Joint ventures	KORAMCO No.120 General Type Private Real Estate Investment Trust, KORAMCO Icheon Baeksa Logistics General Type Private Real Estate Investment Trust, Cheongju Eco Park Co., Ltd., Hanwha Cheongjuecopark private equity 1st(Infrastructure), Eumsung Ecopark Co., Ltd., Hanwha Eumseongecopark private equity 1st(Infrastructure), HHR Real Estate Private Fund No., Methus Icheon Complex Logistics Center PFV Co., Ltd, PungBaek Wind Farm Corporation, Connectfy Cloud Co., Ltd. ¹ , Yakmok Ecopark Co., Ltd. ¹ , Geumyang Ecopark Co., Ltd. ¹ , Uiseong Hwanghaksan Windpower Co., Ltd. ² and Chilgok Ecopark Co., Ltd. ³
Associates	KintexMall Co. Ltd., Daegusolar, Monnaissance, IGIS No.135 Professional Investors' Private Placement Real Estate Investment Limited Liab., DDISY-230 Residential REIT Co., LTD., DDISS-280 Retail REIT Co.,Ltd, DDISC-1338 Residential REIT Co., Ltd., DDISC-1339 Residential REIT Co., Ltd., DDISC-57 Residential REIT Co., Ltd., DDI Residential No.1 Subsidiary REIT Co., Ltd., Gunpo Mixed Use Development PFV Company, Daehoji Solar Park, Inc., FASSTO, Howbuild, D&D Platform REIT Co., Ltd., Gulup Wind Power Development Corp., DDIVC-1 REIT Co., Ltd., DDISC49, DDI YS-40 REIT, Korea Space Data, Glennmont D&D Solar Holdings ¹ , Shinhan Normalization General Type Private Real Estate Investment Trust No. 1 ¹ , DDI BeakAm Logistics REIT Co., Ltd. ⁴ , DDI Baek-Am Logistics No.2 REIT Co., Ltd. ⁴ , Korea Space Service ⁵ , Ssgddak Co. Ltd. ⁵ , Glennmont D&D SOLAR PROJECTS 1 CO., LTD. ⁶ , Semicolon Mullae REIT CO., LTD. ⁷ and GridFlex, Inc. ¹
Other related parties, such as large-scale business group affiliated company ⁸	SK Inc., SK Ecoplant Co., Ltd., SK networks Co. Ltd., SK Sheidus Co., Ltd. SKC LTD, SK Chemicals Co., Ltd., SK Innovation Co., Ltd., SK RENT A CAR CO., LTD., SK M&SERVICE CO., LTD., SK PICGLOBAL CO., LTD., SK BROADBAND CO., LTD., HAPPYNARAE Co., Ltd., SK BIOSCIENCE CO., LTD., SK GAS LTD, HUVIS CORPORATION, SK MAGIC INC., SK Pinx Co., Ltd., Capstec Co., Ltd., Korea Marketplace Systems Co., Ltd., SK Telecom Co., Ltd., Ko-one Energy Service Co., Ltd. and other related parties

¹ The entity was newly acquired during the year ended December 31, 2023.

² During the year ended December 31, 2023, the Group lost control. Although the Group owns less than half of its shares, it was reclassified from investments in subsidiaries to investments in joint ventures as the Group holds equal voting rights for major activities of the entity.

³ The Group has reclassified investments in associate companies as investments in joint ventures due to joint control, as determined by equal voting rights along with significant activities and changes in ownership percentages during the current period.

⁴ The entity is classified as a related party as it is an investment in subsidiary of D&D Platform REIT Co., Ltd., an associate.

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⁵ The entity is classified as a related party as it is an investment in subsidiary of Korea Space Data, an associate.

⁶ The entity is classified as a related party as it is an investment in subsidiary of Glennmont D&D Solar Holdings, an associate.

⁷ The Group has reclassified investments in D&D Platform REIT Co., Ltd., which was previously classified as financial assets at fair value through profit or loss, to investments in associates as the Group has determined that the entity is a subsidiary in which the Group holds significant influence.

⁸ The entity is not a related party as defined in paragraph 9 of K-IFRS 1024. However, the entity is classified as related party in accordance with the resolution of Securities and Futures Commission that defined a large-scale business group affiliated company designated by the Fair Trade Commission is considered a related party with substantive relationship prescribed in paragraph 10 of K-IFRS 1024 or paragraph 12 of K-IFRS 1024.

(2) Sales and purchases with related parties for the years ended December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>		2023						
		Sales and others		Disposal of assets ¹	Purchases and others	Acquisition of assets		
Type	Name of entity							
Entity with joint control over the Group	SK DISCOVERY CO., LTD.	₩	9,629,873	₩	-	₩	-	
Joint ventures	KORAMCO No.120 General Type Private Real Estate Investment Trust		40,000,000		-		-	
	KORAMCO Icheon Baeksa Logistics General Type Private Real Estate Investment Trust		40,000,000		-		-	
	Eumsung Ecopark Co., Ltd.		80,499,519		-		-	
	PungBaek Wind Farm Corporation		33,161,083,627		578,051,330		-	
	Connect Pie Cloud Co., Ltd.		336,677,419		-	18,279,197	-	
	Yakmok Ecopark Co., Ltd.		1,792,082,639		-	-	-	
	Uiseong Hwanghaksan Windpower Co., Ltd.		5,015,627,397		742,457,371	-	-	
	Chilgok Ecopark Co., Ltd. ²		2,220,623,409		-	-	-	
	Associates	DDISY-230 Residential REIT Co., LTD.		2,683,519,968		-	102,179,277	-
		DDISS-280 Retail REIT Co., Ltd.		223,587,516		-	-	-
DDISC-1338 Residential REIT			1,849,713,586		-	43,190,586	-	

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Type	Name of entity	2023			
		Sales and others	Disposal of assets ¹	Purchases and others	Acquisition of assets
	Co., Ltd.				
	DDISC-1339 Residential REIT Co., Ltd.	1,559,078,188	-	80,287,704	-
	DDISC-57 Residential REIT Co., Ltd.	1,443,819,721	-	72,659,971	-
	DDI Residential No.1 Subsidiary REIT Co., Ltd.	1,193,298,186	-	-	-
	Gunpo Mixed Use Development PFV Company	15,839,236,802	-	-	-
	Daehoji Solar Park, Inc.	28,696,439	-	-	-
	DDIVC-1 REIT Co., Ltd.	2,016,671,235	-	-	-
	DDISC49	877,540,000	-	-	-
	DDI YS-40 REIT Korea Space Data	-	-	559,313,713	-
	DDI VC Master Real Estate Investment Trust Co., Ltd.	1,311,444,124	-	-	-
	Shinhan Normalization General Type Private Real Estate Investment Trust No. 1	123,270,547	-	-	-
	DDI BeakAm Logistics REIT Co., Ltd.	197,279,900	-	-	-
	DDI Baek-Am Logistics No.2 REIT Co., Ltd.	220,000,000	-	-	-
	GLENNMONT D&D SOLAR PROJECTS 1 CO., LTD.	5,929,921	-	-	-
	Korea Space Service	-	-	200,000	-
	Semicolon Mullae REIT CO., LTD.	866,419,532	-	268,366,860	-
Others	SK INC.	-	-	3,183,139,990	252,503,000
	SK ECOPLANT CO., LTD.	734,500,000	-	203,450,372	-
	SK NETWORKS CO. LTD.	-	-	30,000,000	-
	SK Shieldus Co., Ltd.	27,430,596	-	376,786,180	-
	SK CHEMICALS CO., LTD.	50,995,620	-	-	-
	SK INNOVATION CO., LTD.	-	-	438,583,900	-

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Type	Name of entity	2023			
		Sales and others	Disposal of assets ¹	Purchases and others	Acquisition of assets
	SK RENT A CAR CO., LTD.	-	-	58,665,968	-
	SK M&SERVICE CO., LTD.	-	-	367,943,153	-
	SK PICGLOBAL CO., LTD.	1,151,729,870	-	-	-
	SK BROADBAND CO., LTD.	10,800,000	-	96,047,506	-
	HAPPYNARAE Co., Ltd.	-	-	70,487,244	625,000
	SK BIOSCIENCE CO.,LTD	2,268,000	-	-	-
	SK GAS LTD	41,458,640	-	2,003,588,080	-
	HUVIS CORPORATION	1,487,670,100	-	-	-
	SK Magic Co., Ltd.	-	-	18,559,795	-
	SK Pinx Co., Ltd.	-	-	84,064,470	-
	Korea Marketplace Systems Co., Ltd.	-	-	20,106,955	622,000,000
	Capstec Co., Ltd.	-	-	450,689,572	-
	SK Telecom Co., Ltd.	-	-	26,295,531	-
	Ko-one Energy Service Co., Ltd.	-	-	5,652,941	-
		₩ 77,190,776,968	₩ 1,320,508,701	₩ 8,578,538,965	₩ 875,128,000

¹ It includes the amount billed for the amount recorded as advance payment, etc., by the Group in accordance with the transfer agreement.

² If there is a change in the status of a related party due to a change in ownership during the current period, the transactions are prepared based on the time of change.

(In Korean won)

Type	Name of entity	2022			
		Sales and others	Disposal of assets ¹	Purchases and others	Acquisition of assets
Entity with joint control over the Group	SK DISCOVERY CO., LTD.	₩ 648,000	₩ -	₩ -	₩ -
Joint ventures	KORAMCO No.120 General Type Private Real Estate Investment Trust	240,000,000	-	-	-
	DDI YS-40 REIT ²	667,914,288	-	-	-
	Cheongju Eco Park Co., Ltd.	21,515,625	-	-	-
	Eumsung Ecopark Co., Ltd.	97,165,937,957	-	21,109,500	-
	PungBaek Wind Farm Corporation	4,782,746	-	-	-

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(In Korean won)		2022			
		Sales and others	Disposal of assets ¹	Purchases and others	Acquisition of assets
Type	Name of entity				
Associates	DDISY-230				
	Residential REIT Co., LTD.	3,799,670,423	-	14,003,106	-
	DDISS-280 Retail REIT Co., Ltd.	223,586,840	-	-	-
	DDISC-1338				
	Residential REIT Co., Ltd.	1,771,799,407	-	13,938,678	-
	DDISC-1339				
	Residential REIT Co., Ltd.	1,547,044,213	-	11,990,718	-
	DDISC-57 Residential REIT Co., Ltd.	1,364,294,646	-	5,134,262	-
	DDI Residential No.1 Subsidiary REIT Co., Ltd.	1,092,022,865	-	-	-
	Hyundai Private Real Estate Investment Trust No. 20	47,272,877	-	-	-
	Gunpo Mixed Use Development PFV Company	1,694,580,119	-	-	-
	Daehoji Solar Park, Inc.	41,400,000	-	-	-
	FASSTO	74,356,164	-	-	-
	Howbuild	-	-	-	1,635,000
	D&D Platform REIT Co., Ltd.	40,290	-	-	-
	Chilgok Ecopark	158,358,215	-	-	-
	DDI SSHQ Retail Co., Ltd.	820,624,872	-	147,030,412	47,397,800,000
	DDIVC-1 REIT Co., Ltd.	2,578,683,241	62,546,192,458	-	-
	DDISC49 ²	3,476,441,845	-	-	-
	DDI YS-40 REIT ²	896,284,920	-	-	-
Korea Space Data	-	-	2,035,000	-	
Others	SK INC.	-	-	2,926,641,509	835,923,429
	SK ECOPLANT CO., LTD.	2,038,414,544	-	189,417,240	-
	SK NETWORKS CO. LTD.	-	-	129,653,350	-
	SK shieldus Co., Ltd.	33,600,606	-	419,457,872	-
	SKC LTD.	1,188,067,490	-	-	-
	SK CHEMICALS CO., LTD.	58,526,320	-	1,981,069	-
	SK INNOVATION CO., LTD.	-	-	398,143,066	-
	SK RENT A CAR	-	-	57,355,900	-

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Type	Name of entity	2022			
		Sales and others	Disposal of assets ¹	Purchases and others	Acquisition of assets
	CO., LTD.				
	SK M&SERVICE CO.,LTD.	-	-	232,928,855	-
	SK PICGLOBAL CO.,LTD.	1,146,800,450	-	37,633,381	-
	SK BROADBAND CO., LTD.	107,400	-	92,721,432	-
	HAPPYNARAE Co., Ltd.	-	-	84,188,045	1,230,000
	DDI Beak-Am Logistics REIT Co.,Ltd	195,895,046	-	-	-
	DDI Baek-Am Logistics No.2 REIT Co., Ltd.	3,585,331,491	-	-	-
	Semicolon Mullae REIT CO., LTD.	866,419,532	-	26,400,000	-
	SK BIOSCIENCE CO., LTD.	2,268,000	-	-	-
	SK GAS LTD	58,548,155	-	1,877,961,592	-
	HUVIS CORPORATION	1,800,592,290	-	-	-
	SK microworks Co., Ltd.	292,633,300	-	-	-
		<u>₩ 128,954,464,177</u>	<u>₩ 62,546,192,458</u>	<u>₩ 6,774,311,841</u>	<u>₩ 48,236,588,429</u>

¹ It includes the amount billed for the amount recorded as advance payment, etc., by the Group in accordance with the transfer agreement.

² If there is a change in the status of a related party due to a change in ownership during the prior period, the transactions are prepared based on the time of the change.

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(3) Outstanding balances arising from sales/purchases of goods and services as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>		2023	
Type	Name of entity	Receivables	Payables
Entity with joint control over the Group	SK DISCOVERY CO., LTD.	₩ 10,205,409	₩ 160,743,275
Joint ventures	PungBaek Wind Farm Corporation	949,135,400	5,914,800,000
	Connect Pie Cloud Co., Ltd.	127,795,161	3,924,679
	Yangmok Ecopark Co., Ltd.	7,082,639	-
	Uiseong Hwanghaksan Windpower Co., Ltd.	758,084,768	394,100,000
	Chilgok Ecopark Co., Ltd.	-	89,946,000,000
Associates	DDISY-230 Residential REIT Co., LTD.	2,283,267,606	288,288,275
	DDISS-280 Retail REIT Co., Ltd.	61,486,566	-
	DDISC-1338 Residential REIT Co., Ltd.	280,178,728	35,212,315
	DDISC-1339 Residential REIT Co., Ltd.	257,293,260	182,874,997
	DDISC-57 Residential REIT Co., Ltd.	243,499,646	25,044,140
	DDI Residential No.1 Subsidiary REIT Co., Ltd.	168,194,834	1,500,675
	Gunpo Mixed Use Development PFV Company	-	1,200,000,000
	DDIVC-1 REIT Co., Ltd.	231,359,382	-
	DDISC49	92,823,500	-
	DDI YS-40 REIT	117,590,000	-
	Korea Space Data	-	50,902,490
	DDI VC Master Real Estate Investment Trust Co., Ltd.	700,957,989	-
	Glennmont D&D Solar Holdings	2,837,585,000	52,000,000
	DDI Beak-Am Logistics REIT Co.,Ltd	54,258,869	-
	DDI Baek-Am Logistics No.2 REIT Co., Ltd.	146,000,000	-
	GLENNMONT D&D SOLAR PROJECTS 1 CO., LTD.	-	3,605,300,000
	Semicolon Mullae REIT CO., LTD.	238,265,371	-
Others	SK INC.	-	331,016,979
	SK ECOPLANT CO., LTD.	1,040,937,000	-
	SK shieldus Co.,Ltd	280,000	140,491,667
	SK CHEMICALS CO., LTD.	7,450,698	-
	SK INNOVATION CO., LTD.	-	46,086,695

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		2023	
Type	Name of entity	Receivables	Payables
	SK RENT A CAR CO., LTD.	-	108,057,095
	SK M&SERVICE CO., LTD.	-	14,088,424
	SK PICGLOBAL CO., LTD.	325,367,787	-
	HAPPYNARAE Co., Ltd.	11,624,000	7,907,670
	SK BIOSCIENCE CO., LTD.	1,138,722	-
	SK GAS LTD	996,300,309	569,658,148
	Capstec Co., Ltd.	-	41,259,994
	HUVIS CORPORATION	534,975,861	-
	Ko-one Energy Service Co., Ltd.	-	948,990
		₩ 12,483,138,505	₩ 103,120,206,508

(In Korean won)

		2022	
Type	Name of entity	Receivables	Payables
Entity with joint control over the Group	SK DISCOVERY CO., LTD.	₩ 340,457	₩ 117,869,340
Joint ventures	Eumsung Ecopark Co., Ltd.	4,857,732,000	-
	PungBaek Wind Farm Corporation	1,888,200,000	9,858,500,000
Associates	DDISY-230 Residential REIT Co., LTD.	2,614,773,437	467,542,222
	DDISS-280 Retail REIT Co., Ltd.	61,486,567	-
	DDISC-1338 Residential REIT Co., Ltd.	588,697,027	474,064,984
	DDISC-1339 Residential REIT Co., Ltd.	78,953,973	214,166,206
	DDISC-57 Residential REIT Co., Ltd.	230,777,236	236,568,346
	DDI Residential No.1 Subsidiary REIT Co., Ltd.	78,768,013	2,434,778
	Hyundai Private Real Estate Investment Trust No. 20	53,700,274	-
	Gunpo Mixed Use Development PFV Company	65,842,912	101,086,957
	Daehoji Solar Park, Inc.	102,297,396	-
	Chilgok Ecopark	251,426,908	-
	DDIVC-1 REIT Co., Ltd.	964,894,930	-
	DDISC49	92,823,500	-
	DDI YS-40 REIT	117,590,000	-
	Korea Space Data	-	48,303,430
Others	SK INC.	-	1,038,580,872
	SK ECOPLANT CO., LTD.	550,682,000	-
	SK shieldus Co., Ltd.	280,000	229,355,421
	SKC LTD	153,046,641	-

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(In Korean won) Type	Name of entity	2022	
		Receivables	Payables
	SK CHEMICALS CO., LTD.	14,054,777	-
	SK INNOVATION CO., LTD.	-	41,705,869
	SK RENT A CAR CO., LTD.	-	51,962,848
	SK M&SERVICE CO., LTD.	-	19,656,495
	SK PICGLOBAL CO., LTD.	280,990,310	-
	SK BROADBAND CO., LTD.	2,655,604	3,138,464
	HAPPYNARAE Co., Ltd.	-	25,819,789
	DDI Beak-Am Logistics REIT Co., Ltd.	54,231,280	-
	DDI Baek-Am Logistics No.2 REIT Co., Ltd.	118,500,000	-
	Semicolon Mullae REIT CO., LTD.	240,223,717	-
	SK BIOSCIENCE CO., LTD.	1,191,601	-
	SK GAS LTD	997,958,880	1,702,322,518
	HUVIS CORPORATION	363,033,350	-
	SK microworks Co., Ltd.	307,406,790	-
		<u>₩ 15,132,559,580</u>	<u>₩ 14,633,078,539</u>

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(4) Fund transactions with related parties for the years ended December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>			2023			
Type	Name of entity	Details	Beginning balance	Increase	Decrease	Ending balance
Joint ventures	Chilgok Ecopark Co., Ltd.	Short-term loans	₩ 3,757,200,000	₩ 3,190,000,000	₩ (6,947,200,000)	₩ -
	Uiseong Hwanghaksan Windpower Co., Ltd.	Short-term loans	-	12,400,000,000	-	12,400,000,000
	Yakmok Ecopark Co., Ltd.	Short-term loans	-	1,075,200,000	-	1,075,200,000
Associates	DDISY-230 Residential REIT Co.,LTD	Short-term loans	1,100,000,000	1,000,000,000	(1,000,000,000)	1,100,000,000
	Hyundai Private Real Estate Investment Trust No. 20 ¹	Current portion of long-term loans	1,300,000,000	1,800,000,000	(3,100,000,000)	-
	Hyundai Private Real Estate Investment Trust No. 20 ¹	Short-term loans	-	200,000,000	(200,000,000)	-
	Gunpo Mixed Use Development PFV Company ²	Long-term loans	8,426,600,000	-	-	8,426,600,000
	Daehoji Solar Park, Inc.	Current portion of long-term loans	900,000,000	-	(900,000,000)	-
	Shinhan Normalization General Type Private Real Estate Investment Trust No. 1	Short-term loans	-	51,000,000,000	(51,000,000,000)	-
				₩ 15,483,800,000	₩ 70,665,200,000	₩ (63,147,200,000)

¹ If there is a change in the status of a related party due to a change in ownership during the current period, the transactions are prepared based on the time of the change.

² As Gunpo Mixed Use Development PFV Company discontinued applying the equity method, a share of net profit (loss) of associates and joint ventures accounted for using the equity method was reflected in related loans that are part of its net investment, but share of net profit (loss) of associates and joint ventures accounted for using the equity method is excluded in the note above (see Note 10-(1)).

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(In Korean won)

Type	Name of entity	Details	2022			
			Beginning balance	Increase	Decrease	Ending balance
Joint ventures	DDI YS-40 REIT ¹	Long-term loans	₩ 7,150,000,000	₩ -	₩ (7,150,000,000)	₩ -
	Cheongju Eco Park Co., Ltd.	Short-term loans	5,581,548,320	-	(5,581,548,320)	-
	Eumsung Ecopark Co., Ltd. ¹	Short-term loans	-	5,602,927,042	(5,602,927,042)	-
	PungBaek Wind Farm Corporation	Short-term loans	183,333,600	-	(183,333,600)	-
Associates	DDISY-230 Residential REIT Co., LTD.	Short-term loans	-	1,100,000,000	-	1,100,000,000
	Hyundai Private Real Estate Investment Trust No. 20	Long-term loans	300,000,000	1,000,000,000	-	1,300,000,000
	Gunpo Mixed Use Development PFV Company ²	Long-term loans	6,045,770,939	-	(2,914,559,047)	3,131,211,892
	Daehoji Solar Park, Inc.	Current portion of long-term loans	900,000,000	-	-	900,000,000
	Chilgok Ecopark	Short-term loans	3,427,200,000	330,000,000	-	3,757,200,000
			₩ 23,587,852,859	₩ 8,032,927,042	₩ (21,432,368,009)	₩ 10,188,411,892

¹ If there is a change in the status of a related party due to a change in ownership during the prior period, the transactions are prepared based on the time of change.

² As Gunpo Mixed Use Development PFV Company discontinued applying the equity method, a share of net profit (loss) of associates and joint ventures accounted for using the equity method was reflected in related loans that are part of its net investment, but share of net profit (loss) of associates and joint ventures accounted for using the equity method is excluded in the note above (see Note 10-(1)).

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(5) Details of equity transactions with related parties for the years ended December 31, 2023 and 2022, are as follows:

(In Korean won)

Type	Name of entity	Details	2023	2022
Entities with joint control over the Group	SK DISCOVERY CO., LTD.	Dividends paid	₩ -	₩ 9,077,266,800
	Hahn & Co. Development Holdings Co., Ltd.	Dividends paid	-	9,521,270,400
Joint ventures	DDI YS-40 REIT	Capital decrease	-	1,163,323,105
	Hanwha Cheongjuecopark private equity 1st(Infrastructure)	Dividend received	142,640,001	149,640,001
	Eumsung Ecopark Co., Ltd.	Investments	-	5,740,180,000
	Hanwha Eumseongecopark private equity 1st(Infrastructure)	Investments	-	12,474,420,000
	Hanwha Eumseongecopark private equity 1st(Infrastructure)	Dividend received	159,230,693	88,153,178
	HHR Real Estate Private Fund No.5	Investments	-	18,000,000,000
	HHR Real Estate Private Fund No.5	Dividend received	1,361,629,964	-
	HHR Real Estate Private Fund No.5	Disposal	9,980,518,796	-
	Metheus Ilsan Complex Logistics Center PFV Co., Ltd.	Investments	-	2,700,000,000
	PungBaek Wind Farm Corporation	Investments	-	7,885,440,000
	KORAMCO No.120 General Type Private Real Estate Investment Trust	Investments	10,360,000,000	-
	KORAMCO Icheon Baeksa Logistics General Type Private Real Estate Investment Trust	Investments	10,340,000,000	-
	Tiger Alternative Investment trust No.318	Investments	4,000,000,000	-
	Tiger Alternative Investment trust No.318	Disposal	253,200,000,000	-
	Connect Pie Cloud Co., Ltd.	Investments	4,900,000,000	-
	Yangmok Ecopark Co., Ltd.	Investments	1,899,500,000	-
	Chilgok Ecopark Co., Ltd.	Investments	2,986,050,000	-
	Uiseong Hwanghaksan Windpower Co., Ltd.	Investments	4,400,000,000	-
	Geumyang Ecopark Co., Ltd.	Investments	3,663,000,000	-
Associates	Daegusolar	Dividend received	365,996,800	240,323,200
	IGIS No.178 Professional	Disposal	-	282,329,256

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Type	Name of entity	Details	2023	2022
	Investors' Private Placement Real Estate Investment Limited Liab.			
	DDISY-230 Residential REIT Co., LTD.	Disposal	-	14,500,000,000
	DDISY-230 Residential REIT Co., LTD.	Investments	1,200,000,000	15,405,000,000
	DDISC-1339 Residential REIT Co., Ltd.	Disposal	-	9,124,000,000
	DDISC-1339 Residential REIT Co., Ltd.	Investments	-	10,670,000,000
	DDISC-57 Residential REIT Co., Ltd.	Disposal	-	8,330,000,000
	DDISC-57 Residential REIT Co., Ltd.	Investments	-	9,254,662,500
	DDI Residential No.1 Subsidiary REIT Co., Ltd.	Dividend received	719,087,117	1,163,955,325
	Hyundai Private Real Estate Investment Trust No. 20	Dividend received	1,174,318,950	-
	FASSTO	Investments	-	10,661,179,000
	D&D Platform REIT Co., Ltd.	Dividend received	1,746,000,000	1,811,508,908
	DDI SSHQ Retail Co., Ltd.	Disposal	-	6,838,151,750
	DDIVC-1 REIT Co.		5,635,000,000	37,926,000,000
	DDLIVC Master REIT Co., Ltd.	Investments	50,000,000	736,100,000
	DDLVC Master REIT Co., Ltd.	Investments	413,150,000	851,300,000
	Korea Space Data	Investments	-	2,000,213,131
	DDISC49	Investments	500,000,000	-
	Glennmont D&D Solar Holdings	Investments	5,209,077,000	-
	Gunpo Mixed Use Development PFV Company	Disposal	6,766,370,000	-
	Daehoji Solar Park, Inc.	Disposal	336,700,000	-
	Shinhan Normalization General Type Private Real Estate Investment Trust No. 1	Investments	15,000,000,000	-
	Semicolon Mullae REIT CO., LTD.	Dividend received	800,000,000	-
	GridFlex, Inc.	Investments	7,268,316,000	-
Others	Semicolon Mullae REIT CO., LTD.	Dividend received	-	771,726,029
			₩ 354,576,585,321	₩ 197,366,142,583

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(6) The compensation paid or payable to key management for employee services for the years ended December 31, 2023 and 2022, consist of the following:

<i>(In Korean won)</i>	2023	2022
Salaries	₩ 5,250,015,530	₩ 6,788,401,573
Postemployment benefits	807,567,395	1,687,477,566
Share-based payment expenses	1,166,339,996	971,949,997
	<u>₩ 7,223,922,921</u>	<u>₩ 9,447,829,136</u>

26. EQUITY:

(1) Details of share capital as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won and in number of shares)</i>	2023		2022	
	Ordinary shares	Preferred shares¹	Ordinary shares	Preferred shares¹
Total number of authorized shares	60,000,000	40,000,000	60,000,000	40,000,000
Par value	₩ 1,000	₩ 1,000	₩ 1,000	₩ 1,000
Total number of issued shares	<u>22,190,164</u>	<u>2,000,000</u>	<u>22,190,164</u>	<u>2,000,000</u>
Share capital	<u>₩ 22,190,164,000</u>	<u>₩ 2,000,000,000</u>	<u>₩ 22,190,164,000</u>	<u>₩ 2,000,000,000</u>

¹ The Parent Company issued convertible preferred shares of ₩132,860 million in 2020, and investors may request a conversion of all or part of the preferred shares into registered ordinary shares of the Parent Company from one year after the issue date of the preferred shares to five years. The issuance price and conversion price of the convertible preferred shares are ₩25,550, and the conversion ratio is 1 to 1. The conversion price and conversion ratio may be adjusted in the future depending on shares fluctuations. The convertible preferred share is a cumulative, non-participating convertible preferred share with non-voting rights and pays investors a profit dividend of 4.0% per annum based on the issuance price. The preferred shares have the priority on allocation of residual assets over ordinary shares; if the allocation of residual assets for ordinary share exceeds the ratio for preferred share, the Group has the same rights as ordinary share for the excess.

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(2) Details of reserves as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Share premium ¹	₩ 283,809,776,297	₩ 283,809,830,429
Other reserves	6,994,751,850	6,994,751,850
Gain on disposal of Treasury shares ²	384,000	-
	<u>₩ 290,804,912,147</u>	<u>₩ 290,804,582,279</u>

¹ The Parent Company issued convertible preferred shares in 2020 and recognized net amount after deducting the capital of preferred shares and direct issue costs from the total amount of convertible preferred shares issued as share premium.

² The Parent Company disposed of 640 shares of Treasury shares for the year ended 2023.

(3) Details of other components of equity as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Share options	₩ 9,787,581,993	₩ 8,621,241,997
Treasury shares	-	(17,664,000)
Share of other comprehensive income of associates	176,702,620	2,866,909
Share of other comprehensive loss of associates	(18,688,586,026)	(1,804,763,672)
Others	(1,242,134,019)	(1,242,134,019)
	<u>₩ (9,966,435,432)</u>	<u>₩ 5,559,547,215</u>

(4) Details of accumulated other comprehensive income as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Gain on valuation of financial assets at fair value through other comprehensive income	₩ 401,479,264	₩ 401,479,264
Loss on valuation of financial assets at fair value through other comprehensive income	(1,055,636,500)	(1,055,636,500)
Gain on valuation of derivative financial instruments	863,921,162	1,725,076,760
Loss on valuation of derivative financial instruments	(323,712,316)	-
Share of other comprehensive income of associates	242,442,050	-
Share of other comprehensive loss of associates	(268,771,987)	-
	<u>₩ (140,278,327)</u>	<u>₩ 1,070,919,524</u>

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(5) Details of retained earnings as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Earned profit reserves ¹	₩ 12,127,588,770	₩ 10,148,026,850
Retained earnings before appropriation	444,862,072,303	365,293,019,415
	<u>₩ 456,989,661,073</u>	<u>₩ 375,441,046,265</u>

¹ The Commercial Code of the Republic of Korea requires the Parent Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. The reserve is not available for cash dividends payment, but may be transferred to share capital or used to reduce accumulated deficit.

(6) Details of dividend paid (or payable) for the years ended December 31, 2023 and 2022, are as follows:

i) Interim dividends (dividend date: June 30, 2023 (current) and June 30, 2022 (previous))

<i>(In Korean won)</i>	2023	2022
Ordinary shares (₩400 per share)	₩ 8,875,809,600	₩ 8,875,809,600
Preferred share (₩400 per share)	800,000,000	800,000,000
	<u>₩ 9,675,809,600</u>	<u>₩ 9,675,809,600</u>

ii) Annual dividends

<i>(In Korean won)</i>	2023	2022
Ordinary shares (2023: ₩400 per share, 2022: ₩400 per share)	₩ 8,876,065,600	₩ 8,875,809,600
Preferred share (2023: ₩622 per share, 2022: ₩622 per share)	1,244,000,000	1,244,000,000
	<u>₩ 10,120,065,600</u>	<u>₩ 10,119,809,600</u>

Dividend in respect of the year ended December 31, 2022, is the same as those of the dividends proposed for approval of the general shareholders' meeting.

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27. SHARE OPTIONS:

(1) The Group has granted share options to executives and employees. Details are as follows:

(In Korean won, in number of shares)

Grant date	Number of shares to be issued	Exercise period	Exercise price		Fair value at grant date
2016-03-18 ¹	120,000	2018-03-18–2025-03-17	₩	38,450	₩ 29,025
2017-03-24 ¹	120,000	2019-03-24–2026-03-23		25,900	7,671
2018-03-27 ¹	120,000	2020-03-27–2025-03-26		28,500	8,707
2022-03-23 ²	271,700	2025-03-23–2029-03-22		30,200	8,828–10,814

¹ Exercise price is a remeasured fair value due to the adjustment of the exercise price following the capital increase without consideration on April 10, 2017, and capital increase with consideration on May 23, 2020.

² For the share options granted on March 23, 2022, the fair value at the grant date was calculated differently depending on the vesting period, even under the same conditions.

(2) The fair value of share options was calculated according to the binomial option-pricing model, and the variables applied to the model are as follows:

<i>(In Korean won, in percentage (%))</i>	Granted on March 18, 2016		Granted on March 24, 2017		Granted on March 27, 2018		Granted on March 23, 2022¹	
Share price at grant date	₩	61,700	₩	38,500	₩	27,200	₩	31,250
Exercise price		38,450		25,900		28,500		30,200
Expected volatility		73.60		30.50		29.87		36.70–40.42
Risk-free interest rate		1.77		2.12		2.57		2.50–2.60

¹ For the share options granted on March 23, 2022, variables were applied differently depending on the vesting period even under the same conditions.

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(3) Changes in share options for the year ended December 31, 2023, are as follows:

(In Korean won, in
number of shares)

	Number of shares to be issued		Valuation		
	Beginning balance	Ending balance	Beginning balance	Increase	Ending balance
2016.03.18 ¹	120,000	120,000	₩ 5,223,600,000	₩ -	₩ 5,223,600,000
2017.03.24 ¹	120,000	120,000	1,380,852,000	-	1,380,852,000
2018.03.27 ¹	120,000	120,000	1,044,840,000	-	1,044,840,000
2022.03.23	271,700	271,700	971,949,997	1,166,339,996	2,138,289,993
	631,700	631,700	₩ 8,621,241,997	₩ 1,166,339,996	₩ 9,787,581,993

¹ Cumulative share-based payment expenses due to grant of share options are fully recognized.

28. OPERATING SEGMENT:

The Group has four reportable segments, as described below, which are the Group's strategic business units. These strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies.

(1) The Group is engaged in real estate development/operation and energy business, and the main products and services of each sector are as follows.

Main products and services

Real estate development/operation	Development and operation of offices/knowledge industry centers/commercial facilities/officetels/rental housing, etc.
Renewable energy business	Wind/solar/fuel cell power plant EPC and facility installation, operation, business development and sale of business right
ESS business	Installation, operation, provision for power-saving service of ESS facility
Furniture business	Sales and installation of imported/domestic furniture, etc.

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(2) The financial performances of the reportable segments for the years ended December 31, 2023 and 2022, are as follows:

(In Korean won)

	2023							Total
	Real estate development/operation	Renewable energy	ESS	Furniture	Inter-company transactions and others	Unallocated		
Operating revenue	₩ 331,321,968,468	₩ 55,690,149,402	₩ 41,404,862,297	₩ 56,915,171,754	₩ (5,656,206,444)	₩ -	₩ 479,675,945,477	
Operating profit (loss)	205,025,279,344	10,311,152,772	6,828,362,934	9,190,025,814	(2,126,097,508)	(38,848,927,191)	190,379,796,165	
Depreciation and amortization ¹	5,358,877,334	4,951,291,137	20,731,471,928	552,606,496	(834,222,571)	4,705,342,449	35,465,366,773	

¹ Sum of depreciation of property, plant and equipment, depreciation of investment property, depreciation of right-of-use assets and amortization of intangible assets.

(In Korean won)

	2022							Total
	Real estate development/operation	Renewable energy	ESS	Furniture	Intercompany transactions and others	Unallocated		
Operating revenue	₩ 363,836,153,373	₩ 130,645,151,466	₩ 43,232,070,947	₩ 32,325,404,629	₩ (6,602,214,240)	₩ -	₩ 563,436,566,175	
Operating profit (loss)	69,114,795,927	17,073,418,899	11,124,787,409	5,527,491,767	(998,583,783)	(37,495,663,434)	64,346,246,785	
Depreciation and amortization ¹	4,772,048,197	4,858,734,976	20,676,100,704	853,004,760	(676,236,066)	3,773,874,200	34,257,526,771	

¹ Sum of depreciation of property, plant and equipment, depreciation of investment property, depreciation of right-of-use assets and amortization of intangible assets.

Transfers or transactions between segments are made under conditions applicable to third parties and have been eliminated in the process of preparing the consolidated financial statements. Selling and administrative expenses and finance income and costs, which are managed at the Group level, are not allocated to segments.

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(3) The financial position of each reportable segment as of December 31, 2023 and 2022, is as follows:

(In Korean won)

	2023					
	Real estate development/operation	Renewable energy	ESS	Furniture	Unallocated	Total
Total assets	₩ 1,466,980,684,043	₩ 347,570,983,044	₩ 233,151,389,476	₩ 37,759,939,976	₩ 337,613,385,719	₩ 2,423,076,382,258
Non-current assets ¹	195,738,539,692	51,974,841,592	204,199,502,143	4,400,355,950	10,771,751,760	467,084,991,137
Total liabilities	930,292,212,612	176,371,346,243	74,140,901,362	19,337,490,585	461,056,407,995	1,661,198,358,797

¹ Property, plant and equipment, investment property, right-of-use assets and intangible assets are included.

(In Korean won)

	2022					
	Real estate development/operation	Renewable energy	ESS	Furniture	Unallocated	Total
Total assets	₩ 1,475,393,950,975	₩ 211,186,402,720	₩ 256,955,596,923	₩ 25,501,728,201	₩ 222,538,535,628	₩ 2,191,576,214,447
Non-current assets ¹	191,329,786,994	54,604,457,463	224,301,803,537	3,762,499,521	12,601,387,728	486,599,935,243
Total liabilities	874,250,521,953	103,402,900,918	80,652,831,889	7,272,129,641	428,931,570,763	1,494,509,955,164

¹ Property, plant and equipment; investment property; right-of-use assets and intangible assets are included.

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(4) Revenue from contracts with customers of the Group is classified as follows, and all sales were generated in domestic for the years ended December 31, 2023 and 2022, are as follows:

(In Korean won)

	2023						
	Real estate development/operation	Renewable energy	ESS	Furniture	Intercompany transactions and others		Total
1. Revenue from contracts with customers							
At a point in time							
Merchandises	₩ 1,633,200	₩ -	₩ -	₩ 1,460,945,457	₩ -	₩ -	₩ 1,462,578,657
Products	-	12,064,218,030	4,403,295,100	-	-	-	16,467,513,130
Services	2,411,968,182	8,865,499,519	37,001,567,197	734,500,000	(2,500,964,881)	-	46,512,570,017
Housing	4,191,393,855	-	-	-	-	-	4,191,393,855
Operation	948,213,876	-	-	-	-	-	948,213,876
	<u>7,553,209,113</u>	<u>20,929,717,549</u>	<u>41,404,862,297</u>	<u>2,195,445,457</u>	<u>(2,500,964,881)</u>		<u>69,582,269,535</u>
Over time							
Merchandises	-	-	-	54,719,726,297	-	-	54,719,726,297
Services	20,873,042,769	2,313,718,348	-	-	(2,662,749,112)	-	20,524,012,005
Rental	7,480,690,939	-	-	-	(492,492,451)	-	6,988,198,488
Construction	14,250,586,757	32,446,713,505	-	-	-	-	46,697,300,262
Housing	53,172,629,071	-	-	-	-	-	53,172,629,071
	<u>95,776,949,536</u>	<u>34,760,431,853</u>	<u>-</u>	<u>54,719,726,297</u>	<u>(3,155,241,563)</u>		<u>182,101,866,123</u>
2. Revenue from other sources							
Profits of associates and joint ventures ¹	227,991,809,819	-	-	-	-	-	227,991,809,819
	<u>₩ 331,321,968,468</u>	<u>₩ 55,690,149,402</u>	<u>₩ 41,404,862,297</u>	<u>₩ 56,915,171,754</u>	<u>₩ (5,656,206,444)</u>		<u>₩ 479,675,945,477</u>

¹ Gain on valuation of ₩ 5,752,982,785 and gain on disposal of ₩ 222,238,827,034 from equity method investment held for operating purposes during the year ended December 31, 2023, are included (see Note 10-(2)).

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(In Korean won)

2022

	Real estate development/ operation	Renewable energy	ESS	Furniture	Intercompany transactions and others	Total
1. Revenue from contracts with customers						
At a point in time						
Merchandises	₩ 7,346,493	₩ 97,154,640,000	₩ -	₩ 1,510,950,002	₩ -	₩ 98,672,936,495
Products	-	17,343,703,180	1,663,939,100	-	-	19,007,642,280
Services	37,043,985,468	-	41,568,131,847	1,433,271,500	(4,767,638,871)	75,277,749,944
Housing	8,486,574,174	-	-	-	-	8,486,574,174
Operation	688,826,972	-	-	-	-	688,826,972
	<u>46,226,733,107</u>	<u>114,498,343,180</u>	<u>43,232,070,947</u>	<u>2,944,221,502</u>	<u>(4,767,638,871)</u>	<u>202,133,729,865</u>
Over time						
Merchandises	-	-	-	29,381,183,127	-	29,381,183,127
Services	11,637,943,814	2,239,902,319	-	-	(1,556,695,078)	12,321,151,055
Rental	5,438,416,278	-	-	-	(277,880,291)	5,160,535,987
Construction	-	13,906,905,967	-	-	-	13,906,905,967
Housing	269,366,979,952	-	-	-	-	269,366,979,952
	<u>286,443,340,044</u>	<u>16,146,808,286</u>	<u>-</u>	<u>29,381,183,127</u>	<u>(1,834,575,369)</u>	<u>330,136,756,088</u>
2. Revenue from other sources						
Profits of associates and joint ventures ¹	31,166,080,222	-	-	-	-	31,166,080,222
	<u>₩ 363,836,153,373</u>	<u>₩ 130,645,151,466</u>	<u>₩ 43,232,070,947</u>	<u>₩ 32,325,404,629</u>	<u>₩ (6,602,214,240)</u>	<u>₩ 563,436,566,175</u>

¹ Gain on valuation of ₩ 13,313,416,600 and gain on disposal of ₩ 17,852,663,622 from equity method investment held for operating purposes during the year ended December 31, 2022, are included (see Note 10-(2)).

(5) The transaction amount for major customers, who contribute more than 10% of the Group's revenue, and the ratio of the total operating revenue for the year ended 2023 and 2022, are as follows:

(In Korean won)

	2023		
	Reportable segment	Amount	Percentage
Customer A	Real estate development/ operation	₩ 215,472,457,034	44.92%

(In Korean won)

	2022		
	Reportable segment	Amount	Percentage
Customer A	Renewable energy	₩ 97,154,640,000	17.24%

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29. OPERATING EXPENSES:

Details of operating expenses for the years ended 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Changes in inventories (including land)	₩ 58,616,077,810	₩ 199,512,818,712
Raw materials used	3,568,980,099	86,988,140
Employee benefits expenses	51,294,870,530	39,629,879,694
Depreciation (including depreciation of investment property)	28,440,840,774	28,926,231,946
Depreciation of right-of-use assets	4,017,957,005	2,706,861,176
Amortization	3,006,568,994	2,624,433,649
Outsourcing expenses	32,090,881,654	111,261,426,606
Commission expenses	65,613,927,368	51,453,083,496
Taxes and dues	1,325,750,898	15,428,726,460
Rental expenses	751,860,096	1,360,470,675
Advertising expense	578,407,902	1,337,592,264
Losses of associates and joint ventures ^{1,2}	25,502,600,587	30,139,266,922
Other	14,487,425,595	14,622,539,650
	<u>₩ 289,296,149,312</u>	<u>₩ 499,090,319,390</u>

¹ Loss on valuation of ₩14,252,366,035, loss on disposal of ₩1,156,198,925 and impairment loss of ₩10,094,035,627 from equity method investment held for operating purposes during the year ended December 31, 2023, are included (see Note 10-(2)).

² Loss on valuation of ₩23,544,136,332, loss on disposal of ₩23,549,885 and impairment loss of ₩6,571,580,705 from equity method investment held for operating purposes during the year ended December 31, 2022, are included (see Note 10-(2)).

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30. NON-OPERATING INCOME AND EXPENSES:

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

<i>(In Korean won)</i>	2023	2022
Other non-operating income		
Rental revenues	₩ 235,236,672	₩ 98,819,662
Gain on disposal of investment in subsidiaries	11,622,934	-
Gain on disposal of investment in associates	186,568,608	1,092,791,070
Gain on disposal of property, plant and equipment	40,584,165	150,146,231
Gain on disposal of intangible assets	67,955,254	-
Gain on disposal of right-of-use assets	53,894,383	151,550,029
Other income on real estate	-	60,608,308,795
Miscellaneous gains	5,600,046,169	4,216,970,822
	<u>₩ 6,195,908,185</u>	<u>₩ 66,318,586,609</u>
Other non-operating expenses		
Loss on disposal of investment in associates	₩ 235,073,366	₩ -
Impairment loss in investment in associates	3,308,945,987	-
Loss on disposal of property, plant and equipment	23,452,537	13,800,700
Loss on disposal of intangible assets	51,100,000	47,510,002
Loss on disposal of right-of-use assets	106,929,134	46,528,231
Loss on inventory obsolescence	231,890	-
Donation	576,516,514	685,900,863
Compensation expenses	5,219,722,888	1,615,000,000
Miscellaneous losses	552,431,415	2,112,396,879
	<u>₩ 10,074,403,731</u>	<u>₩ 4,521,136,675</u>

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

<i>(In Korean won)</i>	2023	2022
Finance income		
Interest income	₩ 10,440,285,906	₩ 5,109,084,608
Gain on foreign currency transaction	631,489,318	894,680,552
Gain on foreign currency translation	91,928,746	512,151,083
Dividend income	1,773,749,257	1,908,158,241
Gain on derivative transactions	4,687,318,505	247,998,087
Gain on valuation of derivatives	2,248,996,167	2,734,101,554
Gain on valuation of firm commitments	438,060,857	58,736,783
Gain on firm commitments transactions	72,505,393	256,103,589
Reversal of financial guarantee liabilities	844,920,630	1,707,497,250
Gain on valuation of financial assets at fair value through profit or loss	207,609,159	3,930,045,071
Gain on disposal of financial assets at fair value through profit or loss	604,186,886	1,780,601,529
	<u>₩ 22,041,050,824</u>	<u>₩ 19,139,158,347</u>
Finance costs		
Interest expenses	₩ 42,634,503,995	₩ 26,913,196,451
Loss on foreign currency transaction	2,974,857,561	5,537,799,302
Loss on foreign currency translation	786,548,934	11,918,787
Loss on derivative transactions	467,329,568	576,868,321
Loss on valuation of derivatives	5,958,491,861	2,087,736,783
Loss on valuation of firm commitments	686,563,589	35,089,658
Loss on valuation of firm commitments	391,983,104	225,092,663
Financial guarantee expenses	844,920,630	1,707,497,250
Loss on valuation of financial assets at fair value through profit or loss	7,682,795,954	388,316,396
Loss on disposal of financial assets at fair value through profit or loss	10,390,612	-
Non-controlling interest financial liability valuation loss	2,588,127,430	-
	<u>₩ 65,026,513,238</u>	<u>₩ 37,483,515,611</u>

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31. TAX EXPENSE:

(1) Income tax expense for the years ended 2023 and 2022, consists of:

<i>(In Korean won, in percentage)</i>	2023	2022
Current income taxes	₩ 43,643,864,031	₩ 39,674,603,448
Additional payment of income taxes (refunds and others)	(6,707,059,787)	(577,884,977)
Changes in deferred tax due to temporary differences	(10,520,693,440)	194,307,706
Income tax expense (benefit) charged directly to equity	<u>4,766,182,640</u>	<u>(1,781,282,653)</u>
Income tax expense	<u>₩ 31,182,293,444</u>	<u>₩ 37,509,743,524</u>
Effective tax rate	23.23%	32.98%

Income tax expense charged directly to the equity as of December 31, 2023 and 2022, is as follows:

<i>(In Korean won)</i>	2023	2022
Gain on valuation of financial assets at fair value through other comprehensive income	₩ -	₩ 6,913,154
Gain (loss) on valuation of derivatives	380,347,295	(315,678,427)
Share of other comprehensive income of associates	4,534,299,417	(1,928,071,382)
Actuarial gains and losses	<u>(148,464,072)</u>	<u>455,554,002</u>
	<u>₩ 4,766,182,640</u>	<u>₩ (1,781,282,653)</u>

(2) Reconciliation between profit before income tax and income tax expense for the years ended December 31, 2023 and 2022, is as follows:

<i>(In Korean won)</i>	2023	2022
Profit before income tax	₩ 134,260,666,029	₩ 113,722,926,342
Income tax based on statutory tax rate	36,056,876,030	27,006,994,039
Adjustments:		
Non-deductible expense (2023: ₩ 3,522,369,851, 2022: ₩ 3,888,693,429)	804,183,430	920,111,174
Effect of unrecognized deferred tax among temporary differences	(1,221,588,317)	(2,473,126,721)
Additional payment of income taxes	(6,707,059,787)	(577,884,978)
Effect of recirculation of corporate income	3,466,539,616	2,509,109,834
Non-deductible dividend income	(61,281,103)	(15,002,723)
Others (difference in tax rate, etc.)	<u>(1,155,376,425)</u>	<u>10,139,542,899</u>
Income tax expense	<u>₩ 31,182,293,444</u>	<u>₩ 37,509,743,524</u>

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(3) The movements in deferred tax assets and liabilities for the years ended December 31, 2023 and 2022, are as follows:

(In Korean won)

	2023			
	Beginning balance	Profit or loss	Charged (credited) directly to the equity	Ending balance
Investment in subsidiaries and associates	₩ 15,105,239,875	₩ 8,145,499,869	₩ 4,288,779,417	₩ 27,539,519,161
Defined benefit obligations	2,809,187,107	(82,545,542)	9,728,305	2,736,369,870
Loss on valuation of inventories	89,303,616	(26,780,216)	-	62,523,400
Depreciation	(320,218,892)	(35,915,618)	-	(356,134,510)
Gain on foreign currency translation	1,221,258,106	307,051,645	-	1,528,309,751
Gain on valuation of securities	3,108,647,221	1,654,460,661	245,520,000	5,008,627,882
Unpaid annual leave	221,409,246	7,121,463	-	228,530,709
Long-term employee benefits	57,248,531	15,047,912	-	72,296,443
Provision for warranty	458,942,545	68,524,365	-	527,466,910
Provision for loss compensation	225,869,539	-	-	225,869,539
Finance costs on advance receipts	336,552,220	1,055,598,356	-	1,392,150,576
Accrued income	(469,947,881)	(68,050,981)	-	(537,998,862)
Plan assets	(2,773,736,187)	96,322,057	-	(2,677,414,130)
Interest on construction funds	(8,261,624,583)	(6,299,365,005)	-	(14,560,989,588)
Amortization of intangible assets (goodwill)	(586,840,521)	2,794,479	-	(584,046,042)
Valuation of derivatives	(2,436,270,813)	(96,860,922)	380,347,295	(2,152,784,440)
Provision for long-term maintenance	667,255,101	-	-	667,255,101
Conversion of journal entry (lease)	(7,281,644)	260,809,021	-	253,527,377
allowance for doubtful account	339,017,927	(25,654,514)	-	313,363,413
Asset impairment	543,720,789	-	-	543,720,789
Actuarial gains and losses	-	158,192,377	(158,192,377)	-
Long-term borrowings (present value discounts)	(935,114,520)	190,255,955	-	(744,858,565)
Allowance for valuation loss of completed projects	228,306,923	-	-	228,306,923
Allowance for valuation loss of land	78,166,835	-	-	78,166,835
Loss on impairment of investment assets	79,218,000	-	-	79,218,000
Legal proceedings provisions	-	1,157,584,661	-	1,157,584,661
Bonuses	2,021,031,000	290,628,000	-	2,311,659,000
Others	(2,289,957,725)	(1,020,207,223)	-	(3,310,164,948)
	<u>₩ 9,509,381,815</u>	<u>₩ 5,754,510,800</u>	<u>₩ 4,766,182,640</u>	<u>₩ 20,030,075,255</u>

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	2022			
	Beginning balance	Profit or loss	Charged (credited) directly to the equity	Ending balance
Investment in subsidiaries, associates and joint ventures	₩ 11,979,745,864	₩ 5,053,565,393	₩ (1,928,071,382)	₩ 15,105,239,875
Defined benefit obligations	2,640,122,584	169,064,523	-	2,809,187,107
Loss on valuation of inventories	70,450,786	18,852,830	-	89,303,616
Depreciation	193,664,672	(513,883,564)	-	(320,218,892)
Gain on foreign currency translation	689,972,511	531,285,595	-	1,221,258,106
Gain (loss) on valuation of securities	2,821,994,432	279,739,635	6,913,154	3,108,647,221
Unpaid annual leave	164,089,265	57,319,981	-	221,409,246
Long-term employee benefits	36,695,202	20,553,329	-	57,248,531
Provision for warranty	425,176,577	33,765,968	-	458,942,545
Provision for loss compensation	587,500,000	(361,630,461)	-	225,869,539
Finance costs on advance receipts	658,131,477	(321,579,257)	-	336,552,220
Accrued income	(563,415,043)	93,467,162	-	(469,947,881)
Plan assets	(2,406,976,821)	(366,759,366)	-	(2,773,736,187)
Interest on construction funds	(3,497,994,380)	(4,763,630,203)	-	(8,261,624,583)
Amortization (goodwill)	(656,702,488)	69,861,967	-	(586,840,521)
Valuation of derivatives	(1,112,212,072)	(1,008,380,314)	(315,678,427)	(2,436,270,813)
Provision for long-term maintenance	640,820,436	26,434,665	-	667,255,101
Conversion of journal entry (lease)	181,788,379	(189,070,023)	-	(7,281,644)
Allowance for valuation loss of REC	52,685,087	(52,685,087)	-	-
allowance for doubtful account	322,118,270	16,899,657	-	339,017,927
Asset impairment	482,015,648	61,705,141	-	543,720,789
Actuarial gains and losses	-	(455,554,002)	455,554,002	-
Long-term borrowings (present value discounts)	(1,036,705,605)	101,591,085	-	(935,114,520)
Allowance for valuation loss of completed projects	220,790,646	7,516,277	-	228,306,923
Allowance for valuation loss of land	75,593,441	2,573,394	-	78,166,835
Loss on impairment of investment assets	-	79,218,000	-	79,218,000
Bonuses	-	2,021,031,000	-	2,021,031,000
Others	(3,265,659,347)	975,701,622	-	(2,289,957,725)
	<u>₩ 9,703,689,521</u>	<u>₩ 1,586,974,947</u>	<u>₩ (1,781,282,653)</u>	<u>₩ 9,509,381,815</u>

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(4) Details of unrecognized temporary differences related to investment assets as deferred tax assets (liabilities) as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Investment in subsidiaries ¹	₩ (20,037,737,385)	₩ (15,447,724,278)
Investment in joint ventures and associates	60,000,000	60,000,000
	<u>₩ (19,977,737,385)</u>	<u>₩ (15,387,724,278)</u>

¹ Among the deductible (taxable) temporary differences in subsidiaries in which the Parent Company holds 100% of the shares, deductible temporary differences consist of temporary differences with respect to subsidiaries for which it is probable that the temporary difference will not reverse in the foreseeable future and taxable profits will not be available and taxable temporary differences consist of temporary differences with respect to subsidiaries with a 100% non-inclusion rate of dividend income, although temporary differences are expected to be reversed only through dividends, not disposals.

32. EARNINGS PER SHARE:

(1) Details of calculation of basic and diluted earnings per share for the years ended December 31, 2023 and 2022, are as follows:

a) Basic earnings per ordinary share

<i>(In Korean won, in shares)</i>	2023	2022
Profit attributable to ordinary shares ¹	₩ 92,681,029,252	₩ 68,439,212,542
Weighted-average number of ordinary shares outstanding ²	22,189,705	22,189,524
Basic earnings per share	<u>₩ 4,177</u>	<u>₩ 3,084</u>

¹ Preferred shares are deducted from profit attributable to the ordinary equity holders of the Parent Company.

² Treasury shares disposed of for the year ended December 31, 2023, are reflected.

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b) Diluted earnings per ordinary share

<i>(In Korean won, in shares)</i>	2023	2022
Profit attributable to ordinary shares ¹	₩ 92,682,326,417	₩ 68,439,212,542
Weighted-average number of ordinary shares outstanding ²	22,193,462	22,189,524
Diluted earnings per share	<u>₩ 4,176</u>	<u>₩ 3,084</u>

(2) The Group issued convertible preferred shares in 2020, and details of calculation of basic and diluted earnings per preferred share for the years ended December 31, 2023 and 2022, are as follows:

a) Basic earnings per preferred share

<i>(In Korean won, in shares)</i>	2023	2022
Profit attributable to preferred shares ¹	₩ 10,397,343,333	₩ 8,212,427,826
Weighted-average number of preferred shares outstanding	2,000,000	2,000,000
Basic earnings per share	<u>₩ 5,199</u>	<u>₩ 4,106</u>

¹ It is the amount corresponding to the percentage of preferred shares among the amount after deducting the dividend on preferred share from the annual 4% dividend and profit attributable to ordinary equity holders of the Parent Company.

b) Diluted earnings per preferred share

<i>(In Korean won, in shares)</i>	2023	2022
Profit attributable to preferred shares ¹	₩ 10,396,046,168	₩ 8,212,427,826
Weighted-average number of preferred shares outstanding	2,000,000	2,000,000
Diluted earnings per share	<u>₩ 5,198</u>	<u>₩ 4,106</u>

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(3) Weighted-average number of ordinary shares outstanding and the weighted-average number of preferred shares outstanding for calculation of basic and diluted earnings per share are as follows:

a) Basic earnings per ordinary share

<i>(In shares)</i>	Period	Changes in details	Number of shares	Number of days	Weighted-average number of shares
2023	1/1–12/31	Beginning balance	22,189,524	365/365	22,189,524
	9/20–12/31	Treasury stock disposal	640	103/365	181
					22,189,705
2022	1/1–12/31	Beginning balance	22,189,524	365/365	22,189,524
					22,189,524

b) Diluted earnings per ordinary share

<i>(In shares)</i>	Period	Changes in details	Number of shares	Number of days	Weighted-average number of shares
2023	1/1–12/31				22,189,705
		Stock option ¹	3,757	365/365	3,757
					22,193,462

¹ The effects of share options granted on March 24, 2017, were reflected when calculating diluted earnings per share in 2023.

² For the prior year, since there is no dilutive effect, basic and diluted earnings per ordinary share are the same.

c) Basic and diluted earnings per preferred share

<i>(In shares)</i>	Period	Changes in details	Number of shares	Number of days	Weighted-average number of shares
2023	1/1–12/31	Beginning balance	2,000,000	365/365	2,000,000
					2,000,000
2022	1/1–12/31	Beginning balance	2,000,000	365/365	2,000,000
					2,000,000

¹ There is no dilutive potential preferred share when calculating diluted earnings per share for the years ended December 31, 2023 and 2022.

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33. CASH FLOWS:

(1) Adjustments to cash used in operations for the years ended December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Losses of associates and joint ventures (operating)	₩ 25,502,600,587	30,139,266,922
Depreciation	26,735,202,892	26,827,583,187
Depreciation of investment property	1,705,637,882	2,098,648,759
Depreciation of right-of-use assets	4,017,957,005	2,706,861,176
Amortization	3,006,568,994	2,624,433,649
Bad debt expenses	2,503,221,811	13,565,238
Loss on disposal of right-of-use assets	106,929,134	46,528,231
Loss on disposal of property, plant and equipment	23,452,537	13,800,700
Loss on disposal of intangible assets	51,100,000	47,510,002
Share-based payment expenses	1,166,339,996	971,949,997
Postemployment benefits	2,864,409,061	2,809,711,902
Interest expenses	42,634,503,995	26,913,196,451
Loss on foreign currency translation	786,548,934	11,918,787
Contribution to provision for long-term maintenance	-	19,010,292
Contribution to provision for warranty	-	409,913,679
Contribution to provision for losses	4,763,722,888	-
Loss on derivative transactions	467,329,568	576,868,321
Loss on valuation of derivatives	5,958,491,861	2,087,736,783
Loss on valuation of firm commitments	686,563,589	35,089,658
Loss on transaction of firm commitments	391,983,104	225,092,663
Loss on valuation of financial assets at fair value through profit or loss	7,682,795,954	388,316,396
Loss on disposal of financial assets at fair value through profit or loss	10,390,612	-
Financial guarantee expenses	844,920,630	1,707,497,250
Loss on valuation of inventories	136,102,813	122,754,762
Loss on valuation using equity method	17,125,296,052	7,609,696,394
Loss on disposal of investment in associates	235,073,366	-
Impairment loss on investment in associates	3,308,945,987	-
Loss on inventory obsolescence	231,890	-
Loss on valuation of non-controlling interest financial liabilities	2,588,127,430	-
Income tax expense	31,182,293,444	37,509,743,524
Other expenses	100,000,000	-
Profits of associates and joint ventures (operating)	(227,991,809,819)	(31,166,080,222)
Interest income	(10,440,285,906)	(5,109,084,608)
Dividend income	(1,773,749,257)	(1,908,158,241)
Gain on foreign currency translation	(91,928,746)	(512,151,083)
Gain on disposal of property, plant and equipment	(40,584,165)	(150,146,231)
Gain on disposal of intangible assets	(67,955,254)	-

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<i>(In Korean won)</i>	2023	2022
Gain on disposal of right-of-use assets	(53,894,383)	(151,550,029)
Reversal of provision for impairment	(2,366,348,712)	(114,683,955)
Gain on derivative transactions	(4,687,318,505)	(247,998,087)
Gain on valuation of derivatives	(2,248,996,167)	(2,734,101,554)
Gain on valuation of firm commitments	(438,060,857)	(58,736,783)
Gain on transaction of firm commitments	(72,505,393)	(256,103,589)
Gain on valuation of financial assets at fair value through profit or loss	(207,609,159)	(3,930,045,071)
Gain on disposal of financial assets at fair value through profit or loss	(604,186,886)	(1,780,601,529)
Reversal of financial guarantee liabilities	(844,920,630)	(1,707,497,250)
Reversal of loss on valuation of inventories	(3,625,601)	(228,547,791)
Reversal of warranty provision	(177,070,910)	-
Gain on valuation using equity method	(7,870,123,876)	(13,533,283,281)
Gain on disposal of investment in subsidiaries	(11,622,934)	-
Gain on disposal of investment in associates	(186,568,608)	(1,092,791,070)
Miscellaneous gains (effect of re-estimating the lease)	(1,638,823)	(149,012,651)
Other income on real estate	-	(60,608,308,795)
	<u>₩ (73,594,062,575)</u>	<u>₩ 20,477,812,905</u>

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(2) Changes in operating assets and liabilities for the years ended December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Disposal of investment in associates (operating)	₩ 6,766,370,000	₩ 32,236,329,256
Acquisition of investment in associates (operating)	(22,335,000,000)	(73,255,662,500)
Disposal of investment in joint ventures (operating)	263,180,518,796	5,549,986,780
Acquisition of investment in joint ventures (operating)	(24,700,000,000)	(20,700,000,000)
Decrease (increase) in trade and other receivables	10,748,872,205	(9,491,920,312)
Increase in inventories	(93,356,423,271)	(21,465,712,205)
Decrease (increase) in contract assets	-	18,803,612,563
Increase in contract costs	(1,105,603,748)	(5,126,194,438)
Increase in other current assets	(55,685,967,302)	(5,097,401,427)
Increase in other non-current assets	(475,443,439)	(702,972,143)
Increase in trade and other payables	10,375,717,950	9,095,989,494
Increase in contract liabilities	24,937,455,850	50,088,344,054
Increase (decrease) in other current liabilities	87,970,675,500	(12,182,714,105)
Increase in other non-current liabilities	4,562,555,959	3,081,098,586
Increase in lease receivables	1,994,156,874	2,036,160,684
Transfer from associates	26,110,925	2,458,780
Benefit payments	2,068,071,104	(2,169,386,783)
Decrease in provisions	(76,990,412)	(1,915,973,058)
Contribution to plan assets	(4,086,455,849)	(4,063,401,946)
Net change in cash due to change in scope of consolidation (operating)	4,418,058,372	(1,530,245,087)
	<u>₩ 215,226,679,514</u>	<u>₩ (36,807,603,807)</u>

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(3) The statements of cash flows of the Group are prepared using the indirect method. Significant transactions not affecting cash flows for the years ended December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023	2022
Change in scope of consolidation	₩ 2,644,456,696	₩ 4,716,667,279
Transfer of investment in joint ventures to investment in associates	-	8,464,185,394
Transfer of long-term borrowings to current portion	333,043,313,299	231,298,667,643
Transfer of long-term loans to current portion	9,160,868,932	3,667,000,000
Transfer of long-term lease receivables to current portion	742,079,380	10,229,699
Transfer of advance payments to property, plant and equipment, and intangible assets	2,858,313,500	771,743,103
Transfer of advance payments to inventories	29,887,823,854	44,535,584,005
Transfer of construction-in-progress to property, plant and equipment	968,405,245	33,960,222,983
Transfer of construction-in-progress to investment property	35,758,481,504	27,751,200,736
Transfer of construction-in-progress to intangible assets	1,358,824,755	888,088,908
Transfer of inventories to property, plant and equipment	944,576,358	-
Transfer of inventories to investment property	857,015,575	-
Non-trade receivables related to the disposal of property, plant and equipment, and intangible assets	701,908,506	-
Acquisition of right-of-use assets (new contract for lease liabilities)	5,881,836,518	4,575,220,816
Acquisition of right-of-use assets (used in provisions for restoration and rehabilitation)	935,742,480	35,960,983
Non-trade payables related to the acquisition of property, plant and equipment, and intangible assets	958,016,789	145,915,582
Transfer of leasehold deposits received to current portion	3,601,354,212	2,696,666,670
Transfer of long- and short-term leasehold deposits to be received in advance	1,572,395,151	111,050,079
Transfer of non-current lease liabilities to current portion	6,928,871,708	5,163,402,447
Transfer of debentures to current portion	201,012,356,338	74,888,048,855
Transfer of derivative assets to current portion	11,437,991,981	392,718,367
Transfer of non-current assets held for sale	-	5,233,624,398

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(4) Changes in liabilities arising from financial activities for the years ended 2023 and 2022, are as follows:

(In Korean won)	2023			
	Beginning balance	Financing cash flows	Others ¹	Ending balance
Short-term borrowings	₩ 8,000,000,000	₩ 51,000,000,000	₩ -	₩ 59,000,000,000
Dividend payable	-	(19,795,619,200)	20,939,947,770	1,144,328,570
Current portion of long-term borrowings	254,741,167,671	(220,277,006,669)	333,100,834,374	367,564,995,376
Long-term borrowings	631,044,007,796	191,613,766,668	(331,127,210,673)	491,530,563,791
Current debentures	74,924,581,109	(75,000,000,000)	201,535,011,686	201,459,592,795
Non-current debentures	250,136,172,342	37,917,000,000	(200,180,493,445)	87,872,678,897
Current lease liabilities	4,281,940,299	(6,032,152,421)	6,795,299,679	5,045,087,557
Non-current lease liabilities	14,145,644,842	-	126,833,671	14,272,478,513
Current portion of long-term financial liabilities	3,845,204,087	(2,269,999,647)	701,014,738	2,276,219,178
Long-term financial liabilities	89,962,543,340	-	(727,864,116)	89,234,679,224
	<u>₩ 1,331,081,261,486</u>	<u>₩ (42,844,011,269)</u>	<u>₩ 31,163,373,684</u>	<u>₩ 1,319,400,623,901</u>

¹ Effects on foreign currency translation of liabilities and transfers to current portion, etc., are included.

(In Korean won)	2022			
	Beginning balance	Financing cash flows	Others ¹	Ending balance
Short-term borrowings	₩ 46,000,000,000	₩ 1,200,000,000	₩ (39,200,000,000)	₩ 8,000,000,000
Current portion of long-term borrowings	242,779,375,113	(213,695,655,558)	225,657,448,116	254,741,167,671
Current portion of debentures	75,417,364,993	(74,704,000,000)	74,211,216,116	74,924,581,109
Dividend payable	-	(31,813,242,287)	31,813,242,287	-
Long-term borrowings	518,218,040,298	370,366,400,000	(257,540,432,502)	631,044,007,796
Non-current debentures	251,574,234,093	69,790,000,000	(71,228,061,751)	250,136,172,342
Current lease liabilities	5,065,184,977	(5,299,111,988)	4,515,867,310	4,281,940,299
Non-current lease liabilities	14,884,152,227	-	(738,507,385)	14,145,644,842
	<u>₩ 1,153,938,351,701</u>	<u>₩ 115,844,390,167</u>	<u>₩ (32,509,227,809)</u>	<u>₩ 1,237,273,514,059</u>

¹ Effects on foreign currency translation of liabilities and transfers to current portion, etc. are included.

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34. FAIR VALUE:

(1) The Group has classified fair value measurements in accordance with the fair value hierarchy, which reflects the significance of the inputs used in fair value measurement. The levels of the fair value hierarchy are as follows.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(2) Fair value hierarchy classifications of the financial instruments that are measured at fair value as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	₩ -	₩ 26,177,058,035	₩ 51,760,133,103	₩ 77,937,191,138
Derivatives designated as hedging	-	6,894,681,186	-	6,894,681,186
Derivatives not designated as hedging	-	-	7,209,389,624	7,209,389,624
Financial liabilities				
Derivatives designated as hedging	-	474,275,946	-	474,275,946
Derivatives not designated as hedging	-	-	5,907,000,000	5,907,000,000

<i>(In Korean won)</i>	2022			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	₩ -	₩ 34,777,341,097	₩ 74,283,980,928	₩ 109,061,322,025
Financial assets at fair value through other comprehensive income	-	-	3,800,000	3,800,000
Derivatives designated as hedging	-	8,030,946,600	-	8,030,946,600
Derivatives not designated as hedging	-	-	5,289,916,814	5,289,916,814
Financial liabilities				
Derivatives designated as hedging	-	903,802,424	-	903,802,424
Derivatives not designated as hedging	-	-	3,703,000,000	3,703,000,000

The fair value of cash and cash equivalents, trade receivables, other receivables, other financial assets, long- and short-term financial assets, trade payables, other payables and other financial liabilities is excluded from the fair value disclosure because the effect of the discount is not significant, as it is similar to the carrying amount.

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(3) Valuation techniques used in the fair value measurements categorized within Level 3 of the fair value hierarchy as of December 31, 2023 and 2022, are as follows:

(In Korean won)

		2023			
	Fair value	Valuation techniques	Unobservable inputs	Application rate	Relationship between unobservable inputs and fair value measurements
Beneficiary certificates	₩ 17,079,411,898	Income approach: The discounted cash flow method is used to estimate the present value of future economic benefits (considering cash outflows from management fees for the purchase of beneficiary certificates) that are expected to be derived from the ownership of an investee	Long-term growth rate	-	Fair value increases (decreases) as growth rate increases (decreases)
			Weighted-average cost of capital	6.60% – 7.47%	Fair value decreases (increases) as the discount rate increases (decreases)
			Cost of equity	14.09% – 15.85%	Fair value decreases (increases) as the discount rate increases (decreases)
Unlisted investment	21,701,721,205	Income approach: The discounted cash flow method is used to estimate the present value of future economic benefits that are expected to be derived from the ownership of an investee	Long-term growth rate	-	Fair value increases (decreases) as growth rate increases (decreases)
			Weighted-average cost of capital	-	Fair value decreases (increases) as the discount rate increases (decreases)
Investment convertible notes, etc.	12,979,000,000	Discounted cash flow: The fair value of investment convertible notes is measured by adding the fair value of general bonds that do not include conversion rights and the fair value of conversion rights, which are embedded derivatives (call options). The fair value of general bonds without conversion rights is measured by discounting the future cash flows of the bonds by applying the market interest rate applied to entities with similar creditworthiness to those of the issuer of convertible notes, and the fair value of conversion rights is measured using an option pricing model. Price volatility, which is a significant input used to measure the fair value of conversion rights, is estimated based on past stock price changes of the alternative companies.	Cost of equity	16.82%	
			Price volatility	-	Fair value increases (decreases) as price volatility increases (decreases)
Derivative assets	7,209,389,624	Binomial option-pricing model and discounted cash flow model: For contracts that include options, the option value is calculated through the binomial model for the payoff, and the discounted cash flow model is used to estimate the present value of future economic benefits of the underlying assets	Discount rate	4.32% – 21.95%	Fair value of the option increases (decreases) as the underlying asset increases (decreases)
			Cost of equity	12.22%	
Derivative liabilities	5,907,000,000		Volatility of the underlying assets	14.00% – 45.00%	

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(in Korean won)

2022

	Fair value	Valuation techniques	Unobservable inputs	Application rate	Relationship between unobservable inputs and fair value measurements
Beneficiary certificates	₩ 16,467,258,145	Income approach: The discounted cash flow method is used to estimate the present value of future economic benefits (considering cash outflows from management fees for the purchase of beneficiary certificates) that are expected to be derived from the ownership of an investee	Long-term growth rate	-	Fair value increases (decreases) as growth rate increases (decreases)
			Weighted-average cost of capital	5.51% – 6.39%	Fair value decreases (increases) as the discount rate increases (decreases)
			Cost of equity	13.26%	Fair value decreases (increases) as the discount rate increases (decreases)
Unlisted investment	42,167,854,197	Income approach: The discounted cash flow method is used to estimate the present value of future economic benefits that are expected to be derived from the ownership of an investee	Long-term growth rate	-	Fair value increases (decreases) as growth rate increases (decreases)
			Weighted-average cost of capital	11.88%	Fair value decreases (increases) as the discount rate increases (decreases)
Investment convertible notes, etc.	15,652,668,586	Discounted cash flow: The fair value of investment convertible notes is measured by adding the fair value of general bonds that do not include conversion rights and the fair value of conversion rights, which are embedded derivatives (call options). The fair value of general bonds without conversion rights is measured by discounting the future cash flows of the bonds by applying the market interest rate applied to entities with similar creditworthiness to those of the issuer of convertible notes, and the fair value of conversion rights is measured using an option-pricing model. Price volatility, which is a significant input used to measure the fair value of conversion rights, is estimated based on past stock price changes of the alternative companies.	Cost of equity	12.81%	
			Price volatility	-	Fair value increases (decreases) as price volatility increases (decreases)
Derivative assets	5,289,916,814	Binomial option-pricing model and discounted cash flow model: For contracts that include options, the option value is calculated through the binomial model for the payoff, and the discounted cash flow model is used to estimate the present value of future economic benefits of the underlying assets	Discount rate	6.88% – 14.28%	Fair value of the option increases (decreases) as the underlying asset increases (decreases)
Derivative liabilities	3,703,000,000		Volatility of the underlying assets	14.00% – 30.00%	

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35. PURPOSE AND POLICY OF FINANCIAL RISK MANAGEMENT:

The Group's principal financial liabilities comprise trade and other payables, borrowings, debentures, derivative liabilities and other financial liabilities. These financial liabilities arise from Group's operations activity. Also the Group has financial assets, including trade and other receivables, cash and cash equivalents and loans that are directly derived from its operations.

The Group is exposed to market risk, credit risk and liquidity risk and the Group's key management oversees the management of these risks. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

(1) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks comprise three types of risk: interest rate risk, foreign currency risk and other price risk.

a) 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 Group internally measures its interest rate risk based on 1%, which reflects the management's assessment of reasonable level of interest rate risk.

As of December 31, 2023, long-term borrowings with variable interest rate are ₩ 78,857 million (2022: ₩ 3,251,030 thousand).

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The book amount of the Group's monetary assets and liabilities denominated in foreign currencies as of December 31, 2023 and 2022, are as follows:

		2023		2022	
		Assets	Liabilities ¹	Assets	Liabilities ¹
USD	₩	75,946	₩ -	₩ 72,680	₩ -
EUR		93,664,036	158,122,980	1,608,148,796	37,440,860
GBP		-	98,507,400	-	-

¹ The Group has applied hedge on foreign currency denominated, and the hedge was determined to be effective for foreign currency risk, so the amount was excluded (see Note 22-(2)).

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The table below summarizes the impact of weakened/strengthened functional currency on the Group's profit (loss) for the year. The analysis is based on the assumption that functional currency has weakened/strengthened by 5% with all other variables held constant. The Group internally assesses the currency risk against changes in exchange rate fluctuations regularly. The impact on profit or loss is limited as the Group effectively manages foreign currency risk through currency futures trading.

		2023		2022	
		Increase 5%	Decrease 5%	Increase 5%	Decrease 5%
(In Korean won)					
USD	₩	3,797	₩ (3,797)	₩ 3,634	₩ (3,634)
EUR		(3,222,947)	3,222,947	78,535,397	(78,535,397)
GBP		(4,925,370)	4,925,370	-	-

The Group has entered into a loss limit agreement for derivative transactions to conduct transactions without providing separate evidence collateral for foreign exchange transactions with a bank.

(2) Credit risk

Credit risk is the risk that counterparty will not meet its obligations, leading to a financial loss of the Group.

a) Trade and other receivables

The Group deals with customers who have robust credit quality for those who want credit transaction with the Group, which the credit quality is assessed by the Group's credit investigation procedure. The Group regularly monitors balances of trade and other receivables and reassesses customer credit rating to maintain exposure level of impairment loss risk to unimportant level.

At the end of the reporting period, the Group individually recognizes whether major customer receivables are impaired or not, and additionally, in the case of a large number of small receivables, it is included in a group of financial assets with similar credit risk characteristics and expected credit losses of the Group are calculated collectively. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets described in Note 3.

b) Other assets

Credit risks associated with the Group's other assets, which consist of cash, short-term deposits and short-term and long-term loans arise from the default by the counterparties. Maximum exposure to credit risks will be the book value of the related assets. The Group deposits its surplus funds in Woori Bank and other financial institutions whose credit ratings are high, therefore credit risk related to financial institutions is considered limited.

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As of December 31, 2023, financial assets exposed to credit risk are as follows. The carrying amount indicates the maximum of exposure to credit risk.

<i>(In Korean won)</i>	2023		2022	
Financial assets at fair value through profit or loss	₩	77,937,191,138	₩	109,061,322,025
Financial assets at amortized cost		461,260,623,263		352,192,662,408
Derivatives designated as hedging		6,894,681,186		8,030,946,600
Derivatives not designated as hedging		7,209,389,624		5,289,916,814
Financial assets at fair value through other comprehensive income		-		3,800,000
	₩	<u>553,301,885,211</u>	₩	<u>474,578,647,847</u>

(3) Liquidity risk

Liquidity risk refers to the risk that the Group may default on the contractual obligations that become due.

The Group manages its risk to a shortage of funds using a recurring liquidity planning tool. The Group matches the financial liabilities with the financial assets taking into account the maturity dates and cash flow from operating activities of those financial assets.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

<i>(In Korean won)</i>	2023				
	Less than 3 months	Between 3 months to 1 year	Between 1 and 4 years	Over 4 years	Total
Trade and other payables ¹	₩ 35,079,110,105	₩ -	₩ -	₩ -	₩ 35,079,110,105
Short-term borrowings	27,721,951,616	32,095,756,712	-	-	59,817,708,328
Current portion of long-term borrowings	9,165,639,457	372,486,146,959	-	-	381,651,786,416
Current portion of debentures	131,823,480,495	72,301,659,677	-	-	204,125,140,172
Current portion of long-term financial liabilities	565,945,205	1,710,273,973	-	-	2,276,219,178
Long-term trade and other payables ¹	-	-	1,014,520,809	600,000,000	1,614,520,809
Debentures	1,320,123,288	3,989,383,562	89,675,493,151	-	94,985,000,001
Long-term borrowings	8,012,577,640	24,090,765,777	476,810,386,238	39,665,782,361	548,579,512,016
Long-term financial guarantee liabilities	-	-	5,194,574,630	-	5,194,574,630
Long-term financial liabilities	-	-	64,281,150,685	30,808,746,813	95,089,897,498
	₩ <u>213,688,827,806</u>	₩ <u>506,673,986,660</u>	₩ <u>636,976,125,513</u>	₩ <u>71,074,529,174</u>	₩ <u>1,428,413,469,153</u>

¹ Lease liabilities and non-financial debts are excluded.

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	2022				
	Less than 3 months	Between 3 months to 1 year	Between 1 and 4 years	Over 4 years	Total
Trade and other payables ¹	₩ 26,535,491,340	₩ -	₩ -	₩ -	₩ 26,535,491,340
Short-term borrowings	75,353,425	8,002,511,781	-	-	8,077,865,206
Current portion of long-term borrowings	32,858,426,881	226,379,658,125	-	-	259,238,085,006
Current portion of debentures	906,164,384	76,844,547,945	-	-	77,750,712,329
Short-term financial guarantee liabilities	8,135,110	-	-	-	8,135,110
Long-term trade and other payables ¹	-	-	875,821,896	1,091,553,121	1,967,375,017
Debentures	2,714,777,162	8,295,152,438	256,271,413,870	-	267,281,343,470
Long-term borrowings	8,457,828,041	25,843,363,459	622,586,820,629	59,008,382,592	715,896,394,721
Long-term financial guarantee liabilities	-	-	-	4,141,479,450	4,141,479,450
	<u>₩ 71,556,176,343</u>	<u>₩ 345,365,233,748</u>	<u>₩ 879,734,056,395</u>	<u>₩ 64,241,415,163</u>	<u>₩ 1,360,896,881,649</u>

¹ Lease liabilities and non-financial debts are excluded.

The amounts of financial liabilities by remaining maturity included in above represent undiscounted contractual principal, which differ from the carrying amount of financial liabilities recognized in the separate statements of financial position, and includes interest on financial liabilities to be paid in the future.

(4) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain sound capital structure, the Group may adjust the dividend payment to shareholders, reduce issued capital or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year ended December 31, 2023.

The Group uses the debt ratio divided by total liabilities by equity capital. The total liabilities, equity capital and debt ratio as of December 31, 2023 and 2022, are as follows:

(In Korean won)

	2023	2022
Total liabilities	₩ 1,661,198,358,797	₩ 1,494,509,955,164
Equity capital	761,878,023,461	697,066,259,283
Debt ratio	<u>218.04%</u>	<u>214.40%</u>

SK D&D Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
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36. EVENTS AFTER THE REPORTING PERIOD:

(1) Split-off

The Parent Company established a spin-off company (Name: SK eternix Co., Ltd.) through a spin-off method according to the provisions of Article 530-2 to Article 530-11 of the Commercial Act on March 1, 2024, as the division date, for the purpose of developing/EPC/operating/power trading related to renewable energy.

(2) On February 5, 2024, the Group entered into a loan agreement with Songpa Biz Cluster PFV Co., Ltd. for the provision of ₩ 27.5 billion in cash for land deposit and initial business expenses.

(3) On February 27, 2024, the Group entered into a construction subcontract agreement for the Boeun Fuel Cell Power Generation Project, a project to construct and operate a 19.8MW fuel cell power plant, with Geumyang Ecopark Co., Ltd. The contract amount is ₩ 101,614,480,000.

(4) On March 12, 2024, the Group entered into a loan agreement for ₩ 68 billion in cash to repay the debt of SK eternix Co., Ltd., a newly established subsidiary through a spin-off from the Group.

37. APPROVAL OF ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS:

The consolidated financial statements 2023 were approved for issue by the Board of Directors on February 8, 2024, and are subject to change with the approval of by the Board of Directors on March 11, 2024, and will be approved by the shareholders at their Annual General Meeting on March 26, 2024.