

**SK D&D Co., Ltd.**

**Separate 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.

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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 Independent Auditor's Report

Originally Issued in Korean on March 15, 2024

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

Report on the Audited Separate Financial Statements

### Audit Opinion

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

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

We also have audited, in accordance with the Korean Standards on Auditing ("KSAs"), the internal control over financial reporting of the Company as of December 31, 2023, based on the criteria ('Conceptual Framework for Design and Operation of Internal Control over Financial Reporting'), and our report dated March 15, 2024, expressed unqualified opinion.

### Basis for Audit Opinion

We conducted our audits in accordance with the KSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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 separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## **(1) Revenue recognition based on input method**

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

As described in Note 16 (construction contract) to the separate financial statements, the Company 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 Company measured the percentage of completion by reference to the proportion of the actual contract costs incurred to the costs to complete the contract.

The Company 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 24.7% of the total revenue of the Company, amounts to ₩99,870 million.

If the method of measuring the percentage of completion using the input method cannot reliably measure the Company'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 company.
- 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 Company.

## **Other Matter**

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

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

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

# Deloitte.

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 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 may have occurred between the auditor's report date and the time the auditor's report is read. Such events or circumstances could significantly affect the separate financial statements and may result in modifications to the auditor's report.

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

<i>(In Korean won)</i>	<b>Notes</b>			<b>2023</b>			<b>2022</b>
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	3,35	₩		151,901,463,251	₩		174,699,798,488
Short-term financial instruments	3,9,34			143,005,968,700			66,913,339,879
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			6,055,876,932			5,978,500,000
Trade and other receivables	3,4,15,25,35			27,712,887,813			41,223,741,855
Inventories	6,24			868,314,732,841			733,852,815,899
Contract cost	5			8,258,471,314			11,552,867,566
Other current financial assets	3,7,35			3,627,662,959			134,502,577
Other current assets	8			86,533,599,217			64,412,856,212
Derivative assets	3,22,24,34,35			13,131,685,645			986,864,961
Firm commitment assets	22,24			51,491,861			-
Non-current assets held for sale	14			3,976,630,475			3,976,630,475
				<u>1,333,637,893,108</u>			<u>1,115,071,840,012</u>
<b>Non-current assets</b>							
Trade and other receivables	3,4,15,25,35			2,129,218,615			2,949,582,121
Long-term financial instruments	3,9,35			72,967,164,647			39,566,486,229
Long-term investment assets	3,9,34			50,131,121,618			62,858,271,764
Investments in subsidiaries and joint ventures and associates	10,24,25			328,293,925,305			342,334,600,304
Long-term loans	3,9,25,35			8,901,145,712			4,572,315,872
Property, plant and equipment	11,24,28			230,266,329,755			247,869,748,666
Right-of-use assets	15,28			7,383,912,120			8,086,482,472
Investment property	12,24,28			67,863,333,296			69,782,354,930
Intangible assets	13,24,28			12,134,392,519			13,101,690,624
Net defined benefit assets	19			295,609,643			526,785,142
Other non-current financial assets	3,7			1,779,111,228			4,528,272,591
Other non-current assets	8			2,746,710,398			2,746,478,658
Derivative assets	3,22,24,34,35			-			11,437,991,981
Deferred tax assets	31			26,049,606,481			14,890,461,868
				<u>810,941,581,337</u>			<u>825,251,523,222</u>
<b>Total assets</b>		₩		<u>2,144,579,474,445</u>	₩		<u>1,940,323,363,234</u>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Trade and other payables	3,15,17,25,35	₩		58,062,542,373	₩		48,811,365,953
Short-term borrowings	3,18,24,35			35,000,000,000			8,000,000,000
Current portion of long-term borrowings	3,18,24,35			291,640,688,707			196,816,861,002
Current portion of debentures	3,18,24,35			201,459,592,795			74,924,581,109
Provisions	23			4,763,722,888			177,070,910
Contract liabilities	16			75,025,799,904			50,088,344,054
Income tax payable	31			31,825,522,665			6,965,209,977
Other current financial liabilities	3,20,35			5,680,271,703			5,187,749,255
Other current liabilities	21			106,266,195,464			8,507,446,213
Derivative liabilities	3,22,24,34			51,491,861			-
				<u>809,775,828,360</u>			<u>399,478,628,473</u>

(Continued)

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

<i>(In Korean won)</i>	<u>Notes</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
<b>Non-current liabilities</b>					
Trade and other payables	3,15,17,35	₩	10,635,971,923	₩	14,605,499,814
Long-term borrowings	3,18,24,35		435,860,794,381		554,649,931,717
Debentures	3,18,24,35		87,872,678,897		250,136,172,342
Provisions	23		6,014,059,800		5,241,291,532
Income tax payable	31		5,699,135,730		7,247,407,840
Other non-current financial liabilities	3,20,35		9,770,369,308		7,704,532,783
Derivative liabilities	3,22,24,34,35		8,713,106,515		6,334,065,641
			<u>564,566,116,554</u>		<u>845,918,901,669</u>
<b>Total liabilities</b>			<u>1,374,341,944,914</u>		<u>1,245,397,530,142</u>
<b>Equity</b>					
Issued capital	26		24,190,164,000		24,190,164,000
Reserves	26		290,804,912,147		290,804,582,279
Elements of other stockholders' equity	26,27		(8,057,352,431)		2,631,088,480
Accumulated other comprehensive income	26		(487,077,220)		951,585,258
Retained earnings	26		463,786,883,035		376,348,413,075
<b>Total equity</b>			<u>770,237,529,531</u>		<u>694,925,833,092</u>
<b>Total liabilities and equity</b>		₩	<u>2,144,579,474,445</u>	₩	<u>1,940,323,363,234</u>

(Concluded)

The above separate statements of financial position should be read in conjunction with the accompanying notes.



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

<i>(In Korean won)</i>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Operating revenue</b>	10,25,28	₩ 404,734,502,740	502,233,685,051
<b>Operating expenses</b>	10,25,28,29	(217,798,119,771)	(463,586,043,284)
<b>Operating income</b>	28	186,936,382,969	38,647,641,767
<b>Non-operating income (expenses)</b>			
Finance income	3,30	20,789,311,952	18,155,437,010
Finance costs	3,30	(58,359,652,047)	(33,563,684,691)
Other non-operating income	30	5,909,820,727	65,979,818,029
Other non-operating expenses	30	(9,797,695,449)	(4,403,751,473)
Profits (losses) of associates and joint ventures	10	(3,978,545,226)	13,736,573,264
		(45,436,760,043)	59,904,392,139
Profit before income tax expense		141,499,622,926	98,552,033,906
Income tax expense	31	(34,758,338,829)	(24,615,674,324)
<b>Profit</b>		106,741,284,097	73,936,359,582

(Continued)

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

<i>(In Korean won)</i>	Notes	2023	2022
<b>Other comprehensive income (loss)</b>			
<i>Other comprehensive income, net of tax, that will be reclassified to profit or loss</i>			
Gain (losses) on valuation of derivative financial instruments	22,26	₩ (1,184,867,914)	₩ 950,056,727
Share of other comprehensive (losses) gain of associates	10,26	(253,794,564)	7,807,702
Share of other comprehensive income of associates	10,26	-	11,719,199
<i>Other comprehensive income (losses), 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 liability	19,26	492,805,063	(1,313,432,672)
<b>Other comprehensive losses, net of tax</b>		<b>(945,857,415)</b>	<b>(336,935,890)</b>
<b>Total comprehensive income</b>		<b>₩ 105,795,426,682</b>	<b>₩ 73,599,423,692</b>
<b>Earnings per share attributable to the equity holders of the Company</b>			
Ordinary shares			
Basic and diluted earnings per share	32	₩ 4,328	₩ 2,972
Preferred shares			
Basic and diluted earnings per share	32	₩ 5,350	₩ 3,994

(Concluded)

The above separate statements of comprehensive income should be read in conjunction with the accompanying notes.

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

<i>(In Korean won)</i>	<b>Share capital</b>	<b>Reserves</b>	<b>Other components of equity</b>	<b>Accumulated other comprehensive income (loss)</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance at January 1, 2022</b>	₩ 24,190,164,000	₩ 290,804,582,279	₩ (4,809,025,152)	₩ (24,911,524)	₩ 333,196,914,965	₩ 643,357,724,568
<b>Total comprehensive income</b>						
Profit for the year	-	-	-	-	73,936,359,582	73,936,359,582
Gain on valuation of derivative financial instruments	-	-	-	950,056,727	-	950,056,727
Gain on valuation of financial assets at fair assets at fair value through other comprehensive income	-	-	-	6,913,154	-	6,913,154
Share of other comprehensive loss of associates	-	-	-	7,807,702	-	7,807,702
Share of other comprehensive income of associates	-	-	-	11,719,199	-	11,719,199
Remeasurements of net defined benefit liability	-	-	-	-	(1,313,432,672)	(1,313,432,672)
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>976,496,782</u>	<u>72,622,926,910</u>	<u>73,599,423,692</u>
<b>Transactions with owners recognized directly in equity</b>						
Share of other comprehensive income of associates	-	-	6,468,163,635	-	-	6,468,163,635
Annual and interim dividends	-	-	-	-	(29,471,428,800)	(29,471,428,800)
Share options	-	-	971,949,997	-	-	971,949,997
<b>Total transactions with owners recognized directly in equity</b>	<u>-</u>	<u>-</u>	<u>7,440,113,632</u>	<u>-</u>	<u>(29,471,428,800)</u>	<u>(22,031,315,168)</u>
<b>Balance at December 31, 2022</b>	<u>₩ 24,190,164,000</u>	<u>₩ 290,804,582,279</u>	<u>₩ 2,631,088,480</u>	<u>₩ 951,585,258</u>	<u>₩ 376,348,413,075</u>	<u>₩ 694,925,833,092</u>

(Continued)

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

<i>(In Korean won)</i>	<b>Share capital</b>	<b>Reserves</b>	<b>Other components of equity</b>	<b>Accumulated other comprehensive income (loss)</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance at January 1, 2023</b>	₩ 24,190,164,000	₩ 290,804,582,279	₩ 2,631,088,480	₩ 951,585,258	₩ 376,348,413,075	₩ 694,925,833,092
<b>Total comprehensive income</b>						
Profit for the year	-	-	-	-	106,741,284,097	106,741,284,097
Loss on valuation of derivative financial instruments	-	-	-	(1,184,867,914)	-	(1,184,867,914)
Share of other comprehensive loss of associates	-	-	-	(253,794,564)	-	(253,794,564)
Remeasurements of net defined benefit liability	-	-	-	-	492,805,063	492,805,063
<b>Total comprehensive income (loss) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,438,662,478)</b>	<b>107,234,089,160</b>	<b>105,795,426,682</b>
<b>Transactions with owners recognized directly in equity</b>						
Disposal of treasury shares	-	329,868	17,664,000	-	-	17,993,868
Share of other comprehensive loss of associates	-	-	(12,046,280,618)	-	-	(12,046,280,618)
Share of other comprehensive income of associates	-	-	173,835,711	-	-	173,835,711
Annual and interim dividends	-	-	-	-	(19,795,619,200)	(19,795,619,200)
Share options	-	-	1,166,339,996	-	-	1,166,339,996
<b>Total transactions with owners recognized directly in equity</b>	<b>-</b>	<b>329,868</b>	<b>(10,688,440,911)</b>	<b>-</b>	<b>(19,795,619,200)</b>	<b>(30,483,730,243)</b>
<b>Balance at December 31, 2023</b>	<b>₩ 24,190,164,000</b>	<b>₩ 290,804,912,147</b>	<b>₩ (8,057,352,431)</b>	<b>₩ (487,077,220)</b>	<b>₩ 463,786,883,035</b>	<b>₩ 770,237,529,531</b>

(Concluded)

The above separate statements of changes in equity should be read in conjunction with the accompanying notes.

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

<i>(In Korean won)</i>	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>			
Cash used in operations			
Profit		₩ 106,741,284,097	₩ 73,936,359,582
Adjustments	33	(91,093,967,187)	10,191,333,790
Change in operating assets and liabilities	33	233,998,930,758	(30,926,794,140)
		<u>249,646,247,668</u>	<u>53,200,899,232</u>
Dividends received		13,162,484,942	5,218,517,709
Interest received		9,930,129,880	5,532,589,797
Interest paid		(56,328,565,546)	(48,658,600,897)
Income taxes paid		(18,563,746,606)	(44,967,225,554)
<b>Net cash provided by (used in) operating activities</b>		<u>197,846,550,338</u>	<u>(29,673,819,713)</u>
<b>Cash flows from investing activities</b>			
	33		
Proceeds from disposal of short-term financial instruments		522,871,967,882	1,715,421,156,986
Payments for acquisition of short-term financial instruments		(596,770,783,033)	(1,688,701,534,001)
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 disposal of investments in associates		336,700,000	-
Payments for acquisition of investments in associates		(12,477,393,000)	(12,661,392,131)
Payments for acquisition of investments in joint ventures		(17,848,550,000)	(26,100,040,000)
Payments for acquisition of investments in subsidiaries		-	(1,270,000,000)
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		8,847,919,012	1,200,000,000
Increase in current portion of long-term loans		-	(1,000,000,000)
Decrease in long-term loans		39,958,268	7,555,118,826
Increase in long-term loans		(10,667,000,000)	(3,000,000,000)
Proceeds from disposal of property, plant and equipment		1,685,949,951	156,607,158,154
Payments for acquisition of property, plant and equipment		(3,580,088,689)	(55,079,960,466)
Proceeds for disposal of intangible assets		161,636,364	-
Proceeds for disposal of investment properties		(1,172,668,572)	(251,387,221)
Proceeds for investment properties		889,909,781	-
Proceeds from disposal of financial assets at fair value through profit or loss		1,906,439,003	5,843,607,833
Payments for acquisition of financial assets at fair value through profit or loss		(9,225,226,620)	(8,356,676,210)
Proceeds from disposal of financial assets at fair value through other comprehensive income		3,800,000	5,000,000
Decrease due to split-off		-	(3,301,227,200)
<b>Net cash provided by (used in) investing activities</b>		<u>(159,538,176,820)</u>	<u>89,218,696,990</u>
<b>Cash flows from financing activities</b>			
	33		
Proceeds from short-term borrowings		35,000,000,000	-
Repayments of short-term borrowings		(8,000,000,000)	-
Proceeds from current portion of long-term borrowings		-	37,600,000,000
Repayments of current portion of long-term borrowings		(162,352,700,000)	(281,762,000,000)
Repayments of current portion of debentures		(75,000,000,000)	(74,704,000,000)
Proceeds from long-term borrowings		175,437,100,000	454,606,400,000
Repayments of long-term borrowings		(39,023,333,332)	(85,240,000,000)
Increase in non-current debentures		37,917,000,000	69,790,000,000
Decrease in lease liabilities		(4,790,975,947)	(4,594,700,289)
Dividends paid		(19,795,619,200)	(29,471,428,800)
Disposal of treasury shares		17,993,868	-
<b>Net cash provided by (used in) financing activities</b>		<u>(60,590,534,611)</u>	<u>86,224,270,911</u>
<b>Net (decrease) increase in cash and cash equivalents</b>		(22,282,161,093)	145,769,148,188
Effects of exchange rate changes on cash and cash equivalents		(516,174,144)	645,841
Cash and cash equivalents at the beginning of year		174,699,798,488	28,930,004,459
<b>Cash and cash equivalents at the end of year</b>		<u>₩ 151,901,463,251</u>	<u>₩ 174,699,798,488</u>

The above separate statements of cash flows should be read in conjunction with the accompanying notes.

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**1. GENERAL INFORMATION:**

**(1) Overview**

SK D&D Co., Ltd. (the “Company”) was established to mainly engage in real estate development on April 27, 2004. The headquarters is located at 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 Company divided its face value from ₩5,000 per share to ₩1,000 per share. The 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 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 Company split the renewable energy business units into a new company, SK eternix Co., Ltd., through spin-off, with March 1, 2024, as the spin-off date (although, the spin-off 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 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>	<b>Ordinary shares</b>		<b>Preferred shares</b>	
	<b>Number of shares</b>	<b>Percentage of ownership (%)</b>	<b>Number of shares</b>	<b>Percentage of ownership (%)</b>
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	-	-
	<u>22,190,164</u>	<u>100.00</u>	<u>2,000,000</u>	<u>100.00</u>

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 at the report submission date.

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**Notes to Separate Financial Statements**  
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**2. BASIS OF PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES:**

**(1) Basis of Preparation**

The Company prepares the financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“K-IFRSs”). The financial statements of the Company are the separate financial statements prepared in accordance with K-IFRS 1027 *Separate Financial Statements*. The Company applies 'using the equity method of accounting as defined in K-IFRS 1028 in accordance with K-IFRS 1027' on its investments in subsidiaries and associates and joint venture.

The principal accounting policies applied in the preparation of these separate financial statements are set out below. Except for the impacts on the newly adopted standards and interpretations explained below, these policies have been consistently applied with the separate financial statements as of and for the year ended December 31, 2023.

**(2) Changes in Accounting Policies and Disclosures**

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

*1) New and amended standards and interpretations*

The Company 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 separate financial statements.

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

**SK D&D Co., Ltd.**  
**Notes to Separate Financial Statements**  
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*(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.

*(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, 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) New Standards and interpretations not yet adopted by the Company*

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



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*(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.

*(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 Company 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 in the separate statements 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 in the separate statements of financial position related to these financial liabilities

**SK D&D Co., Ltd.**  
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- 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.

*(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 Company'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 Company believes that the amendments and revisions are not expected to have a significant impact on the separate financial statements.

# SK D&D Co., Ltd.

## Notes to Separate Financial Statements

As of and for the Years Ended December 31, 2023 and 2022

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### (3) Significant Accounting Policies

#### *1) Investment in subsidiaries and associates and joint ventures*

Associates are entities over which the Company 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 Company and its associates are eliminated to the extent of the Company's interest in the associates. If there is an objective evidence of impairment for the investment in the associate, the Company 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 separate statements of financial position. If there is an objective evidence of impairment for the investment in the joint venture, the Company recognizes the difference between the recoverable amount of the joint venture and its book amount as impairment loss.

Subsidiaries are all entities over which the Company has control. Investments in subsidiaries are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. If there is an objective evidence of impairment for the investment in the subsidiary, the Company recognizes the difference between the recoverable amount of the subsidiary 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 Company'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 Company'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 Company develops an accounting policy in order to bring consistency in the accounting treatment.

# SK D&D Co., Ltd.

## Notes to Separate Financial Statements

### As of and for the Years Ended December 31, 2023 and 2022

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When the Company 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, or as an investment in a subsidiary, and applies the equity method, any share of profit or loss of subsidiaries and 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.

#### *2) Non-current assets held for sale*

The Company 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 Company 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 Company 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 Company 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 Company 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 subsidiaries and joint ventures and associates is scheduled, they are excluded from assets held for sale since they do not satisfy the purpose of continuing use.

#### *3) Revenue recognition*

The Company 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 Company recognizes revenue when the amount of revenue can be reliably measure, it is probable that future economic benefits will flow into the Company and fulfill the requirements for revenue recognition of the Company listed below.

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① Construction of real estate for sale

The Company 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 Company 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 Company 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.

The Company 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 Company 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 Company pays sales commission in relation to the sales contract of the real estate for sale. When the Company 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 Company 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 Company's performance might be to recognize revenue at an amount equal to the cost of goods used to satisfy a performance obligation if the Company 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 Company procures the goods from a third party and is not significantly involved in designing and manufacturing the goods.

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③ Rental income

The Company recognizes rental income from investment properties and master leases over the lease term based on monthly rental expenses. The rental income of the Company 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 through monthly settlement. The Company issues monthly bills for each of the two types of rental income.

④ Sale of merchandises

In accordance with K-IFRS 1115, the Company 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 Company 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 Company allocates the transaction price in proportion to those stand-alone selling prices, or if a stand-alone selling price is not directly observable, the Company 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 Company 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 Company 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 Company 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.

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*4) Foreign currency translation*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The separate financial statements are presented in Korean won, which is the Company's functional and presentation currency. In preparing the separate financial statements of the Company, transactions in currencies other than the Company'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;
- 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.

*5) 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.

*6) 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 separate 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 separate 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 Company recognizes related restructuring costs or termination benefits. The Company 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.

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The Company 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 separate 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.

*7) 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 Company's estimates for equity instruments to be vested. The Company 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.

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 Company 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.

*8) 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 Company 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 separate 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.



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The Company 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 Company 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 Company 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 Company intends to settle on a net basis simultaneously.

*9) 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 Company 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:

	<b>Useful lives</b>
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.

# SK D&D Co., Ltd.

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#### 10) Leases

##### ① Company as a lessee

The Company assesses at contract inception whether a contract is, or contains, a lease. For lease arrangements where the Company is the lessee, the Company 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 Company 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 Company 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 Company 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 Company 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 Company as a lessor

The Company 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 Company is a middle lessor, it accounts for head leases and subleases as two separate contracts. The Company 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 Company 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 Company 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 Company's net investment in the lease. The Company 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 Company 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.

*11) 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.

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*12) 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.

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:

	<b>Useful lives</b>
Patents	5 years, 10 years
Trademarks	5 years
Software	5–15 years
Other intangible assets	5 years

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

The Company 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 Company estimates the asset's recoverable amount. The Company estimated the individual asset's recoverable amount. When it is not possible to estimate the recoverable amount of an individual asset, the Company 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.

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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.

*14) Inventories*

Inventories are stated at the lower of cost or 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.

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.

*15) Provisions*

Provisions are recognized when the Company 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.

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*16) 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 separate statements of financial position.

For the purpose of the 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 Company's cash management. Such bank overdrafts are presented as short-term borrowings in the separate statements of financial position.

*17) Financial instruments*

Financial assets and financial liabilities are recognized in the separate statements of financial position when, and only when, the Company 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.

*18) 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.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") 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.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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

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

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- The Company 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 Company 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.

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 Company 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.



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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 Company 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;
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking;
- 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 Company 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.

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 Company 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).

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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 Company 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.

The Company 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 Company'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 Company 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.

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③-1) Determining significant increases in credit risk

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company 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 Company 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 Company includes various external materials in relation to current and future economic information of the Company's main business, as well as the future outlook of industry of the Company's borrowers available from reports of economic experts, financial analysts, governmental institutions, the relevant think tanks and similar institutions.

The Company 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.
- 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 Company 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).

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Despite of the above matters, the Company 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 Company considers that the financial assets whose external credit rating is higher than 'investment grade' or the Company'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 Company 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 Company considers the changes in risk of the specific borrower's failure to meet its contractual obligation.

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

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);

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

③-4) Write-off policies

The Company 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 Company'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 Company'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 Company in accordance with the contract and all the cash flows that the Company 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.

For a financial guarantee contract, as the Company 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 Company expects to receive from the holder, the debtor or any other party.

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If the Company 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 Company 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 Company 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 separate statements of financial position.

19) 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 Company are recognized at the proceeds received, net of direct issue costs.

When the Company 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 Company 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 Company'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 separate 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 Company that are designated by the Company 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 Company) 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 separate 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 Company derecognizes financial liabilities when, and only when, the Company'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.

*20) Derivative financial instruments*

The Company 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-IFRSs 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 Company 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 Company documents the relationship between the hedging instruments and hedged items based on the purpose and strategy of risk management. Furthermore, the Company 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 Company 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 Company adjusts the hedge ratio of the hedging relationship to meet the conditions for reapplication of the hedging relationship.

The Company 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 Company 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 Company 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 Company 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 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.

21) *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 Company 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 separate 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 Judgment and Key Sources of Estimation Uncertainty**

In the application of the Company 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 Company's accounting policies, and have the most important effect on the amount recognized in the separate 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 Company'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)-17)-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 Company considers quantitative and qualitative, reasonable and supportable forward-looking information.

*3) Defined benefit plan*

The Company'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 Company'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 Company 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 Company 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 Company 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 Company '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 Company 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 Company'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
<b>Current</b>					
Cash and cash equivalents	₩ 151,901,463,251	₩ -	₩ -	₩ -	₩ 151,901,463,251
Short-term financial instruments	116,828,910,665	26,177,058,035	-	-	143,005,968,700
Short-term loans	21,067,422,100	-	-	-	21,067,422,100
Current portion of long-term loans	6,055,876,932	-	-	-	6,055,876,932
Trade and other receivables <sup>1</sup>	18,293,639,916	-	-	-	18,293,639,916
Derivative financial instruments	-	-	6,787,685,645	6,344,000,000	13,131,685,645
Other current financial assets	3,627,662,959	-	-	-	3,627,662,959
	<u>317,774,975,823</u>	<u>26,177,058,035</u>	<u>6,787,685,645</u>	<u>6,344,000,000</u>	<u>357,083,719,503</u>
<b>Non-current</b>					
Trade and other receivables <sup>1</sup>	1,639,013,530	-	-	-	1,639,013,530
Long-term financial instruments	72,967,164,647	-	-	-	72,967,164,647
Long-term investment assets	-	50,131,121,618	-	-	50,131,121,618
Long-term loans	8,901,145,712	-	-	-	8,901,145,712
Other non-current financial assets	1,779,111,228	-	-	-	1,779,111,228
	<u>85,286,435,117</u>	<u>50,131,121,618</u>	<u>-</u>	<u>-</u>	<u>135,417,556,735</u>
	<u>₩ 403,061,410,940</u>	<u>₩ 76,308,179,653</u>	<u>₩ 6,787,685,645</u>	<u>₩ 6,344,000,000</u>	<u>₩ 492,501,276,238</u>

<sup>1</sup> Lease receivables and non-financial receivables are excluded from trade and other receivables.

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(In Korean won)

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
<b>Current</b>								
Cash and cash equivalents	₩ 174,699,798,488	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 174,699,798,488
Short-term financial instruments	32,135,998,782	34,777,341,097	-	-	-	-	-	66,913,339,879
Short-term loans	11,339,922,100	-	-	-	-	-	-	11,339,922,100
Current portion of long-term loans	5,978,500,000	-	-	-	-	-	-	5,978,500,000
Trade and other receivables <sup>1</sup>	33,742,646,327	-	-	-	-	-	-	33,742,646,327
Derivative financial instruments	-	-	-	-	986,864,961	-	-	986,864,961
Other current financial assets	134,502,577	-	-	-	-	-	-	134,502,577
	<u>258,031,368,274</u>	<u>34,777,341,097</u>	<u>-</u>	<u>-</u>	<u>986,864,961</u>	<u>-</u>	<u>-</u>	<u>293,795,574,332</u>
<b>Non-current</b>								
Trade and other receivables <sup>1</sup>	1,355,687,639	-	-	-	-	-	-	1,355,687,639
Long-term financial instruments	39,566,486,229	-	-	-	-	-	-	39,566,486,229
Long-term investment assets	-	62,854,471,764	3,800,000	-	-	-	-	62,858,271,764
Long-term loans	4,572,315,872	-	-	-	-	-	-	4,572,315,872
Derivative financial instruments	-	-	-	-	7,008,991,981	4,429,000,000	-	11,437,991,981
Other non-current financial assets	4,528,272,591	-	-	-	-	-	-	4,528,272,591
	<u>50,022,762,331</u>	<u>62,854,471,764</u>	<u>3,800,000</u>	<u>3,800,000</u>	<u>7,008,991,981</u>	<u>4,429,000,000</u>	<u>-</u>	<u>124,319,026,076</u>
	<u>₩ 308,054,130,605</u>	<u>₩ 97,631,812,861</u>	<u>₩ 3,800,000</u>	<u>₩ 3,800,000</u>	<u>₩ 7,995,856,942</u>	<u>₩ 4,429,000,000</u>	<u>₩ -</u>	<u>₩ 418,114,600,408</u>

<sup>1</sup> 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
<b>Current</b>				
Trade and other payables <sup>1</sup>	₩ 29,805,199,941	₩ -	₩ -	₩ 29,805,199,941
Short-term borrowings	35,000,000,000	-	-	35,000,000,000
Current portion of long-term borrowings	291,640,688,707	-	-	291,640,688,707
Current portion of debentures	201,459,592,795	-	-	201,459,592,795
Derivative liabilities	-	51,491,861	-	51,491,861
Other current financial liabilities	5,680,271,703	-	-	5,680,271,703
	<u>563,585,753,146</u>	<u>51,491,861</u>	<u>-</u>	<u>563,637,245,007</u>
<b>Non-current</b>				
Trade and other payables <sup>1</sup>	1,400,000,000	-	-	1,400,000,000
Long-term borrowings	435,860,794,381	-	-	435,860,794,381
Debentures	87,872,678,897	-	-	87,872,678,897
Derivative liabilities	-	422,784,085	8,290,322,430	8,713,106,515
Other non-current financial liabilities	9,770,369,308	-	-	9,770,369,308
	<u>534,903,842,586</u>	<u>422,784,085</u>	<u>8,290,322,430</u>	<u>543,616,949,101</u>
	<u>₩ 1,098,489,595,732</u>	<u>₩ 474,275,946</u>	<u>₩ 8,290,322,430</u>	<u>₩ 1,107,254,194,108</u>

<sup>1</sup> 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
<b>Current</b>				
Trade and other payables <sup>1</sup>	₩ 19,354,960,832	₩ -	₩ -	₩ 19,354,960,832
Short-term borrowings	8,000,000,000	-	-	8,000,000,000
Current portion of long-term borrowings	196,816,861,002	-	-	196,816,861,002
Current portion of debentures	74,924,581,109	-	-	74,924,581,109
Other current financial liabilities	5,187,749,255	-	-	5,187,749,255
	<u>304,284,152,198</u>	<u>-</u>	<u>-</u>	<u>304,284,152,198</u>
<b>Non-current</b>				
Trade and other payables <sup>1</sup>	1,891,553,121	-	-	1,891,553,121
Long-term borrowings	554,649,931,717	-	-	554,649,931,717
Debentures	250,136,172,342	-	-	250,136,172,342
Derivative liabilities	-	845,065,641	5,489,000,000	6,334,065,641
Other non-current financial liabilities	7,704,532,783	-	-	7,704,532,783
	<u>814,382,189,963</u>	<u>845,065,641</u>	<u>5,489,000,000</u>	<u>820,716,255,604</u>
	<u>₩ 1,118,666,342,161</u>	<u>₩ 845,065,641</u>	<u>₩ 5,489,000,000</u>	<u>₩ 1,125,000,407,802</u>

<sup>1</sup> 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>	<u>2023</u>		<u>2022</u>		<u>Restriction</u>
Short-term financial instruments	₩	116,828,910,665	₩	32,135,998,782	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>71,702,485,011</u>	

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

<i>(in Korean won)</i>	<u>2023</u>		<u>2022</u>	
Ordinary deposits	₩	56,901,463,251	₩	89,699,798,488
Time deposits		95,000,000,000		85,000,000,000
	₩	<u>151,901,463,251</u>	₩	<u>174,699,798,488</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>	<u>2023</u>					
	<u>Profit or loss</u>					<u>Other comprehensive income<sup>2</sup></u>
	<u>Interest</u>	<u>Dividends<sup>1</sup></u>	<u>Valuation</u>	<u>Disposal</u>	<u>Exchange differences</u>	
<b>Financial assets</b>						
Financial assets at amortized cost	₩ 10,318,156,861	₩ -	₩ -	₩ -	₩ (516,174,144)	₩ -
Derivatives designated as hedging	-	-	222,527,816	592,335,401	-	(1,565,215,209)
Derivatives not designated as hedging	-	-	1,915,000,000	-	-	-
Financial assets at fair value through profit or loss	-	906,089,777	(7,501,079,728)	604,186,886	-	-
	₩ 10,318,156,861	₩ 906,089,777	₩ (5,363,551,912)	₩ 1,196,522,287	₩ (516,174,144)	₩ (1,565,215,209)
<b>Financial liabilities</b>						
Financial liabilities at amortized cost	₩ (38,615,388,308)	₩ -	₩ 844,920,630	₩ -	₩ (2,323,181,430)	₩ -
Derivatives designated as hedging	-	-	(51,491,861)	(394,824,175)	(223,804,522)	-
Derivatives not designated as hedging	-	-	(6,504,322,430)	3,703,000,000	-	-
	₩ (38,615,388,308)	₩ -	₩ (5,710,893,661)	₩ 3,308,175,825	₩ (2,546,985,952)	₩ -

<sup>1</sup>Dividend income from investments in associate has been excluded.

<sup>2</sup>The amounts before applying tax effect

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(In Korean won)

2022

	Profit or loss						Exchange differences	Other comprehensive income <sup>1</sup>
	Interest	Dividends	Valuation	Disposal				
<b>Financial assets</b>								
Financial assets at amortized cost	₩ 4,954,483,938	₩ -	₩ -	₩ -	₩ -	₩ 482,662,553	₩ -	
Derivatives designated as hedging	-	-	386,702,017	22,905,424	-	-	1,265,735,154	
Derivatives not designated as hedging	-	-	1,806,000,000	-	-	-	-	
Financial assets at fair value through profit or loss	-	1,532,808,217	2,683,705,700	1,780,601,529	-	-	-	
	<u>₩ 4,954,483,938</u>	<u>₩ 1,532,808,217</u>	<u>₩ 4,876,407,717</u>	<u>₩ 1,803,506,953</u>	<u>₩ 482,662,553</u>	<u>₩ 1,265,735,154</u>		
<b>Financial liabilities</b>								
Financial liabilities at amortized cost	₩ (23,738,610,952)	₩ -	₩ 1,707,497,250	₩ -	₩ (5,398,440,466)	₩ -	-	
Derivatives designated as hedging	-	-	(320,764,732)	-	477,699,091	-	-	
Derivatives not designated as hedging	-	-	(78,000,000)	-	-	-	-	
	<u>₩ (23,738,610,952)</u>	<u>₩ -</u>	<u>₩ 1,308,732,518</u>	<u>₩ -</u>	<u>₩ (4,920,741,375)</u>	<u>₩ -</u>		

<sup>1</sup> The amounts before applying tax effect

**4. TRADE AND OTHER RECEIVABLES:**

(1) Trade and other receivables and its provisions for impairment as of December 31, 2023 and 2022, are as follows:

(In Korean won)

2023

2022

**Current**

Trade receivables	₩ 13,472,393,653	₩ 27,721,134,008
Less: allowance for doubtful account	(770,829,835)	(687,853,381)
Non-trade receivables	11,610,966,602	10,505,187,577
Less: allowance for doubtful account	(7,699,714)	(183,509,585)
Finance lease receivables	1,211,900,971	1,953,980,351
Accrued income	2,196,156,136	1,914,802,885
	<u>27,712,887,813</u>	<u>41,223,741,855</u>

**Non-current**

Non-trade receivables	1,639,013,530	1,355,687,639
Finance lease receivables	490,205,085	1,593,894,482
	<u>2,129,218,615</u>	<u>2,949,582,121</u>
	<u>₩ 29,842,106,428</u>	<u>₩ 44,173,323,976</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>	<b>2023</b>	<b>2022</b>
Beginning balance	₩ 871,362,966	₩ 1,025,474,910
Additions	2,273,515,295	186,920,236
Write-off	-	(38,584,387)
Split-off	-	(187,763,838)
Reversal	(2,366,348,712)	(114,683,955)
Ending balance	<u>₩ 778,529,549</u>	<u>₩ 871,362,966</u>

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

<i>(In Korean won)</i>	<b>2023</b>			<b>2022</b>		
	Trade receivables	Other receivables	Total	Trade receivables	Other receivables	Total
Pledged receivables <sup>1</sup>	₩ 106,015,574	₩ -	₩ 106,015,574	₩ 114,231,250	₩ -	₩ 114,231,250
Unpledged receivables <sup>2</sup>						
Not past due	9,923,139,384	6,141,507,480	16,064,646,864	9,428,395,428	9,024,768,703	18,453,164,131
1-30 days past due	1,307,195,898	2,954,170	1,310,150,068	16,881,013,235	-	16,881,013,235
31-90 days past due	373,494,252	8,325,730,582	8,699,224,834	431,567,875	5,723,973,921	6,155,541,796
Past due over 90 days	1,762,548,545	2,678,050,092	4,440,598,637	865,926,220	2,574,810,310	3,440,736,530

<sup>1</sup> Aging analysis is omitted for pledged receivables in accordance with credit policies.

<sup>2</sup> The Company 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>	<b>2023</b>	<b>2022</b>
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 Company 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.

**SK D&D Co., Ltd.**  
**Notes to Separate Financial Statements**  
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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>	<b>2023</b>	<b>2022</b>
Buildings	₩ 53,093,930,217	₩ 57,521,268,750
Land	104,596,986,400	107,452,936,081
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)
Work in process (construction expenses)	4,762,008,697	931,938,807
Work in process (prepaid construction costs)	53,750,429,469	27,815,654,678
Raw materials	20,964,533,562	-
Merchandises	89,261,539,981	1,687,830
Finished goods	154,065,998	1,899,749,153
Supplies	294,588,000	294,588,000
	<u>₩ 868,314,732,841</u>	<u>₩ 733,852,815,899</u>

Reversal on valuation of inventories amounted to ₩224,192 thousand during the year ended December 31, 2022.

(2) The Company capitalized borrowing costs and recognized it as acquisition costs of inventories and others. The accompanying effects to key items of separate statement of financial position and separate statement of comprehensive income during the years ended December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	<b>2023</b>	<b>2022</b>
Statement of financial position		
Work in process	₩ 25,934,774,791	₩ 19,113,372,609
Statement of comprehensive income		
Decrease in interest expenses	26,851,381,110	20,344,722,453
Increase in operating expenses	(916,606,319)	(1,231,349,844)
Increase in profit before income tax	25,934,774,791	19,113,372,609

Effective interest rates of specific borrowings and general borrowings to calculate the capitalized amount during the year ended December 31, 2023, are 6.39% and 5.09%, respectively.

**SK D&D Co., Ltd.**  
**Notes to Separate Financial Statements**  
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**7. OTHER FINANCIAL ASSETS:**

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

<i>(in Korean won)</i>	<b>2023</b>	<b>2022</b>
Other current financial assets		
Short-term deposits provided	₩ 3,627,662,959	₩ 134,502,577
Other non-current financial assets		
Long-term deposits provided	1,779,111,228	4,528,272,591
	<u>₩ 5,406,774,187</u>	<u>₩ 4,662,775,168</u>

**8. OTHER ASSETS:**

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

<i>(In Korean won)</i>	<b>2023</b>	<b>2022</b>
Other current financial assets		
Advance payments	₩ 77,954,504,768	₩ 57,875,199,779
Prepaid expenses	8,579,094,449	6,537,656,433
	<u>86,533,599,217</u>	<u>64,412,856,212</u>
Other non-current financial assets		
Deposits for provision for long-term repairment	2,746,710,398	2,746,478,658
	<u>₩ 89,280,309,615</u>	<u>₩ 67,159,334,870</u>

**SK D&D Co., Ltd.**  
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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>	<b>2023</b>	<b>2022</b>
<b>Current</b>		
Financial assets at amortized cost	₩ 143,952,209,697	₩ 49,454,420,882
Financial assets at fair value through profit or loss	26,177,058,035	34,777,341,097
	<u>170,129,267,732</u>	<u>84,231,761,979</u>
<b>Non-current</b>		
Financial assets at amortized cost	81,868,310,359	44,138,802,101
Financial assets at fair value through profit or loss	50,131,121,618	62,854,471,764
Financial assets at fair value through other comprehensive income	-	3,800,000
	<u>131,999,431,977</u>	<u>106,997,073,865</u>
	<u>₩ 302,128,699,709</u>	<u>₩ 191,228,835,844</u>

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

<i>(in Korean won)</i>	<b>Details</b>	<b>Interest rate (%)</b>	<b>2023</b>	<b>2022</b>
<b>Current</b>				
Short-term financial instruments	Deposits and others	0.10 – 4.18	₩ 116,828,910,665	₩ 32,135,998,782
Short-term loans	Business expenses	0 – 4.60	21,517,422,100	11,789,922,100
Allowance for doubtful account	Business expenses	-	(450,000,000)	(450,000,000)
Current portion of long-term loans	Business expenses	0 – 4.60	6,755,876,932	6,678,500,000
Allowance for doubtful account	Business expenses	-	(700,000,000)	(700,000,000)
			<u>143,952,209,697</u>	<u>49,454,420,882</u>
<b>Non-current</b>				
Long-term financial instruments	Deposits and others	0.10 – 3.70	72,967,164,647	39,566,486,229
Long-term loans	Business expenses	0 – 4.60	8,800,000,000	4,431,211,892
	Housing fund loans	1.00	101,145,712	141,103,980
			<u>81,868,310,359</u>	<u>44,138,802,101</u>
			<u>₩ 225,820,520,056</u>	<u>₩ 93,593,222,983</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
<b>Current</b>				
MMF (Korean Investment Corporation MMF No. 2, etc.) <sup>1</sup>	-	₩ 26,000,000,000	₩ 26,177,058,035	₩ 34,777,341,097
		26,000,000,000	26,177,058,035	34,777,341,097
<b>Non-current</b>				
Korea Construction Financial Corp.	-	1,362,079,580	1,362,079,580	1,362,079,580
Korea Specialty Contractor Financial Cooperative	-	850,929,809	850,929,809	850,929,809
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. <sup>2</sup>	-	-	-	12,364,000,000
Seongnam Sujeong Korean Federation of Community Credit Cooperatives	-	100,000	100,000	100,000
Jungwon Korean Federation of Community Credit Cooperatives <sup>2</sup>	-	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	-	2,000,000,000	2,000,000,000	1,000,000,000
Caredoc <sup>3</sup>	1.67	1,000,001,088	1,000,001,088	-
Shinhan Normalization General Type Private Real Estate Investment Trust No. 1 <sup>3</sup>	4.26	2,140,425,532	2,140,425,532	-
		67,929,066,129	50,131,121,618	62,854,471,764
		₩ 93,929,066,129	₩ 76,308,179,653	₩ 97,631,812,861



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<sup>1</sup> As newly 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.

<sup>2</sup> During the current period, our investment in D&D Platform REIT Co., Ltd., a subsidiary investment, was reclassified from financial assets at fair value through profit or loss to investments in associates as we have determined that we hold significant influence over it.

<sup>3</sup> 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	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. <sup>1</sup>	-	-	-	-	3,800,000
		₩ 521,500,000	₩ -	₩ -	3,800,000

<sup>1</sup> It was disposed of during the year ended December 31, 2023.

(5) Changes in long-term and short-term financial assets for the years ended December 31, 2023 and 2022, are as follows:

(In Korean won)	2023					
	Beginning balance	Acquisition	Disposal <sup>1</sup>	Valuation	Transfer <sup>2</sup>	Ending balance
Current						
Financial assets at amortized cost	₩ 49,454,420,882	₩ 541,645,483,033	₩ (452,716,139,899)	₩ -	₩ 5,568,445,681	₩ 143,952,209,697
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
	84,231,761,979	667,645,483,033	(587,493,480,996)	177,058,035	5,568,445,681	170,129,267,732
Non-current						
Financial assets at amortized cost	44,138,802,101	331,644,328,637	(288,346,374,698)	-	(5,568,445,681)	81,868,310,359
Financial assets at fair value through profit or loss	62,854,471,764	9,225,226,620	(1,906,439,003)	(7,678,137,763)	(12,364,000,000)	50,131,121,618
Financial assets at fair value through other comprehensive income	3,800,000	-	(3,800,000)	-	-	-
	106,997,073,865	340,869,555,257	(290,256,613,701)	(7,678,137,763)	(17,932,445,681)	131,999,431,977
	₩ 191,228,835,844	₩ 1,008,515,038,290	₩ (877,750,094,697)	₩ (7,501,079,728)	₩ (12,364,000,000)	₩ 302,128,699,709

<sup>1</sup> Deductions for loans that form part of its net investment of investments in associates are included (see Note 10-(1)).

<sup>2</sup> Reclassification of assets and reclassification to current portion are included.

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(in Korean won)

	2022					
	Beginning balance	Acquisition	Disposal <sup>1</sup>	Valuation	Transfer <sup>2</sup>	Ending balance
<b>Current</b>						
Financial assets at amortized cost	₩ 83,827,758,834	₩ 553,253,685,309	₩ (578,805,557,836)	₩ -	₩ (8,821,465,425)	₩ 49,454,420,882
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>83,827,758,834</u>	<u>1,692,942,027,418</u>	<u>(1,733,805,557,836)</u>	<u>88,998,988</u>	<u>41,178,534,575</u>	<u>84,231,761,979</u>
<b>Non-current</b>						
Financial assets at amortized cost	79,371,378,007	381,044,866,183	(375,098,907,514)	-	(41,178,534,575)	44,138,802,101
Financial assets at fair value through profit or loss	57,747,646,675	8,356,676,210	(5,843,607,833)	2,594,706,712	(950,000)	62,854,471,764
Financial assets at fair value through other comprehensive income	8,800,000	-	(5,000,000)	-	-	3,800,000
	<u>137,127,824,682</u>	<u>389,401,542,393</u>	<u>(380,947,515,347)</u>	<u>2,594,706,712</u>	<u>(41,179,484,575)</u>	<u>106,997,073,865</u>
	<u>₩ 220,955,583,516</u>	<u>₩ 2,082,343,569,811</u>	<u>₩ (2,114,753,073,183)</u>	<u>₩ 2,683,705,700</u>	<u>₩ (950,000)</u>	<u>₩ 191,228,835,844</u>

<sup>1</sup> Deductions for loans that form part of its net investment of investments in associates are included (see Note 10-(1)).

<sup>2</sup> Reclassification of assets and reclassification to current portion are included.

**SK D&D Co., Ltd.**  
**Notes to Separate Financial Statements**  
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**10. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES:**

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

(In Korean won)

	Location	Percentage of ownership (%)	2023		2022	
			Book amount	Percentage of ownership (%)	Book amount	
<b>Subsidiaries</b>						
D&D INVESTMENT	Korea	100.00	₩ 25,307,101,181	100.00	₩ 23,400,251,770	
ESSESCO <sup>1</sup>	Korea	-	-	-	-	
KORAMCO No. 117 Qualified Investors' Private Real Estate Investment Trust	Korea	60.00	11,517,560,465	60.00	13,111,389,778	
DDIYS832 <sup>2</sup>	Korea	-	-	-	-	
IGIS No. 412 Professional Investors' Private Placement Real Estate Investment Limited Liab. <sup>3</sup>	Korea	21.13	6,859,730,429	21.13	9,952,985,954	
DDIOS108	Korea	100.00	1,250,442,955	100.00	3,016,504,271	
D&D Property Solution Co., Ltd.	Korea	100.00	28,408,114,480	100.00	25,287,851,475	
Jindo Sanwol Solar Power. Inc	Korea	100.00	728,867,450	100.00	764,655,000	
Uiseong wind <sup>4</sup>	Korea	-	-	100.00	496,317,425	
Hyundai No. 20 Private Real Equity Investment Trust <sup>5</sup>	Korea	98.36	2,655,973,996	-	-	
			76,727,790,956		76,029,955,673	
<b>Joint ventures</b>						
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 <sup>6</sup>	Korea	-	-	50.00	34,719,477,476	
Cheongju Eco Park Co., Ltd. <sup>7</sup>	Korea	29.00	6,854,753,608	29.00	7,241,396,534	
Hanwha Cheongju ecopark private equity 1st(Infrastructure) <sup>7</sup>	Korea	48.60	16,951,617,618	48.60	17,769,077,248	
Eumsung Ecopark Co.,Ltd <sup>7</sup>	Korea	29.00	6,737,523,356	29.00	3,589,364,706	
Hanwha Eumseong ecopark private equity 1st(Infrastructure) <sup>7</sup>	Korea	49.00	16,389,874,669	49.00	12,937,842,297	
HHR Real Estate Private Fund No. 5 <sup>7</sup>	Korea	49.59	8,415,685,315	49.59	19,275,452,574	
Metheus Ilsan Complex Logistics Center PFV Co., Ltd <sup>7</sup>	Korea	45.00	1,521,902,909	45.00	2,257,207,894	
PungBaek Wind Farm Corporation <sup>7</sup>	Korea	37.00	6,035,250,430	37.00	6,733,319,769	
Connect Pie Cloud Co., Ltd. <sup>7,8</sup>	Korea	49.00	4,364,202,408	-	-	
Yangmok Ecopark Co., Ltd. <sup>7,8</sup>	Korea	49.91	998,505,019	-	-	
Chilgok Ecopark Co., Ltd. <sup>9</sup>	Korea	29.00	2,342,480,372	-	-	
Uiseong wind <sup>4</sup>	Korea	49.00	2,282,614,464	-	-	
Geumyang Ecopark Co., Ltd. <sup>7,8</sup>	Korea	29.00	3,643,948,786	-	-	
			92,410,010,474		114,474,579,448	
<b>Associates</b>						
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	

**SK D&D Co., Ltd.**  
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Monaissance	Korea	24.36	1,043,922,340	24.36	940,474,749
IGIS No.135 Professional Investors <sup>7</sup> 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 <sup>10</sup>	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 <sup>11</sup>	Korea	15.10	2,422,584,723	15.10	2,834,530,491
Hyundai Private Real Estate Investment Trust No. 20 <sup>5</sup>	Korea	-	-	48.26	4,270,600,550
Gunpo Mixed Use Development PFV Company <sup>12</sup>	Korea	25.20	-	29.80	-
Daehoji Solar Park, Inc. <sup>6</sup>	Korea	-	-	28.99	193,395,554
FASSTO <sup>11,15</sup>	Korea	14.82	-	14.90	13,766,627,003
Howbuild <sup>11</sup>	Korea	5.49	3,000,574,549	5.90	3,000,334,860
D&D Platform REIT Co., Ltd. <sup>11</sup>	Korea	9.32	28,062,463,211	9.32	28,680,192,938
Chilgok Ecopark Co., Ltd. <sup>9</sup>	Korea	-	-	19.00	-
Gulup Wind Power Development Corp. <sup>11</sup>	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 <sup>13</sup>	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 <sup>11</sup>	Korea	5.28	2,027,722,911	5.88	2,007,720,780
Glenmont D&D Solar Holdings <sup>8</sup>	Korea	49.00	4,954,187,604	-	-
Shinhan Normalization General Type Private Real Estate Investment Trust No. 1 <sup>8</sup>	Korea	23.08	14,932,696,479	-	-
Semicolon Mullae REIT CO., LTD. <sup>14</sup>	Korea	4.69	-	-	-
GridFlex, Inc. <sup>8</sup>	US	20.00	7,233,526,570	-	-
			159,156,123,875		151,830,065,183
			₩ 328,293,925,305		₩ 342,334,600,304

<sup>1</sup>The Company does not have any interests in this entity. However, the Company classified it as investments in subsidiaries since it is determined that the Company has a substantial control over this entity based on the fact that the Company is exposed to variable returns associated with activities of ESSESCO (see Note 24-(9)).

<sup>2</sup> As distribution of residual assets has been completed for the year ended December 31, 2023, the carrying amount became zero and it is expected to be liquidated.

<sup>3</sup> Although the Company owns less than half of its shares, it was classified as investments in subsidiaries as it is determined that the Company has a substantial control over this entity based on the extent that the parent company is exposed to variable returns in accordance with operating and financing activities.

<sup>4</sup> Due to changes in percentage of ownership, the Company has lost control. Although the Company owns less than half of its shares, the Company reclassified it as investments in subsidiaries since it is determined that the Company has a substantial control over this entity because of equal voting rights for major activities of the entity.

<sup>5</sup> Due to changes in percentage of ownership, the Company has acquired control, resulting in the reclassification of our investment from investments in associates to investments in subsidiaries.

**SK D&D Co., Ltd.**  
**Notes to Separate Financial Statements**  
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<sup>6</sup>The Company sold entire shares held by the Company during the year ended December 31, 2023.

<sup>7</sup>Although the Company owns less than half of its shares, it was classified as investments in joint ventures as the Company holds equal voting rights for major activities of the entity.

<sup>8</sup>The entity was newly acquired during the year ended December 31, 2023.

<sup>9</sup>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.

<sup>10</sup>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.

<sup>11</sup>The Company classified it as investments in associates since it is determined that the Company has a right to appoint the member of the Board of Directors.

<sup>12</sup>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.

<sup>13</sup>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.

<sup>14</sup>The Company reclassified, a subsidiary of D&D Platform REIT Co., Ltd., which is an associate of the Company, 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 ₩3,739,271,355.

<sup>15</sup>The Company recognized an impairment loss ₩3,308,945,987 for using equity method, the carrying amount became zero during the year ended December 31, 2023.

**SK D&D Co., Ltd.**  
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(2) Changes in investments in subsidiaries, joint ventures and associates for the years ended December 31, 2023 and 2022, are as follows:

(In Korean won)

	2023								
	Beginning balance	Acquisition	Share of profit (loss)	Share of other comprehensive income	Dividend income	Profit or loss related to equity method (operating) <sup>1</sup>	Others <sup>2</sup>	Disposal	Ending balance
<b>Subsidiaries</b>									
D&D INVESTMENT	23,400,251,770	-	1,891,911,050	14,938,361	-	-	-	-	25,307,101,181
ESSESCO	-	-	-	-	-	-	-	-	-
KORAMCO No. 117 Qualified Investors Private Real Estate Investment Trust	13,111,389,778	-	-	-	-	(1,593,829,313)	-	-	11,517,560,465
DDIYS832	-	-	-	-	(6,147,491,640)	6,147,491,640	-	-	-
IGIS No. 412 Professional Investors' Private Placement Real Estate Investment Limited Liab.	9,952,985,954	-	-	(2,128,125,000)	-	(965,130,525)	-	-	6,859,730,429
DDIOS108	3,016,504,271	-	-	-	-	(1,766,061,316)	-	-	1,250,442,955
D&D Property Solution Co., Ltd. (formerly, D&D Living Solution Co., Ltd.)	25,287,851,475	-	3,362,705,055	(242,442,050)	-	-	-	-	28,408,114,480
Jindo Sanwol Solar Power. Inc.	764,655,000	-	(35,787,550)	-	-	-	-	-	728,867,450
Uiseong wind	496,317,425	-	(19,107,492)	-	-	-	(477,209,933)	-	-
Hyundai No. 20 Private Real Equity Investment Trust	-	-	-	-	-	11,517,300	2,644,456,696	-	2,655,973,996
	<u>76,029,955,673</u>	<u>-</u>	<u>5,199,721,063</u>	<u>(2,355,628,689)</u>	<u>(6,147,491,640)</u>	<u>1,833,987,786</u>	<u>2,167,246,763</u>	<u>-</u>	<u>76,727,790,956</u>
<b>Joint ventures</b>									
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)	-

**SK D&D Co., Ltd.**  
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(In Korean won)

	2023								
	Beginning balance	Acquisition	Share of profit (loss)	Share of other comprehensive income	Dividend income	Profit or loss related to equity method (operating) <sup>1</sup>	Others <sup>2</sup>	Disposal	Ending balance
Cheongju Eco Park Co., Ltd.	7,241,396,534	-	(386,642,926)	-	-	-	-	-	6,854,753,608
Hanwha Cheongju ecopark private equity 1 <sup>st</sup> (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
Methus 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
	<u>114,474,579,448</u>	<u>42,548,550,000</u>	<u>419,898,474</u>	<u>(71,057,350)</u>	<u>(1,663,500,658)</u>	<u>199,447,809,610</u>	<u>434,249,746</u>	<u>(263,180,518,796)</u>	<u>92,410,010,474</u>
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

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	2023								
	Beginning balance	Acquisition	Share of profit (loss)	Share of other comprehensive income	Dividend income	Profit or loss related to equity method (operating) <sup>1</sup>	Others <sup>2</sup>	Disposal	Ending balance
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	4,270,600,550	-	-	-	(1,174,318,950)	(451,824,904)	(2,644,456,696)	-	-
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	-	-	-	-	-	-	-	-	-
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
Glennmont D&D Solar Holdings	-	5,209,077,000	(94,908,811)	(159,980,585)	-	-	-	-	4,954,187,604



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	2023								
	Beginning balance	Acquisition	Share of profit (loss)	Share of other comprehensive income	Dividend income	Profit or loss related to equity method (operating) <sup>1</sup>	Others <sup>2</sup>	Disposal	Ending balance
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.	-	-	-	(12,364,000,000)	-	-	12,364,000,000	-	-
GridFlex. Inc.	-	7,268,316,000	(7,479)	(34,781,951)	-	-	-	-	7,233,526,570
	<u>151,830,065,183</u>	<u>34,812,393,000</u>	<u>(9,598,164,763)</u>	<u>(13,519,094,772)</u>	<u>(4,005,402,867)</u>	<u>3,041,399,622</u>	<u>3,697,998,472</u>	<u>(7,103,070,000)</u>	<u>159,156,123,875</u>
	<u>₩ 342,334,600,304</u>	<u>₩ 77,360,943,000</u>	<u>₩ (3,978,545,226)</u>	<u>₩ (15,945,780,811)</u>	<u>₩ (11,816,395,165)</u>	<u>₩ 204,323,197,018</u>	<u>₩ 6,299,494,981</u>	<u>₩ (270,283,588,796)</u>	<u>₩ 328,293,925,305</u>

<sup>1</sup> It includes equity method valuation gain or loss 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).

<sup>2</sup> 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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(In Korean won)

2022

	Beginning balance	Acquisition	Share of profit (loss)	Share of other comprehensive income	Dividend income	Profit or loss related to equity method (operating) <sup>1</sup>	Others <sup>2</sup>	Disposal	Ending balance
<b>Subsidiaries</b>									
D&D Property Management Inc.	₩ 8,347,267,163	₩ -	₩ (1,718,852,206)	₩ (6,628,414,957)	₩ -	₩ -	₩ -	₩ -	₩ -
D&D INVESTMENT	16,655,836,849	-	6,153,198,032	591,216,889	-	-	-	-	23,400,251,770
ESSESCO	-	-	-	-	-	-	-	-	-
KORAMCO No.117 Qualified Investors Private Real Estate Investment Trust	10,478,397,537	3,600,000,000	-	(25,521,774)	(413,802,427)	(527,683,558)	-	-	13,111,389,778
DDISC49	3,825,831,191	-	-	23,827,000	-	1,150,341,809	(5,000,000,000)	-	-
DDIYS832	12,104,005,831	-	-	-	-	(10,012,760,565)	-	(2,091,245,266)	-
IGIS No.412 Professional Investors' Private Placement Real Estate Investment Limited Liab.	13,272,453,434	-	-	(2,068,407,532)	-	(1,251,059,948)	-	-	9,952,985,954
DDIOS108	500,000,000	4,500,000,000	-	(28,116,500)	-	(1,955,379,229)	-	-	3,016,504,271
D&D Property Solution Co., Ltd. (formerly, D&D Living Solution Co., Ltd.)	-	-	3,327,212,371	6,064,608,178	-	-	15,896,030,926	-	25,287,851,475
Jindo Sanwol Solar Power. Inc.	-	770,000,000	(5,345,000)	-	-	-	-	-	764,655,000
Uiseong wind	-	500,000,000	(3,682,575)	-	-	-	-	-	496,317,425
	<u>65,183,792,005</u>	<u>9,370,000,000</u>	<u>7,752,530,622</u>	<u>(2,070,808,696)</u>	<u>(413,802,427)</u>	<u>(12,596,541,491)</u>	<u>10,896,030,926</u>	<u>(2,091,245,266)</u>	<u>76,029,955,673</u>
<b>Joint ventures</b>									
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'	35,353,288,982	-	-	-	-	(633,811,506)	-	-	34,719,477,476

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2022

	Beginning balance	Acquisition	Share of profit (loss)	Share of other comprehensive income	Dividend income	Profit or loss related to equity method (operating) <sup>1</sup>	Others <sup>2</sup>	Disposal	Ending balance
Private Placement Real Estate Investment Limited Liab.)									
DDI YS-40 REIT	10,100,516,112	-	-	234,672,263	-	3,678,983,799	(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
Methus 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>68,471,733,515</u>	<u>46,800,040,000</u>	<u>8,447,664,676</u>	<u>198,069,559</u>	<u>(237,793,179)</u>	<u>4,808,087,051</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
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)	-

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

(In Korean won)

	2022								
	Beginning balance	Acquisition	Share of profit (loss)	Share of other comprehensive income	Dividend income	Profit or loss related to equity method (operating) <sup>1</sup>	Others <sup>2</sup>	Disposal	Ending balance
DDISY-230 Residential REIT Co., LTD	1,243,241,018	15,405,000,000	-	3,735,588,082	-	8,258,446,118	-	(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	1,342,034,283	10,670,000,000	-	2,862,723,610	-	4,346,258,943	-	(9,124,000,000)	10,097,016,836
DDISC-57 Residential REIT Co., Ltd	403,846,344	9,254,662,500	-	3,054,053,183	-	4,660,376,762	-	(8,330,000,000)	9,042,938,789
DDI Residential No. 1 Subsidiary REIT Co., Ltd	4,450,356,185	-	-	(60,480,923)	(982,281,778)	(573,062,993)	-	-	2,834,530,491
Hyundai Private Real Estate Investment Trust No. 20	12,193,093,974	-	-	-	-	(7,922,493,424)	-	-	4,270,600,550
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	-	-	-	-	-	-	-	-	-
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
	<u>88,257,683,642</u>	<u>85,917,054,631</u>	<u>(2,463,622,034)</u>	<u>10,288,501,055</u>	<u>(3,034,113,886)</u>	<u>(12,370,644,480)</u>	<u>17,471,535,511</u>	<u>(32,236,329,256)</u>	<u>151,830,065,183</u>
	₩ 221,913,209,162	₩ 142,087,094,631	₩ 13,736,573,264	₩ 8,415,761,918	₩ (3,685,709,492)	₩ (20,159,098,920)	₩ 19,904,331,043	₩ (39,877,561,302)	₩ 342,334,600,304

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

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<sup>1</sup> It includes share of profit or loss which was classified from other non-operating income (expenses) to operating revenue (expenses) due to changes in policies during the year ended 2022 (see Notes 28 and 29).

<sup>2</sup> It includes recognition of investments in subsidiaries due to a split-off of D&D Property Solution Co., Ltd., acquisition and disposal due to changes in percentage of ownership, and additional recognition of share of loss for loans of investments in associates (see Note 10-(1)).

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

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

(In Korean won)

	<b>2023</b>			
	<b>Total assets</b>	<b>Total liabilities</b>	<b>Sales</b>	<b>Profit (loss) for the year</b>
<b>Subsidiaries</b>				
D&D INVESTMENT	₩ 31,520,501,099	₩ 6,213,399,918	₩ 9,948,733,396	₩ 1,891,911,050
ESSESCO	70,267,681,866	39,458,935,056	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	-	(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	-	(909,472,560)
DDIOS108	44,322,541,091	40,908,743,619	-	(774,875,560)
D&D Property Solution Co., Ltd.	55,920,027,150	27,511,912,670	66,219,464,112	3,362,705,055
Jindo Sanwol Solar Power. Inc.	728,867,450	-	-	(35,787,550)
Hyundai Private Real Estate Investment Trust No. 20	4,826,448,986	1,870,474,990	-	11,517,300
<b>Joint ventures</b>				
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 1 <sup>st</sup> (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 1 <sup>st</sup> (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)
<b>Associates</b>				
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)

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

(In Korean won)

	<b>2023</b>			
	<b>Total assets</b>	<b>Total liabilities</b>	<b>Sales</b>	<b>Profit (loss) for the year</b>
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)
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)

	<b>2022</b>			
	<b>Total assets</b>	<b>Total liabilities</b>	<b>Sales</b>	<b>Profit (loss) for the year</b>
<b>Subsidiaries</b>				
D&D Property Management Inc.	₩ -	₩ -	₩ -	₩ -
D&D INVESTMENT	28,013,439,343	4,613,187,573	9,685,044,601	6,153,198,032
ESSESCO	76,250,409,322	45,519,949,154	11,921,082,399	1,236,883,304
KORAMCO No. 117 Qualified Investors Private Real Estate Investment Trust	43,596,924,463	21,744,608,166	916,167,742	(922,008,886)
DDIYS832	-	-	-	-
IGIS No. 412 Professional Investors' Private Placement Real Estate Investment Limited Liab.	111,392,073,311	44,411,226,192	2,500,000	(1,114,463,944)
DDIOS108	37,840,568,884	33,651,895,852	-	(783,210,468)
D&D Property Solution Co., Ltd.	40,586,950,040	15,208,041,957	35,103,302,237	3,327,212,371
Uiseong wind	501,173,425	4,856,000	-	(3,682,575)
Jindo Sanwol Solar Power. Inc.	770,488,900	5,833,900	-	(5,345,000)
<b>Joint ventures</b>				
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	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 1 <sup>st</sup> (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

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

(In Korean won)

	2022			
	Total assets	Total liabilities	Sales	Profit (loss) for the year
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
Metheus 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)
IGIS No. 178 Professional Investors' Private Placement Real Estate Investment Limited Liab.	-	-	-	-
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)
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)
DDISC49	61,586,484,752	37,614,201,896	-	(609,812,002)
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	5,287,252,487	(1,241,584,340)



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

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

*(In Korean won)*

**2023**

**2022**

Associates

D&D Platform REIT Co., Ltd.

₩ 19,170,000,000    ₩ 20,430,000,000

Meanwhile, the Company 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.

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

**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	₩ 30,532,376,155	₩ -	₩ 30,532,376,155	₩ 32,019,703,193	₩ -	₩ 32,019,703,193
Buildings	18,254,264,123	(5,470,258,997)	12,784,005,126	17,875,654,818	(4,425,126,310)	13,450,528,508
Structures	3,427,760,000	(985,717,882)	2,442,042,118	3,427,760,000	(757,200,548)	2,670,559,452
Machinery	278,028,106,803	(98,316,801,782)	179,711,305,021	275,213,026,803	(81,087,173,000)	194,125,853,803
Tools and equipment	26,561,600	(23,845,890)	2,715,710	24,669,000	(22,682,000)	1,987,000
Supplies	3,940,372,267	(2,533,363,846)	1,407,008,421	3,478,116,816	(1,973,848,651)	1,504,268,165
Other property, plant and equipment	11,335,051,609	(8,569,109,605)	2,765,942,004	10,516,059,009	(6,670,372,464)	3,845,686,545
Construction in progress	620,935,200	-	620,935,200	251,162,000	-	251,162,000
	<u>₩ 346,165,427,757</u>	<u>₩ (115,899,098,002)</u>	<u>₩ 230,266,329,755</u>	<u>₩ 342,806,151,639</u>	<u>₩ (94,936,402,973)</u>	<u>₩ 247,869,748,666</u>

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

(In Korean won)

	2023					
	Beginning balance	Acquisition	Transfer <sup>1,2</sup>	Disposal	Depreciation	Ending balance
Land	₩ 32,019,703,193	₩ 290,162,554	₩ 520,691,203	₩ (2,298,180,795)	₩ -	₩ 30,532,376,155
Buildings	13,450,528,508	-	423,885,155	(45,275,850)	(1,045,132,687)	12,784,005,126
Structures	2,670,559,452	-	-	-	(228,517,334)	2,442,042,118
Machinery	194,125,853,803	2,936,980,000	-	(1,000)	(17,351,527,782)	179,711,305,021
Tools and equipment	1,987,000	1,892,600	-	-	(1,163,890)	2,715,710
Supplies	1,504,268,165	373,843,105	162,272,645	(25,309,184)	(608,066,310)	1,407,008,421
Other property, plant and equipment	3,845,686,545	12,860,000	806,132,600	-	(1,898,737,141)	2,765,942,004
Construction in progress	251,162,000	2,697,003,200	(2,327,230,000)	-	-	620,935,200
	<u>₩ 247,869,748,666</u>	<u>₩ 6,312,741,459</u>	<u>₩ (414,248,397)</u>	<u>₩ (2,368,766,829)</u>	<u>₩ (21,133,145,144)</u>	<u>₩ 230,266,329,755</u>

<sup>1</sup> Amounts transferred from inventories to land and buildings are included.

<sup>2</sup> Amounts transferred to intangible assets are included.

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

	2022						
	Beginning balance	Acquisition	Transfer <sup>1</sup>	Disposal	Depreciation	Split-off	Ending balance
Land	₩ 4,572,965,515	₩ 471,874,828	₩ 26,974,862,850	₩ -	₩ -	₩ -	₩ 32,019,703,193
Buildings	13,100,026,216	-	1,393,436,942	-	(1,042,934,650)	-	13,450,528,508
Structures	2,899,076,786	-	-	-	(228,517,334)	-	2,670,559,452
Machinery	210,932,340,095	390,707,000	-	(1,000)	(17,197,192,292)	-	194,125,853,803
Tools and equipment	2,867,000	-	-	-	(880,000)	-	1,987,000
Supplies	1,602,105,017	101,595,106	386,555,320	(9,377,700)	(570,340,578)	(6,269,000)	1,504,268,165
Other property, plant and equipment	6,015,882,580	27,087,000	58,243,473	(4,440,000)	(1,904,777,182)	(346,309,326)	3,845,686,545
Construction in progress	8,549,155,953	54,487,922,370	(62,785,916,323)	-	-	-	251,162,000
	<u>₩ 247,674,419,162</u>	<u>₩ 55,479,186,304</u>	<u>₩ (33,972,817,738)</u>	<u>₩ (13,818,700)</u>	<u>₩ (20,944,642,036)</u>	<u>₩ (352,578,326)</u>	<u>₩ 247,869,748,666</u>

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

**12. INVESTMENT PROPERTIES:**

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

	2023			
	Acquisition cost	Accumulated depreciation	Accumulated impairment	Book amount
Land	₩ 51,218,498,010	₩ -	₩ -	₩ 51,218,498,010
Buildings	16,956,355,053	(1,873,435,807)	(2,237,534,111)	12,845,385,135
Right-of-use assets	10,137,510,742	(6,338,060,591)	-	3,799,450,151
	<u>₩ 78,312,363,805</u>	<u>₩ (8,211,496,398)</u>	<u>₩ (2,237,534,111)</u>	<u>₩ 67,863,333,296</u>

	2022			
	Acquisition cost	Accumulated depreciation	Accumulated impairment	Book amount
Land	₩ 51,608,752,099	₩ -	₩ -	₩ 51,608,752,099
Buildings	16,598,995,170	(1,500,650,517)	(2,237,534,111)	12,860,810,542
Right-of-use assets	10,338,933,590	(5,026,141,301)	-	5,312,792,289
	<u>₩ 78,546,680,859</u>	<u>₩ (6,526,791,818)</u>	<u>₩ (2,237,534,111)</u>	<u>₩ 69,782,354,930</u>

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

	2023					
	Beginning balance	Transfer <sup>1,2</sup>	Effect of reestimation and others <sup>3</sup>	Disposal and others	Depreciation	Ending balance
Land	₩ 51,608,752,099	₩ 472,423,925	₩ -	₩ (862,678,014)	₩ -	₩ 51,218,498,010
Buildings	12,860,810,542	384,591,650	-	(27,231,767)	(372,785,290)	12,845,385,135
Right-of-use assets	5,312,792,289	(208,265,696)	6,842,848	-	(1,311,919,290)	3,799,450,151
	<u>₩ 69,782,354,930</u>	<u>₩ 648,749,879</u>	<u>₩ 6,842,848</u>	<u>₩ (889,909,781)</u>	<u>₩ (1,684,704,580)</u>	<u>₩ 67,863,333,296</u>

<sup>1</sup> Amounts transferred from inventories to land and buildings are included.

<sup>2</sup> Changes due to new subleases are included.

<sup>3</sup> Amounts reversed from early termination of sublease are included.

	2022				
	Beginning balance	Transfer <sup>1,2</sup>	Effect of reestimation and others	Depreciation	Ending balance
Land	₩ 25,700,279,172	₩ 25,908,472,927	₩ -	₩ -	₩ 51,608,752,099
Buildings	11,364,132,064	1,842,727,809	-	(346,049,331)	12,860,810,542
Right-of-use assets	7,058,993,197	(85,932,463)	(65,592,316)	(1,594,676,129)	5,312,792,289
	<u>₩ 44,123,404,433</u>	<u>₩ 27,665,268,273</u>	<u>₩ (65,592,316)</u>	<u>₩ (1,940,725,460)</u>	<u>₩ 69,782,354,930</u>

<sup>1</sup> Amounts transferred from construction in progress to land and buildings are included.

<sup>2</sup> 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	₩ 2,759,054,556	₩ 2,202,754,204
Rental expenses from investment properties	1,859,761,851	1,804,348,951

(4) Fair value of land and buildings recognized as investment properties as of December 31, 2023, is ₩68,746 million.

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**13. INTANGIBLE ASSETS:**

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

	2023			2022		
	Acquisition cost	Accumulated amortization	Book amount	Acquisition cost	Accumulated amortization	Book amount
Patents	₩ 30,392,272	₩ (18,692,409)	₩ 11,699,863	₩ 30,392,272	₩ (14,613,255)	₩ 15,779,017
Trademarks	400,374,240	(338,398,563)	61,975,677	398,757,520	(273,472,599)	125,284,921
Membership rights	2,173,743,856	-	2,173,743,856	2,318,524,966	-	2,318,524,966
Software	17,952,498,104	(8,490,324,981)	9,462,173,123	16,411,530,381	(5,769,428,661)	10,642,101,720
Other intangible assets	472,000,000	(47,200,000)	424,800,000	-	-	-
	<u>₩ 21,029,008,472</u>	<u>₩ (8,894,615,953)</u>	<u>₩ 12,134,392,519</u>	<u>₩ 19,159,205,139</u>	<u>₩ (6,057,514,515)</u>	<u>₩ 13,101,690,624</u>

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

	2023					
	Beginning balance	Acquisition	Transfer <sup>1</sup>	Disposal	Amortization	Ending balance
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	2,318,524,966	-	-	(144,781,110)	-	2,173,743,856
Software	10,642,101,720	192,104,000	1,358,824,755	-	(2,730,857,352)	9,462,173,123
Other intangible assets	-	472,000,000	-	-	(47,200,000)	424,800,000
	<u>₩ 13,101,690,624</u>	<u>₩ 665,720,720</u>	<u>₩ 1,358,824,755</u>	<u>₩ (144,781,110)</u>	<u>₩ (2,847,062,470)</u>	<u>₩ 12,134,392,519</u>

<sup>1</sup> Transferred from construction in progress.

	2022						
	Beginning balance	Acquisition	Transfer <sup>1</sup>	Disposal	Amortization	Split-off	Ending balance
Patents	₩ 7,841,075	₩ 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	2,318,524,966	-	-	-	-	-	2,318,524,966
Software	11,542,782,295	767,883,344	878,670,000	(47,510,002)	(2,411,056,750)	(88,667,167)	10,642,101,720
Other intangible assets	2,794,478,671	-	-	-	-	(2,794,478,671)	-
	<u>₩ 16,852,771,481</u>	<u>₩ 769,820,068</u>	<u>₩ 888,088,908</u>	<u>₩ (47,510,002)</u>	<u>₩ (2,478,333,993)</u>	<u>₩ (2,883,145,838)</u>	<u>₩ 13,101,690,624</u>

<sup>1</sup> Transferred from construction in progress.

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

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**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>	<b>2023</b>		<b>2022</b>	
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:

<i>(In Korean won)</i>	<b>2023</b>			<b>2022</b>		
	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	6,793,132,904	(4,801,101,529)	1,992,031,375	5,487,554,534	(3,021,424,026)	2,466,130,508
Vehicles	1,030,116,105	(368,990,220)	661,125,885	890,910,464	(431,381,984)	459,528,480
	₩ <u>14,274,278,365</u>	₩ <u>(6,890,366,245)</u>	₩ <u>7,383,912,120</u>	₩ <u>12,829,494,354</u>	₩ <u>(4,743,011,882)</u>	₩ <u>8,086,482,472</u>

(2) Changes in right-of-use assets and lease liabilities for the years ended December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	<b>2023</b>				
	<b>Right-of-use asset</b>				
	Land	Buildings	Vehicles	Total	Lease liabilities
Beginning balance	₩ 5,160,823,484	₩ 2,466,130,508	₩ 459,528,480	₩ 8,086,482,472	₩ 16,158,833,442
Effect of reestimation and others	-	28,176,455	(31,856,609)	(3,680,154)	(5,078,804)
Acquisition/Increase	-	1,371,521,762	557,774,869	1,929,296,631	1,040,686,285
Depreciation	(430,068,624)	(1,873,797,350)	(324,320,855)	(2,628,186,829)	-
Interest expenses	-	-	-	-	667,752,128
Lease payment	-	-	-	-	(5,458,728,075)
Ending balance	₩ <u>4,730,754,860</u>	₩ <u>1,992,031,375</u>	₩ <u>661,125,885</u>	₩ <u>7,383,912,120</u>	₩ <u>12,403,464,976</u>

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	2022				
	Right-of-use asset				Lease liabilities
	Land	Buildings	Vehicles	Total	
Beginning balance	₩ 5,590,892,108	₩ 2,849,051,110	₩ 382,280,904	₩ 8,822,224,122	₩ 19,669,770,646
Split-off	-	(471,533,270)	(17,531,262)	(489,064,532)	(482,825,771)
Effect of reestimation and others	-	667,178,835	5,461,624	672,640,459	571,417,511
Acquisition/Increase	-	638,438,783	357,013,575	995,452,358	995,171,345
Depreciation	(430,068,624)	(1,217,004,950)	(267,696,361)	(1,914,769,935)	-
Interest expenses	-	-	-	-	791,718,025
Lease payment	-	-	-	-	(5,386,418,314)
Ending balance	₩ 5,160,823,484	₩ 2,466,130,508	₩ 459,528,480	₩ 8,086,482,472	₩ 16,158,833,442

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

(In Korean won)	Within one 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	934,656,800	635,146,400	30,000,000	1,599,803,200
Vehicles	327,157,324	406,364,255	-	733,521,579
Investment properties	1,798,567,876	2,470,842,727	1,256,817,420	5,526,228,023
	₩ 3,660,382,000	₩ 5,312,353,382	₩ 5,486,817,420	₩ 14,459,552,802

(4) The revenue and expenses recognized in the statements of comprehensive income for the current and prior periods related to the right-of-use assets and lease liabilities are as follows:

(In Korean won)	2023	2022
Revenue		
Interest income of finance lease receivables	₩ 113,182,251	₩ 187,678,427
Expenses		
Depreciation of right-of-use assets	2,628,186,829	1,914,769,935
Interest expenses of lease liabilities	667,752,128	791,718,025
Lease payments - short-term leases and leases of low-value assets <sup>1</sup>	422,954,753	1,024,919,237
Net expenses recognized in the separate statements of other comprehensive income	₩ 3,605,711,459	₩ 3,543,728,770

<sup>1</sup> For 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 Company 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>	<b>2023</b>			
	Within one 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-cancellable operating lease agreement as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	<b>2023</b>		<b>2022</b>	
Within one 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>	<b>2023</b>		<b>2022</b>	
Accumulated costs	₩	98,980,142,328	₩	24,058,071,134
Add: accumulated profit		32,664,255,167		8,315,941,812
Accumulated contract revenue		131,644,397,495		32,374,012,946
Less: progress billings <sup>1</sup>		<u>(206,670,197,399)</u>		<u>(82,462,357,000)</u>
		<u>(75,025,799,904)</u>		<u>(50,088,344,054)</u>
Contract liabilities and due to customers	₩	<u>(75,025,799,904)</u>	₩	<u>(50,088,344,054)</u>

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



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

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

<i>(In Korean won)</i>	<b>Contract date</b>	<b>Contractual completion date</b>	<b>Progress (%)</b>	<b>Contract assets and due from customers</b>		<b>Trade receivables (receivables from construction contracts)</b>	
				<b>Total amount</b>	<b>Accumulated impairment loss</b>	<b>Total amount</b>	<b>Allowance for doubtful account</b>
Saeng-gag gongjang Guro	2022-04-22	2025-08-25	15.93	₩ -	₩ -	₩ 866,882,760	₩ -
PungBaek Wind Farm Corporation EPC	2022-06-24	2025-06-25	46.39	-	-	949,135,400	-
New construction of Gunpo Mixed Use Development	2020-12-28	2025-09-30	10.91	-	-	-	-

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**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>	<b>2023</b>	<b>2022</b>
Current		
Trade payables	₩ 14,149,879,031	₩ 4,390,151,362
Non-trade payables	34,543,363,498	30,826,063,706
Current lease liabilities	3,167,493,053	3,444,886,749
Accrued expenses	6,201,806,791	10,150,264,136
	<u>58,062,542,373</u>	<u>48,811,365,953</u>
Non-current		
Long-term non-trade payables	1,400,000,000	1,891,553,121
Non-current lease liabilities	9,235,971,923	12,713,946,693
	<u>10,635,971,923</u>	<u>14,605,499,814</u>
	<u>₩ 68,698,514,296</u>	<u>₩ 63,416,865,767</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:

<i>(In Korean won)</i>	2023		2022	
	Current	Non-current	Current	Non-current
Short-term borrowings	₩ 35,000,000,000	₩ -	₩ 8,000,000,000	₩ -
Long-term borrowings	291,640,688,707	435,860,794,381	196,816,861,002	554,649,931,717
Debentures	201,459,592,795	87,872,678,897	74,924,581,109	250,136,172,342
	<u>₩ 528,100,281,502</u>	<u>₩ 523,733,473,278</u>	<u>₩ 279,741,442,111</u>	<u>₩ 804,786,104,059</u>

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

<i>(In Korean won)</i>				
Creditor	Category	Interest rate (%)	2023	2022
Korea Development Bank and others	General borrowings	5.23 – 5.37	₩ 35,000,000,000	₩ 8,000,000,000

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

<i>(In Korean won)</i>				
Creditor	Category	Interest rate (%)	2023	2022
Hana Bank and others	Specific and general borrowings	3.60 – 8.00	₩ 692,136,666,668	₩ 683,260,000,000
Hana Bank <sup>1</sup>	Specific borrowings	3M CD+2.01	-	27,000,000,000
Hana Bank <sup>2</sup>	General borrowings	LIBOR 3M+3.41	-	7,223,610,000
Woori Bank <sup>2</sup>	General borrowings	SOFR 3M+3.02	38,682,000,000	38,019,000,000
			<u>730,818,666,668</u>	<u>755,502,610,000</u>
Less: discount on borrowings			(3,317,183,580)	(4,035,817,281)
Less: current portion			(292,200,000,000)	(196,923,610,000)
Less: current portion of discount on borrowings			559,311,293	106,748,998
			<u>₩ 435,860,794,381</u>	<u>₩ 554,649,931,717</u>

<sup>1</sup> The Company 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).

<sup>2</sup> The Company has entered into a currency swap contract to fix the interest and exchange rate fluctuation risk exposed in payment of principal and interests of borrowings 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	-
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	
			<u>87,872,678,897</u>	<u>199,686,035,280</u>	
Debentures in foreign currency <sup>1</sup>	2021.04.23	2024.04.23	SOFR 3M+1.26	25,788,000,000 USD (20,000,000)	25,346,000,000 USD (20,000,000)
	2021.07.29	2024.07.29	SOFR 3M+3.19	25,788,000,000 USD (20,000,000)	25,346,000,000 USD (20,000,000)
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	-	
			<u>-</u>	<u>50,450,137,062</u>	
			<u>₩ 87,872,678,897</u>	<u>₩ 250,136,172,342</u>	

<sup>1</sup> The Company 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 Company 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 statements of financial position as of December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligations	₩ 10,013,984,580	₩ 10,660,718,528
Fair value of plan assets	<u>(10,309,594,223)</u>	<u>(11,187,503,670)</u>
Net defined benefit assets	<u>₩ (295,609,643)</u>	<u>₩ (526,785,142)</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>	<b>2023</b>	<b>2022</b>
Cost of sales	₩ 253,167,563	₩ 101,118,791
General administrative expenses	<u>1,630,105,054</u>	<u>2,033,330,748</u>
	<u>₩ 1,883,272,617</u>	<u>₩ 2,134,449,539</u>

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

<i>(In Korean won)</i>	<b>2023</b>		
	<b>Present value of defined benefit obligations</b>	<b>Plan assets</b>	<b>Net defined benefit liabilities (assets)</b>
Beginning balance	₩ 10,660,718,528	₩ (11,187,503,670)	₩ (526,785,142)
Profit or loss			
Current service cost	2,209,833,152	-	2,209,833,152
Interest expense (income)	<u>304,627,791</u>	<u>(671,188,326)</u>	<u>(366,560,535)</u>
	<u>2,514,460,943</u>	<u>(671,188,326)</u>	<u>1,843,272,617</u>
Remeasurements recognized as other comprehensive income			
Loss from plan assets	-	315,948,018	315,948,018
Change in financial assumptions	363,655,253	-	363,655,253
Experience adjustments	<u>(1,330,600,711)</u>	<u>-</u>	<u>(1,330,600,711)</u>
	<u>(966,945,458)</u>	<u>315,948,018</u>	<u>(650,997,440)</u>
Contributions paid	-	(2,984,087,677)	(2,984,087,677)
Benefit payments	(1,771,891,460)	3,768,768,534	1,996,877,074
Transfer from (to) affiliates	<u>(422,357,973)</u>	<u>448,468,898</u>	<u>26,110,925</u>
Ending balance	<u>₩ 10,013,984,580</u>	<u>₩ (10,309,594,223)</u>	<u>₩ (295,609,643)</u>

**SK D&D Co., Ltd.**  
**Notes to the Separate Financial Statements**  
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<i>(In Korean won)</i>	<b>2022</b>		
	<b>Present value of defined benefit obligations</b>	<b>Plan assets</b>	<b>Net defined benefit liabilities (assets)</b>
Beginning balance	₩ 10,637,051,806	₩ (9,781,647,915)	₩ 855,403,891
Profit or loss			
Current service cost	2,159,796,798	-	2,159,796,798
Interest expense (income)	206,300,290	(344,293,759)	(137,993,469)
	<u>2,366,097,088</u>	<u>(344,293,759)</u>	<u>2,021,803,329</u>
Remeasurements recognized as other comprehensive income			
Loss from plan assets	-	180,424,788	180,424,788
Change in financial assumptions	(1,045,172,318)	-	(1,045,172,318)
Experience adjustments	2,633,734,204	-	2,633,734,204
	<u>1,588,561,886</u>	<u>180,424,788</u>	<u>1,768,986,674</u>
Contributions paid	-	(3,234,246,356)	(3,234,246,356)
Benefit payments	(3,445,933,913)	1,504,742,453	(1,941,191,460)
Transfer from (to) affiliates	(485,058,339)	487,517,119	2,458,780
Ending balance	<u>₩ 10,660,718,528</u>	<u>₩ (11,187,503,670)</u>	<u>₩ (526,785,142)</u>

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

<i>(In Korean won)</i>	<b>2023</b>	<b>2022</b>
Ordinary deposits and others	₩ 10,309,594,223	₩ 11,187,503,670

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

<i>(In percentage)</i>	<b>2023</b>	<b>2022</b>
Discount rate	5.25%	6.09%
Salary growth rate (base-up)	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>	<b>2023</b>			
	<b>Discount rate</b>		<b>Salary growth rate</b>	
	<b>1% increase</b>	<b>1% decrease</b>	<b>1% increase</b>	<b>1% decrease</b>
Defined benefit obligations	₩ (413,953,083)	₩ 464,163,280	₩ 463,455,564	₩ (420,592,659)

**SK D&D Co., Ltd.**  
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(In Korean won)	2022			
	Discount rate		Salary growth rate	
	1% increase	1% decrease	1% increase	1% decrease
Defined benefit obligations	₩ (341,947,664)	₩ 382,602,976	₩ 385,279,161	₩ (350,162,152)

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

**20. OTHER FINANCIAL LIABILITIES:**

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

(In Korean won)	2023	2022
Other current financial liabilities		
Deposits withheld	₩ 12,320,000	₩ 440,000
Leasehold deposits received	5,667,951,703	5,179,174,145
Financial guarantee liabilities	-	8,135,110
	<u>5,680,271,703</u>	<u>5,187,749,255</u>
Other non-current financial liabilities		
Leasehold deposits received	4,575,794,678	3,563,053,333
Financial guarantee liabilities	5,194,574,630	4,141,479,450
	<u>9,770,369,308</u>	<u>7,704,532,783</u>
	<u>₩ 15,450,641,011</u>	<u>₩ 12,892,282,038</u>

As of December 31, 2023, the management evaluated the historical overdue experience of debt instruments subject to financial guarantee contracts, 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.

**21. OTHER CURRENT LIABILITIES:**

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

(In Korean won)	2023	2022
Withholdings	₩ 1,003,850,616	₩ 3,428,329,434
Advance receipts <sup>1</sup>	103,122,323,982	4,244,741,836
Unearned revenues	2,140,020,866	834,374,943
	<u>₩ 106,266,195,464</u>	<u>₩ 8,507,446,213</u>

<sup>1</sup> Amounts with nature of contract liabilities received from customers in advance are included.

**SK D&D Co., Ltd.**  
**Notes to the Separate Financial Statements**  
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**22. DERIVATIVE FINANCIAL INSTRUMENTS:**

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

		2023						
		Derivative assets		Derivative liabilities				
		Current	Non-current	Current	Non-current			
Foreign exchange forward	₩	-	₩	-	₩	51,491,861	₩	-
Currency swaps		6,787,685,645		-		-		422,784,085
OTC derivatives		6,344,000,000		-		-		8,290,322,430
	₩	13,131,685,645	₩	-	₩	51,491,861	₩	8,713,106,515

		2022						
		Derivative assets		Derivative liabilities				
		Current	Non-current	Current	Non-current			
Currency swaps	₩	915,949,686	₩	7,008,991,981	₩	-	₩	845,065,641
Interest rate swaps		70,915,275		-		-		-
OTC derivatives		-		4,429,000,000		-		5,489,000,000
	₩	986,864,961	₩	11,437,991,981	₩	-	₩	6,334,065,641

Meanwhile, the Company 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.

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

				2023		2022					
				Derivative assets		Derivative liabilities		Derivative assets		Derivative liabilities	
				Current	Non-current	Current	Non-current	Current	Non-current	Non-current	
Purchase	Currency	Amount	Sell	Currency	Amount						
						Current	Non-current	Current	Non-current	Non-current	
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		-		-
				₩	6,787,685,645	₩	422,784,085	₩	915,949,686	₩	7,008,991,981
								₩	845,065,641		



**SK D&D Co., Ltd.**  
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(3) The Company 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, are as follows:

*(In Korean won)*

Contractor	Contract period	Contractual interest rate		2023		2022
		Payment	Receipt	Derivative assets (current)		Derivative assets (current)
Hana Bank	2020.02.07 – 2023.02.07	3.50%	KRW CD 3M + 2.01%	₩	- ₩	70,915,275

(4) The Company applies fair value hedge accounting using forward contracts as a risk management tool to hedge against exchange rate risks associated with payments for imported raw materials. Details of derivative liabilities related to currency forwards as of December 31, 2023, are as follows:

*(In Korean won and in USD)*

Currency	Buy		Sell		2023	
	Currency	Amount	Currency	Amount	Derivative liabilities (current)	
USD		4,910,668	KRW	6,382,886,266	₩	51,491,861

**SK D&D Co., Ltd.**  
**Notes to the Separate Financial Statements**  
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(5) As of December 31, 2023, the Company has six OTC derivative contracts (see Note 24-(18) for the details). The Company 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 liabilities (non-current)	Gain (loss) on valuation of derivatives	Gain (loss) 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 <sup>1</sup>	₩ -	₩ -	₩ -	₩ 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	
Put option of ESS ESCO	-	2,038,000,000	(252,000,000)	-	-	1,786,000,000	1,951,000,000	
Type 2 beneficiary securities put option of IGIS No. 412 Professional Investors' Private Placement Real Estate Investment Limited Liab.	-	345,322,430	(345,322,430)	-	-	-	-	
Beneficiary securities put and call options of DDI LVC Master Real Estate Investment Trust Co., Ltd. <sup>2</sup>	-	-	-	-	-	-	-	
Type 1 shares of Gunpo Mixed Use Development PFV Company	-	5,907,000,000	(5,907,000,000)	-	-	-	-	
Uiseong wind Common stock put option <sup>2</sup>	-	-	-	-	-	-	-	
	₩ 6,344,000,000	₩ 8,290,322,430	₩ (4,589,322,430)	₩ 3,703,000,000	₩ 4,429,000,000	₩ 5,489,000,000	₩ 1,728,000,000	

<sup>1</sup> Matured for the year ended December 31, 2023.

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

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

**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	₩ -	₩ 1,493,714,839	₩ 1,493,714,839	₩ 177,070,910	₩ 1,565,881,491	₩ 1,742,952,401
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	-	844,934,920	844,934,920	-	-	-
	₩ 4,763,722,888	₩ 6,014,059,800	₩ 10,777,782,688	₩ 177,070,910	₩ 5,241,291,532	₩ 5,418,362,442

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

(In Korean won)	2023					
	Beginning balance	Additions	Interest expenses	Used	Reversal	Ending balance
Provision for warranty	₩ 1,742,952,401	₩ -	₩ -	₩ (72,166,652)	₩ (177,070,910)	₩ 1,493,714,839
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	-	835,742,480	9,192,440	-	-	844,934,920
	₩ 5,418,362,442	₩ 5,599,465,368	₩ 9,192,440	₩ (72,166,652)	₩ (177,070,910)	₩ 10,777,782,688

(In Korean won)	2022			
	Beginning balance	Additions	Used	Ending balance
Provision for warranty	₩ 1,809,262,031	₩ 279,167,705	₩ (345,477,335)	₩ 1,742,952,401
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
	₩ 7,036,157,503	₩ 298,177,997	₩ (1,915,973,058)	₩ 5,418,362,442

**SK D&D Co., Ltd.**  
**Notes to the Separate Financial Statements**  
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**24. CONTINGENCIES AND COMMITMENTS:**

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

<i>(In Korean won and in USD)</i>	<b>Details</b>	<b>Credit limit</b>
KEB Hana Bank and others	Currency derivatives <sup>1</sup>	USD 70,000,000
	General loans	₩ 16,804,996,000
	Overdrafts	4,000,000,000
	Corporate card	1,000,000,000
	Agreements for discounting of commercial paper	1,943,000,000

<sup>1</sup> It includes currency swap contracts to hedge against interest rate and exchange rate risks associated with variable-rate foreign currency bonds' interest payments and principal repayments, as well as currency forward contracts to hedge against exchange rate risks associated with payments for imported raw materials, including the agreed limits.

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

<i>(In millions of Korean won)</i>	<b>Trust property</b>	<b>Trust company</b>	<b>Beneficiary</b>	<b>Amount</b>	<b>Trust type</b>
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 Industry Center Development
			First-tier joint: Daegu Bank	19,500	

# SK D&D Co., Ltd.

## Notes to the Separate Financial Statements

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		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	
		First-tier joint: Songpa East Credit Union	3,600	
		First-tier joint: Jecheon North Credit Union	1,200	
		First-tier joint: CHEONANJEILSINYONG COOPERATIVE CREDIT UNION	4,200	

# SK D&D Co., Ltd.

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		First-tier joint: DAECHEONG CREDIT UNION	960	
		First-tier joint: SEONRINSINYONG 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 Saemaeul 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 SAEMAEUL FINANCE FIRM	2,400	
		First-tier joint: Yongin Center Community Credit Cooperative	3,600	
		Second-tier: IBK Capital Corporation	6,000	
23-22, Yongdu-dong, Dongdaemun-gu, Seoul, etc.	Kyobo Asset Trust Co., Ltd.	First-tier joint: GUNPO COMMUNITY CREDIT COOPERATIVE	600	Real estate collateral trust
		First-tier joint: ICHON COMMUNITY CREDIT	720	

# SK D&D Co., Ltd.

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		COOPERATIVE		
		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 CHANBER OF COMMERCE AND INDUSTRY	720	
		First-tier joint: NOWON KOREAN FEDERATION OF CUMMUNITY CREDIT COOPERATIVES	1,200	
		Second-tier: IBK Capital Corporation	6,000	
1-1, Yangpyeong-dong 4-ga, Yeongdeungpo-gu, Seoul, etc.	MUGUNGHWA A TRUST CO., LTD.	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	
		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	

# SK D&D Co., Ltd.

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		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	
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	



# SK D&D Co., Ltd.

## Notes to the Separate Financial Statements

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		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	
8-14, Mullae-dong 3-ga, Yeongdeungpo-gu, Seoul, etc.	Shinhan Asset Trust	First-tier: Seognamsujeong Community Credit Cooperatives	12,000	Real estate collateral trust
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 FINANCE FIRM	2,400	
		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	2,400	

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		Community Credit Cooperatives		
		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 joint: NongHyup Bank	24,000	Real estate collateral trust
		First-tier joint: Woori Bank (Trustee of KORAMCO Debt CW-SJ General Private Equity Investment Trust No. 1)	36,000	
		First-tier joint: Kyobo Life Insurance Co., Ltd.	66,000	
		Second-tier joint: Shinhan Capital Co., Ltd.	9,000	
		Second-tier joint: Hana Capital, Co, Ltd.	9,000	

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

*(In millions of Korean won)*

<b>Guarantor</b>	<b>Details</b>	<b>Guaranteed amount</b>
Seoul Guarantee Insurance	Approval guarantee insurance and others	₩ 31,073
Construction Guarantee Cooperative	Subcontracting payment surety and others	34,157
Korea Specialty Contractor Financial Cooperative	Construction warranty performance guarantee and others	42,489
Korea Housing & Urban Guarantee Corporation	Construction warranty performance guarantee and others	50

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

*(In millions of Korean won)*

<b>Guarantor</b>	<b>Details</b>	<b>Guaranteed amount</b>
Uljin Wind Power Co., Ltd.	Collateral for land of Uljin Wind Power Co., Ltd.	₩ 315

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(5) Details of assets provided as collateral by the Company 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	18,009,589,720
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
SEONGMO Credit Cooperative, GYEONGNAM GAON Credit Cooperative, GYEONGNAM MASAN Credit Cooperative, HONGSEONG Credit 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	32,160,000,000	Shares of a subsidiary (DDIOS108)	1,250,442,955
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	158,640,000,000	Shares of a joint venture (Chilgok Eco Park Co., Ltd.)	2,342,480,372

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Korea(Trustee of KB Renewable Energy General Asset Investment Trust No. 3 (Specialized))			
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 and Shinhan Bank	300,000,000,000	Shares of an associate (Gunpo Mixed Use Development PFV Company)	-

(6) Details of the insurance coverage of the Company 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	₩ 301,492
Hana Insurance Co., Ltd.	Commercial General Liability Insurance	30,602
Hyundai Marine & Fire Insurance Co., Ltd.	Package Insurance and others	73,674
Samsung Marine & Fire Insurance Co., Ltd.	Package Insurance and others	163,922
Hanwha General Insurance Co., Ltd.	Package Insurance and others	14,623
DB INSURANCE Co., Ltd.	Package Insurance and others	82,665
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 Company 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 <sup>1</sup>	₩ 15,417	Y.H LOGISTICS CO., LTD. and others	The Company and others	First and second trial in progress
Claim for unjust enrichment (counterclaim)	1,186	M Stay	The Company	Second trial in progress
Claim for service payment <sup>2</sup>	1,915	NAMMUN DEVELOPMENT CO.	The Company and DDIVC-1 REIT CO., LTD.	Second trial in progress

<sup>1</sup> 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).

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

(8) The 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:

	<b>Right holder</b>	<b>Counterparty</b>	<b>Requirements</b>
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 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 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 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 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 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 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 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

**SK D&D Co., Ltd.**  
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The Company has determined that it has control over the business for the provision of power saving services (see Note 10) and judged ESSESCO as a consolidated subsidiary.

(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 <sup>2</sup>	Guarantee amount <sup>2</sup>	2023	Outstanding loan balance					2022	
						Not later than three months	Later than three months and not later than six months	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		Later than three years
Other businesses <sup>1</sup>	Construction loan	Gunpo TRIARTZ Industrial Knowledge Center	302,520	235,358	201,000	-	-	-	201,000	-	-	186,000
	Construction loan	Chilgok Ecopark Co., Ltd. <sup>3</sup>	-	-	-	-	-	-	-	-	-	-
	Construction loan	Yakmok Ecopark Co., Ltd. <sup>4</sup>	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
	Bridge Loan	Onsu Station Youth Housing	29,800	29,800	29,800	-	-	29,800	-	-	-	30,000

<sup>1</sup> The Company have 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.

<sup>2</sup> The Company have disclosed the amount considering the Company's burden rate on the consolidated summary statement for consortium projects, while information, such as overall limits, is disclosed in the guarantee details.

<sup>3</sup> If the increased contract amount for the construction subcontract agreement of Chilgok Ecopark Co., Ltd. between the Company 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 Company is responsible for replenishing funds through borrowing or other means.

<sup>4</sup> If the increased contract amount for the construction subcontract agreement of Yakmok Ecopark Co., Ltd. between the Company and Daeseon E&C is not modified and the increased contract amount is not paid to SK Ecoplant Co., Ltd. within the deadline, the Company 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 Company 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 <sup>1</sup>	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, Gyeongsangbuk-do	Chilgok Ecopark Co., Ltd.	Construction loan	Completion guarantee	125,048	83.29%	104,148								104,148
			Cash deficiency support <sup>2</sup>	-	-	-								
750, Bokseong-ri, Yagmok-myeon, Chilgok-gun, Gyeongsangbuk-do	Yagmok Ecopark Co., Ltd.	Construction loan	Completion guarantee	59,225	81.06%	48,005								48,005
			Cash deficiency support <sup>3</sup>	2,744	100%	2,744								
Hwanghaksan area, Uiseong-gun, Gyeongsangbuk-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)	Ceonghwi 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, Cash deficiency support	41,500	100%	41,500	Icheon Baeksa Logistics General Type Private Real Estate Investment Trust	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, Cash deficiency support	43,500	100%	43,500	KORAMCO 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	-
08-104 and 108-105, Oryu-dong, Guro-gu, Seoul	Onsu Station Youth Housing	Bridge loan	Cash deficiency support	29,800	100%	29,800	DDIOS108	Investment in a subsidiary	29,800	30,000	2022.01.28–2024.08.08	2024.08.08	Loans payable	-

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

<sup>2</sup>If the increased amount of the contract price in the construction subcontract agreement of Chilgok Ecopark Co., Ltd., between the Company 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 Company shall bear the obligation to supplement funds through borrowing or other means.

<sup>3</sup>If the increased amount of the contract price in the construction subcontract agreement of Yagmok Ecopark Co., Ltd., between the Company 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 Company 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 Company shall bear the obligation to supplement funds.

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

(In millions of Korean won)	Business segment	Number of construction projects	2023			2022			
			Contract amount	Agreed amount	Outstanding loan balance	Number of construction projects	Contract amount	Agreed amount	Outstanding loan balance
Other businesses	Gunpo TRIARTZ Industrial Knowledge Center <sup>1</sup>	1	562,700	203,520	201,000	1	440,000	203,520	186,000
	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

<sup>1</sup> In relation to the ongoing Gunpo Integrated Development Project, the Company 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 entered into by the Company 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 and Hana Capital Co., Ltd.	₩ 162,270	₩ 194,723	₩ 431,852	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 and Hana Capital Co., Ltd.	56,036	67,243	480,000	From the initial execution date of the interim payment to October 23, 2026

(13) The Company 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 Company 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.



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(15) The Company 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 Company 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.

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

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

	<b>Details</b>	
Counterparty	SSK 1st Co., Ltd.	SSK 2nd Co., Ltd.
Contract date	March 19, 2020	
Maturity date <sup>1</sup>	The earlier of the day on which the counterparty sells all of the underlying assets, or 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, or the day when the preferred share of the REIT is sold, or 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 <sup>2</sup>	- 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 Company 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 Company, and if the settlement price is lower than the transaction price, the Company pays the difference to the counterparty.	

<sup>1</sup> The maturity date has been extended since the real estate was not sold.

<sup>2</sup> The amount is the acquisition price of the beneficiary certificate.

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b) Put option of joint agreements on ESS

**Details**

Exerciser	ESSESCO
Obligator	The Company
Exercised 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

c) Type 2 beneficiary securities put option of IGIS No. 412 Professional Investors' Private Placement Real Estate Investment Limited Liab.

**Details**

Exerciser <sup>1</sup>	Shinhan Capital Co., Ltd. and IBK Capital Corporation
Obligator	The Company
Exercised assets	₩15 billion of Type 2 Beneficiary Certificates
Exercise price	The sum of the principal amount of the investment trust of Type 2 beneficiary certificates (₩15,000,000,000) and the undistributed amount of dividends on preferred share of Type 2 beneficiary certificates
Exercise period	1) One month prior to the maturity date of the trust contract or 2) a period of one month from the earlier of the closing date of transaction following the sale of the real estate of the investment trust

<sup>1</sup> It is the transferee of the beneficiary certificates held by Chungmu Cloud Co., Ltd., a non-controlling shareholder of IGIS No. 412 Professional Investors' Private Placement Real Estate Investment Limited Liab., a subsidiary.

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d) Put and call options of Beneficiary Certificates of DDI LVC Master Real Estate Investment Trust Co., Ltd.

	<b>Details</b>	
Counterparty	Put option	Call option
Exerciser	DDI LVC Master Real Estate Investment Trust Co., Ltd.	The Company
Obligator	The 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 <sup>1</sup>	When the actual distribution to DDILVC Co., Ltd. is greater than the distribution in portfolio <sup>1</sup>
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 <sup>1</sup> – actual distribution)	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 <sup>1</sup> – actual distribution)
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	

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

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e) 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 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 Company; whereas, if it is negative(-), the Company shall pay the corresponding amount to TAEYOUNG ENGINEERING & CONSTRUCTION.

f) Uiseong wind Common share Put Option

**Details**

Exerciser	Mainstream 16th Co., Ltd.
Obligator	The 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 $= ₩ 5,333,200,000 + (₩ 7,500,000,000 \times 9.3\% \times \text{The number of days from the issuance date of Mainstream 16th Co., Ltd.'s shares to the payment date of the exercise price for put options of Uiseong wind} / 365) / 510,000$
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 Company 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 over-the-counter derivative contracts are disclosed in the derivative notes (see Note 22-(5)).

(18) Details of joint guarantees provided by, or provided to, the Company for existing liabilities prior to the date of split-off are as follows:

Split-off date	Details	Joint guarantees
January 1, 2022	Split-off of D&D Property Solution Co., Ltd. (formerly, D&D Living Solution Co., Ltd.) from SK D&D Co., Ltd.	SK D&D Co., Ltd. and D&D Property Solution Co., Ltd. (formerly, D&D Living Solution Co., Ltd.)

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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 Company	SK Discovery Co., Ltd. and Hahn & Co. Development Holdings Co., Ltd.
Subsidiaries	D&D INVESTMENT, ESSESCO, KORAMCO No. 117 Qualified Investors Private Real Estate Investment Trust, DDIYS832, IGIS No. 412 Professional Investors' Private Placement Real Estate Investment Limited Liab., DDIOS108, D&D Property Solution Co., Ltd., Jindo Sanwol Solar Power. Inc. and Hyundai Private Real Estate Investment Trust No. 20 <sup>1</sup>
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 1 <sup>st</sup> (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. <sup>2</sup> , Yakmok Ecopark Co., Ltd. <sup>2</sup> , Geumyang Ecopark Co., Ltd. <sup>2</sup> , Uiseong Hwanghaksan Windpower Co., Ltd. <sup>3</sup> and Chilgok Ecopark Co., Ltd. <sup>4</sup>
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 <sup>2</sup> , Shinhan Normalization General Type Private Real Estate Investment Trust No. 1 <sup>2</sup> , DDI Beak-Am Logistics REIT Co., Ltd. <sup>5</sup> , DDI Baek-Am Logistics No. 2 REIT Co., Ltd. <sup>5</sup> , Korea Space Service <sup>6</sup> , Ssgddak Co. Ltd. <sup>6</sup> , Glennmont D&D SOLAR PROJECTS 1 CO., LTD. <sup>7</sup> , Semicolon Mullae REIT CO., LTD. <sup>8</sup> and GridFlex, Inc. <sup>2</sup>
Other related parties, such as large-scale business group affiliated company <sup>9</sup>	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

<sup>1</sup>As the Company acquired control over the entity due to changes in percentage of ownership during the year ended December 31, 2023, it was reclassified from investments in associates to investments in subsidiary.

<sup>2</sup>The entity was newly acquired during the year ended December 31, 2023.

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<sup>3</sup> During the year ended December 31, 2023, the Company lost control. Although the Company owns less than half of its shares, it was reclassified from investments in subsidiaries to investments in joint ventures, as the Company holds equal voting rights for major activities of the entity.

<sup>4</sup> The Company 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.

<sup>5</sup> The entity is classified as a related party, as it is an investment in subsidiary of D&D Platform REIT Co., Ltd., an associate.

<sup>6</sup> The entity is classified as a related party, as it is an investment in subsidiary of Korea Space Data, an associate.

<sup>7</sup> The entity is classified as a related party, as it is an investment in subsidiary of Glennmont D&D Solar Holdings, an associate.

<sup>8</sup> The Company 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 Company has determined that the entity is a subsidiary in which the Company holds significant influence.

<sup>9</sup> 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							
		Type	Name of entity	Sales and others	Disposal of assets <sup>1</sup>	Purchases and others	Acquisition of assets		
Entities with joint control over the Company	SK DISCOVERY CO., LTD.	₩	9,629,873	₩	-	₩	-	₩	-
	D&D INVESTMENT		353,574,161		-		-		-
	ESSESCO		1,394,653,754		-		1,106,311,127		-
	IGIS No. 412 Professional Investors' Private Placement Real Estate Investment Limited Liab.		120,000,000		-		-		-
	DDIOS108		991,916,713		-		-		-
	D&D Property Solution Co., Ltd.		222,385,810		-		1,437,930,889		-
	Hyundai Private Real Estate Investment		91,886,575		-		-		-

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	Trust No. 20					
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	-	-	
	Connectfy Cloud Co., Ltd.	336,677,419	-	9,480,000	-	
	Yakmok Ecopark Co., Ltd.	1,792,082,639	-	-	-	
	Uiseong wind	5,015,627,397	742,457,371	-	-	
	Associates	DDISY-230 Residential REIT Co., LTD.	(101,357,172)	-	-	-
		Gunpo Mixed Use Development PFV Company	15,839,236,802	-	-	-
		Daehoji Solar Park, Inc.	28,696,439	-	-	-
		DDIVC-1 REIT Co., Ltd.	1,200,000,000	-	-	-
		DDISC49	540,000,000	-	-	-
DDI YS-40 REIT		120,594,594	-	-	-	
Korea Space Data		-	-	650,000	-	
Shinhan Normalization General Type Private Real Estate Investment Trust No. 1		123,270,547	-	-	-	
Glenmont D&D SOLAR PROJECTS 1 CO., LTD.		5,929,921	-	-	-	
Semicolon Mullae REIT CO., LTD.		-	-	268,366,860	-	
Others	Chilgok Ecopark Co., Ltd. <sup>2</sup>	2,220,623,409	-	-	-	
	SK INC.	-	-	3,183,139,990	252,503,000	
	SK ECOPLANT CO., LTD.	-	-	203,450,372	-	
	SK NETWORKS CO. LTD.	-	-	30,000,000	-	
	SK Sheidus Co., Ltd.	27,430,596	-	319,355,595	-	
	SK CHEMICALS CO., LTD.	50,995,620	-	-	-	

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SK INNOVATION CO., LTD.	-	-	438,583,900	-
SK RENT A CAR CO., LTD.	-	-	58,665,968	-
SK M&SERVICE CO., LTD.	-	-	122,470,045	-
SK PICGLOBAL CO., LTD.	162,724,643	-	-	-
SK BROADBAND CO., LTD.	10,800,000	-	73,476,930	-
HAPPYNARAE Co., Ltd.	-	-	48,061,946	625,000
SK BIOSCIENCE CO., LTD.	2,268,000	-	-	-
SK GAS LTD.	41,458,640	-	2,003,588,080	-
HUVIS CORPORATION	874,709,741	-	-	-
SK MAGIC INC.	-	-	2,856,758	-
SK Pinx Co., Ltd.	-	-	84,064,470	-
Korea Marketplace Systems Co., Ltd.	-	-	5,688,000	622,000,000
SK Telecom Co., Ltd.	-	-	11,350,500	-
	<u>₩ 64,797,399,267</u>	<u>₩ 1,320,508,701</u>	<u>₩ 9,407,491,430</u>	<u>₩ 875,128,000</u>

<sup>1</sup> It includes the amount billed for the amount recorded as advance payment, etc., by the Company in accordance with the transfer agreement.

<sup>2</sup> 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.



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(In Korean won)		2022					
		Type	Name of entity	Sales and others	Disposal of assets <sup>1</sup>	Purchases and others	Acquisition of assets
Entity with joint control over the Company	SK DISCOVERY CO., LTD.	₩	648,000	₩	-	₩	-
Subsidiaries	D&D Property Management Inc.		67,092,324		-	904,650,801	-
	D&D INVESTMENT		192,331,419		-	74,000,000	-
	ESSESCO		1,658,822,477		-	1,194,912,648	-
	DDISC49 <sup>2</sup>		88,293,150		-	-	-
	IGIS No. 412 Professional Investors' Private Placement Real Estate Investment Limited Liab.		220,000,000		-	-	-
	DDIOS108		1,061,550,136		28,367,819,580	-	-
	D&D Property Solution Co., Ltd.		85,027,560		-	457,771,302	-
Joint ventures	KORAMCO No. 120 General Type Private Real Estate Investment Trust		240,000,000		-	-	-
	DDI YS-40 REIT <sup>2</sup>		449,039,288		-	-	-
	Cheongju Ecopark Co., Ltd.		21,515,625		-	-	-
	Eumsung Ecopark Co., Ltd		97,165,937,957		-	21,109,500	-
	PungBaek Wind Farm Corporation		4,782,746		-	-	-
Associates	DDISY-230 Residential REIT Co., LTD.		1,840,241,644		-	-	-
	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.		-		-	147,030,412	47,397,800,000
	DDIVC-1 REIT Co., Ltd.		900,000,000		62,546,192,458	-	-

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Type	Name of entity	2022			
		Sales and others	Disposal of assets <sup>1</sup>	Purchases and others	Acquisition of assets
Others	DDISC49 <sup>2</sup>	2,183,050,412	-	-	-
	DDI YS-40 REIT <sup>2</sup>	581,746,458	-	-	-
	Korea Space Data	-	-	2,035,000	-
	SK INC.	-	-	2,926,641,509	835,923,429
	SK ECOPLANT CO., LTD.	-	-	188,865,640	-
	SK NETWORKS CO. LTD.	-	-	120,000,000	-
	SK shieldus Co., Ltd.	33,600,606	-	389,235,584	-
	SKC LTD.	166,072,105	-	-	-
	SK CHEMICALS CO., LTD.	58,526,320	-	1,981,069	-
	SK INNOVATION CO., LTD.	-	-	398,141,066	-
	SK RENT A CAR CO., LTD.	-	-	57,120,000	-
	SK M&SERVICE CO., LTD.	-	-	109,373,937	-
	SK PICGLOBAL CO., LTD.	157,246,047	-	37,633,381	-
	SK BROADBAND CO., LTD.	300	-	78,713,894	-
	HAPPYNARAE Co., Ltd.	-	-	45,515,360	1,230,000
	DDI Baek-Am Logistics No. 2 REIT Co., Ltd.5	3,000,000,000	-	-	-
	Semicolon Mullae REIT CO., LTD.	-	-	74,478,302	-
	SK BIOSCIENCE CO., LTD.	2,268,000	-	-	-
	SK GAS LTD.	58,548,155	-	1,877,961,592	-
	HUVIS CORPORATION	936,386,740	-	-	-
SK microworks Co., Ltd.	41,227,201	-	36,508,552	-	
		₩ 113,229,962,335	₩ 90,914,012,038	₩ 9,143,679,549	₩ 48,236,588,429

<sup>1</sup> It includes the amount billed for the amount recorded as advance payment, etc., by the Company in accordance with the transfer agreement.

<sup>2</sup> 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>		<b>2023</b>	
		<b>Receivables</b>	<b>Payables</b>
<b>Type</b>	<b>Name of entity</b>		
Entities with joint control over the Company	SK DISCOVERY CO., LTD.	₩ 10,205,409	₩ 160,743,275
	Subsidiaries		
	D&D INVESTMENT	32,671,029	200,000,000
	ESSESCO	2,450,512,886	321,511,313
	IGIS No. 412 Professional Investors' Private Placement Real Estate Investment Limited Liab.	11,000,000	-
	DDIOS108	924,000,000	-
	D&D Property Solution Co., Ltd.	103,916,200	578,313,125
Joint ventures	PungBaek Wind Farm Corporation	949,135,400	5,914,800,000
	Connectfy Cloud Co., Ltd.	127,795,161	2,085,600
	Yakmok Ecopark Co., Ltd.	7,082,639	-
	Uiseong wind	758,084,768	394,100,000
Associates	Chilgok Ecopark Co., Ltd.	-	89,946,000,000
	DDISY-230 Residential REIT Co., LTD.	1,856,600,000	-
	Gunpo Mixed Use Development PFV Company	-	1,200,000,000
	Glennmont D&D Solar Holdings	2,837,585,000	52,000,000
	Glenmont D&D SOLAR PROJECTS 1 CO., LTD.	-	3,605,300,000
Others	SK INC.	-	331,016,979
	SK Ecoplant Co., LTD.	1,040,937,000	-
	SK Sheidus Co., LTD.	280,000	140,227,667
	SK CHEMICALS CO., LTD.	7,450,698	-
	SK INNOVATION CO., LTD.	-	46,086,695
	SK RENT A CAR CO., LTD.	-	108,057,095
	SK M&SERVICE CO., LTD.	-	11,577,864
	SK PICGLOBAL CO., LTD.	58,374,640	-
	HAPPYNARAE Co., Ltd.	11,624,000	2,455,233
	SK BIOSCIENCE CO., LTD.	1,138,722	-
	SK GAS LTD.	996,300,309	569,658,148
	HUVIS CORPORATION	203,511,709	-
		<u>₩ 12,388,205,570</u>	<u>₩ 103,583,932,994</u>

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<i>(In Korean won)</i>		<b>2022</b>		
Type	Name of entity	Receivables	Payables	
Entity with joint control over the Company	SK DISCOVERY CO., LTD.	₩ 340,457	₩ 117,869,340	
Subsidiaries	D&D INVESTMENT	19,510,190	281,400,000	
	ESSESCO	1,945,680,287	365,183,520	
	IGIS No. 412 Professional Investors' Private Placement Real Estate Investment Limited Liab.	11,000,000	-	
	DDIOS108	226,268,493	-	
	D&D Property Solution Co., Ltd. (formerly, D&D Living Solution Co., Ltd.)	88,323,710	572,646,265	
	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.	2,020,841,644	-	
	Hyundai Private Real Estate Investment Trust No. 20	53,700,274	-	
	Gunpo Mixed Use Development PFV Company	65,842,912	101,086,957	
Others	Daehoji Solar Park, Inc.	102,297,396	-	
	Chilgok Ecopark	251,426,908	-	
	SK INC.	-	1,038,580,872	
	SK shieldus Co., Ltd.	280,000	226,910,621	
	SKC LTD.	27,393,560	-	
	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.	-	10,145,476	
	SK PICGLOBAL CO., LTD.	71,316,477	-	
	HAPPYNARAE Co., Ltd.	-	18,945,839	
	SK BIOSCIENCE CO., LTD.	1,191,601	-	
	SK GAS LTD.	997,958,880	1,702,322,518	
HUVIS CORPORATION	226,237,305	-		
SK microworks Co., Ltd.	50,505,456	-		
		<u>₩ 12,920,102,327</u>	<u>₩ 14,387,260,125</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>			<b>2023</b>			
Type	Name of entity	Details	Beginning balance	Increase	Decrease	Ending balance
Subsidiaries	DDIOS108	Long-term loans	₩ 3,000,000,000	₩ 5,800,000,000	₩ -	₩ 8,800,000,000
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 <sup>1</sup>	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 <sup>1</sup>	Short-term loans	-	200,000,000	(200,000,000)	-
	Gunpo Mixed Use Development PFV Company <sup>2</sup>	Current portion of 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)	-
			<u>₩ 18,483,800,000</u>	<u>₩ 76,465,200,000</u>	<u>₩ (63,147,200,000)</u>	<u>₩ 31,801,800,000</u>

<sup>1</sup> 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.

<sup>2</sup> As Gunpo Mixed Use Development PFV Company discontinued applying the equity method, a share of net profit (loss) of subsidiaries, 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 subsidiaries, associates and joint ventures accounted for using the equity method is excluded in the note above (see Note 10-(1)).

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Type	Name of entity	Details	2022			
			Beginning balance	Increase	Decrease	Ending balance
Subsidiaries	DDISC49 <sup>1</sup>	Short-term loans	₩ 6,700,000,000	₩ 1,200,000,000	₩ (7,900,000,000)	₩ -
	DDIOS108	Long-term loans	-	3,000,000,000	-	3,000,000,000
Joint ventures	DDI YS-40 REIT <sup>1</sup>	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. <sup>1</sup>	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 <sup>2</sup>	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
			₩ 30,287,852,859	₩ 12,232,927,042	₩ (29,332,368,009)	₩ 13,188,411,892

<sup>1</sup> 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.

<sup>2</sup> As Gunpo Mixed Use Development PFV Company discontinued applying the equity method, a share of net profit (loss) of subsidiaries, 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 subsidiaries, 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 Company	SK DISCOVERY CO., LTD.	Dividend paid	₩ -	₩ 9,077,266,800
	Hahn & Co. Development Holdings Co., Ltd.	Dividend paid	-	9,521,270,400
	KORAMCO No. 117 Qualified Investors Private Real Estate Investment Trust	Dividend received	-	413,802,427
	KORAMCO No. 117 Qualified Investors Private Real Estate Investment Trust	Investments	-	3,600,000,000
	DDIYS832	Dividend received	6,147,491,640	-
	DDIYS832	Disposal	-	2,091,245,266
	DDIOS108	Investments	-	4,500,000,000
	D&D Property Solution Co., Ltd.	Split-off	-	15,896,030,926
	Uiseong wind	Investments	-	500,000,000
	Jindo Sanwol Solar Power. Inc.	Investments	-	770,000,000
Joint ventures	DDI YS-40 REIT	Capital reduction	-	1,163,323,105
	Tiger Alternative Investment trust No. 318	Investments	4,000,000,000	-
	Tiger Alternative Investment trust No. 318	Disposal	253,200,000,000	-
	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	-
	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	-	

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	HHR Real Estate Private Fund No. 5	Disposal	9,980,518,796	-
	Metheus Icheon Complex Logistics Center PFV Co., Ltd	Investments	-	2,700,000,000
	Connect Pie Cloud Co., Ltd.	Investments	4,900,000,000	-
	PungBaek Wind Farm Corporation	Investments	-	7,885,440,000
	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 Investors' Private Placement Real Estate Investment Limited Liab.	Disposal	-	282,329,256
	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	982,281,778
	Gunpo Mixed Use Development PFV Company	Disposal	6,766,370,000	-
	FASSTO	Investments	-	10,661,179,000
	D&D Platform REIT Co., Ltd.	Dividend received	1,746,000,000	1,811,508,908
	DDIVC-1 REIT Co., Ltd.	Investments	5,635,000,000	37,926,000,000
	Korea Space Data	Investments	-	2,000,213,131
	DDISC49	Investments	500,000,000	-
	Glennmont D&D Solar Holdings	Investments	5,209,077,000	-
	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	440,000,000	-
	GridFlex. Inc.	Investments	7,268,316,000	-



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	Hyundai Private Real Estate Investment Trust No. 20	Dividend received	1,174,318,950	
Others	Semicolon Mullae REIT CO., LTD.	Dividend received	-	440,000,000
			<u>₩ 359,900,926,961</u>	<u>₩ 216,198,269,876</u>

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

<i>(In Korean won)</i>	<b>2023</b>	<b>2022</b>
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>

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**26. EQUITY:**

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

*(In Korean won  
in number of shares)*

	2023		2022	
	Ordinary shares	Preferred shares <sup>1</sup>	Ordinary shares	Preferred shares <sup>1</sup>
Total number of authorized shares	60,000,000	40,000,000	60,000,000	40,000,000
A par value	₩ 1,000	₩ 1,000	₩ 1,000	₩ 1,000
Total number of issued shares	22,190,164	2,000,000	22,190,164	2,000,000
Share capital	₩ 22,190,164,000	₩ 2,000,000,000	₩ 22,190,164,000	₩ 2,000,000,000

<sup>1</sup> The Company issued convertible preferred share of ₩132,860 million in 2020, and investors may request a conversion of all or part of the preferred share into registered ordinary shares of the Company from one year after the issue date of the preferred shares to 10 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 Company has the same rights as ordinary share for the excess.

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

<i>(in Korean won)</i>	2023	2022
Share premium <sup>1,2</sup>	₩ 283,809,776,297	₩ 283,809,830,429
Other reserves <sup>2</sup>	6,994,751,850	6,994,751,850
Gains sale Treasury stock <sup>2</sup>	384,000	-
	₩ 290,804,912,147	₩ 290,804,582,279

<sup>1</sup> The 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.

<sup>2</sup> The Company disposed of 640 treasury shares during the year ended December 31, 2023.

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

<i>(In Korean won)</i>	<b>2023</b>	<b>2022</b>
Share options	₩ 9,787,581,993	₩ 8,621,241,997
Treasury stock <sup>1</sup>	-	(17,664,000)
Share of other comprehensive income of associates	6,229,591,599	6,055,755,888
Share of other comprehensive loss of associates	(24,074,526,023)	(12,028,245,405)
	<u>₩ (8,057,352,431)</u>	<u>₩ 2,631,088,480</u>

<sup>1</sup> The Company disposed of 640 treasury shares during the year ended December 31, 2023.

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

<i>(In Korean won)</i>	<b>2023</b>	<b>2022</b>
Share of other comprehensive loss of associates	₩ (384,848,029)	₩ (131,053,465)
Share of other comprehensive income of associates	11,719,199	11,719,199
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)
Loss on valuation of derivative financial instruments	863,921,162	1,725,076,760
Gain on valuation of derivative financial instruments	(323,712,316)	-
	<u>₩ (487,077,220)</u>	<u>₩ 951,585,258</u>

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

<i>(in Korean won)</i>	<b>2023</b>	<b>2022</b>
Earned profit reserves <sup>1</sup>	₩ 11,871,933,032	₩ 9,892,371,112
Retained earnings before appropriation	451,914,950,003	366,456,041,963
	<u>₩ 463,786,883,035</u>	<u>₩ 376,348,413,075</u>

<sup>1</sup> The Commercial Code of the Republic of Korea requires the 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.

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(6) The appropriation of retained earnings for the years ended December 31, 2023 and 2022, is as follows:

<i>(in Korean won)</i>	<b>2023</b>	<b>2022</b>
Unappropriated retained earnings carried over from prior year	₩ 355,324,251,403	₩ 304,476,505,613
Remeasurements of net defined benefit liabilities	492,805,063	(1,313,432,672)
Profit for the year	106,741,284,097	73,936,359,582
Interim dividends	(9,675,809,600)	(9,675,809,600)
Earned profit reserves	(967,580,960)	(967,580,960)
Retained earnings available for appropriation	<u>451,914,950,003</u>	<u>366,456,041,963</u>
Appropriation of retained earnings		
Cash dividend	10,120,065,600	10,119,809,600
Earned profit reserves	<u>1,012,006,560</u>	<u>1,011,980,960</u>
Unappropriated retained earnings to be carried forward	<u>₩ 440,782,877,843</u>	<u>₩ 355,324,251,403</u>

The appropriation of retained earnings for the year ended December 31, 2023, is expected to be appropriated on March 26, 2024. The appropriation date for the year ended December 31, 2022, was March 27, 2023.

(7) 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/June 30, 2022)

<i>(In Korean won)</i>	<b>2023</b>	<b>2022</b>
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>	<b>2023</b>	<b>2022</b>
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 Company has granted share options to executives and employees. Details are as follows:

*(In Korean won, in number of shares)*

<b>Grant date</b>	<b>Number of shares to be issued</b>	<b>Exercise period</b>	<b>Exercise price</b>		<b>Fair value at grant date</b>
2016.03.18 <sup>1</sup>	120,000	2018.03.18 – 2025.03.17	₩	38,450	₩ 29,025
2017.03.24 <sup>1</sup>	120,000	2019.03.24 – 2026.03.23		25,900	7,671
2018.03.27 <sup>1</sup>	120,000	2020.03.27 – 2025.03.26		28,500	8,707
2022.03.23 <sup>2</sup>	271,700	2025.03.23 – 2029.03.22		30,200	8,828 – 10,814

<sup>1</sup> 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, and the actual amount is the fair value at the initial grant date.

<sup>2</sup> 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>	<b>Granted on March 18, 2016</b>		<b>Granted on March 24, 2017</b>		<b>Granted on March 27, 2018</b>		<b>Granted on March 23, 2022<sup>1</sup></b>	
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

<sup>1</sup> 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) Details of changes in share options for the year ended December 31, 2023, are as follows:

*(In Korean won, in  
number of shares)*

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

<sup>1</sup> Cumulative share-based payment expenses due to grant of share options is fully recognized.

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**28. OPERATING SEGMENT:**

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

(1) The Company 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

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

<i>(In Korean won)</i>		<b>2023</b>								
		<b>Real estate development/operation</b>		<b>Renewable energy</b>		<b>ESS</b>		<b>Undistributed</b>		<b>Total</b>
Operating revenue	₩	318,227,951,654	₩	55,690,149,402	₩	30,816,401,684	₩	-	₩	404,734,502,740
Operating profit (loss)		208,047,918,402		10,367,051,831		4,956,764,323		(36,435,351,587)		186,936,382,969
Depreciation and amortization <sup>1</sup>		3,954,010,106		4,951,291,137		14,913,938,204		4,473,859,576		28,293,099,023

<sup>1</sup> Sum of depreciation of property, plant and equipment; depreciation of investment property; depreciation of right-of-use assets and amortization of intangible assets

<i>(In Korean won)</i>		<b>2022</b>								
		<b>Real estate development/operation</b>		<b>Renewable energy</b>		<b>ESS</b>		<b>Undistributed</b>		<b>Total</b>
Operating revenue	₩	340,277,545,037	₩	130,645,151,466	₩	31,310,988,548	₩	-	₩	502,233,685,051
Operating profit (loss)		50,257,727,008		17,082,446,474		7,795,995,835		(36,488,527,550)		38,647,641,767
Depreciation and amortization <sup>1</sup>		3,966,136,074		4,858,734,976		14,858,566,980		3,595,033,394		27,278,471,424

<sup>1</sup> Sum of depreciation of property, plant and equipment; depreciation of investment property; depreciation of right-of-use assets; and amortization of intangible assets

Selling and administrative expenses and finance income and costs, which are managed on the Company 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:

	<b>2023</b>				
	<b>Real estate development/ operation</b>	<b>Renewable energy</b>	<b>ESS</b>	<b>Unallocated</b>	<b>Total</b>
Total assets	₩ 1,302,249,753,006	₩ 347,570,983,044	₩ 169,525,277,914	₩ 325,233,460,481	₩ 2,144,579,474,445
Non-current assets <sup>1</sup>	105,103,210,266	51,974,841,592	150,947,149,415	9,622,766,417	317,647,967,690
Total liabilities	731,569,956,176	176,371,346,243	8,683,243,692	457,717,398,803	1,374,341,944,914

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

	<b>2022</b>				
	<b>Real estate development/ operation</b>	<b>Renewable energy</b>	<b>ESS</b>	<b>Unallocated</b>	<b>Total</b>
Total assets	₩ 1,301,799,891,929	₩ 212,446,121,720	₩ 185,979,976,834	₩ 240,097,372,751	₩ 1,940,323,363,234
Non-current assets <sup>1</sup>	108,677,159,417	54,604,457,463	164,484,971,633	11,073,688,179	338,840,276,692
Total liabilities	708,071,761,273	104,662,619,918	6,555,322,935	426,107,826,016	1,245,397,530,142

<sup>1</sup> 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 Company is classified as follows, and all operating revenues were generated in domestic for the years ended December 31, 2023 and 2022, are as follows:

(In Korean won)

	<b>2023</b>			
	<b>Real estate development/ operation</b>	<b>Renewable energy</b>	<b>ESS</b>	<b>Total</b>
<b>1. Revenue from contracts with customers</b>				
At a point in time				
Products	₩ -	₩ 12,064,218,030	₩ 4,403,295,100	₩ 16,467,513,130
Services	836,968,182	8,865,499,519	26,413,106,584	36,115,574,285
Housing	4,191,393,855	-	-	4,191,393,855
Operation	11,632,441	-	-	11,632,441
	<u>5,039,994,478</u>	<u>20,929,717,549</u>	<u>30,816,401,684</u>	<u>56,786,113,711</u>
Over time				
Services	4,497,272,013	2,313,718,348	-	6,810,990,361
Rental	7,116,650,576	-	-	7,116,650,576
Construction	14,250,586,757	32,446,713,505	-	46,697,300,262
Housing	53,172,629,071	-	-	53,172,629,071
	<u>79,037,138,417</u>	<u>34,760,431,853</u>	<u>-</u>	<u>113,797,570,270</u>
<b>2. Revenue from other sources</b>				
Profit related to equity method <sup>1</sup>	234,150,818,759	-	-	234,150,818,759
	<u>₩ 318,227,951,654</u>	<u>₩ 55,690,149,402</u>	<u>₩ 30,816,401,684</u>	<u>₩ 404,734,502,740</u>

<sup>1</sup> Gain on valuation of ₩11,911,991,725 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	Total
<b>1. Revenue from contracts with customers</b>				
At a point in time				
Merchandises	₩ -	₩ 97,154,640,000	₩ -	₩ 97,154,640,000
Products	-	17,343,703,180	1,663,939,100	19,007,642,280
Services	27,113,281,643	-	29,647,049,448	56,760,331,091
Housing	2,633,711,458	-	-	2,633,711,458
Operation	38,787,457	-	-	38,787,457
	<u>29,785,780,558</u>	<u>114,498,343,180</u>	<u>31,310,988,548</u>	<u>175,595,112,286</u>
Over time				
Services	4,770,524,085	2,239,902,319	-	7,010,426,404
Rental	4,346,144,616	-	-	4,346,144,616
Construction	-	13,906,905,967	-	13,906,905,967
Housing	275,219,842,668	-	-	275,219,842,668
	<u>284,336,511,369</u>	<u>16,146,808,286</u>	<u>-</u>	<u>300,483,319,655</u>
<b>2. Revenue from other sources</b>				
Profit related to equity method <sup>1</sup>	26,155,253,110	-	-	26,155,253,110
	<u>₩ 340,277,545,037</u>	<u>₩ 130,645,151,466</u>	<u>₩ 31,310,988,548</u>	<u>₩ 502,233,685,051</u>

<sup>1</sup> Gain on valuation of ₩6,751,699,651 and gain on disposal of ₩19,403,553,459 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 Company's revenue, and the ratio of the total operating income for the years ended December 31, 2023 and 2022, are as follows:

(In Korean won)

2023

	Reportable segment	Amount	Percentage
Customer A	Real estate development/ operation	₩ 215,472,457,034	53.24%

(In Korean won)

2022

	Reportable segment	Amount	Percentage
Customer A	Renewable energy	₩ 97,154,640,000	19.34%

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**29. OPERATING EXPENSES:**

Details of operating expenses for the years ended December 31, 2023 and 2022, are as follows:

<i>(In Korean won)</i>	<b>2023</b>	<b>2022</b>
Changes in inventories (including land)	₩ 14,033,832,417	₩ 168,457,142,555
Raw materials used	3,568,980,099	3,465,887
Employee benefits expenses	40,234,887,306	35,839,086,272
Depreciation (including depreciation of investment property)	22,817,849,724	22,885,367,496
Depreciation of right-of-use assets	2,628,186,829	1,914,769,935
Amortization	2,847,062,470	2,478,333,993
Outsourcing expenses	26,690,553,020	106,932,740,000
Commission expenses	63,824,089,508	52,386,582,341
Taxes and dues	742,706,658	14,484,537,872
Rental expenses	641,814,543	1,213,108,624
Advertising expense	458,626,449	1,250,755,165
Loss related to equity method <sup>1,2</sup>	29,827,621,741	46,314,352,030
Other	9,481,909,007	9,425,801,114
	<u>₩ 217,798,119,771</u>	<u>₩ 463,586,043,284</u>

<sup>1</sup> Loss on valuation of ₩18,577,387,189, 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)).

<sup>2</sup> Loss on valuation of ₩39,719,221,440, 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)).

**SK D&D Co., Ltd.**  
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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>	<b>2023</b>	<b>2022</b>
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	128,006,232
Other income on real estate	-	60,608,308,795
Miscellaneous gains	5,313,958,711	3,901,746,039
	<u>₩ 5,909,820,727</u>	<u>₩ 65,979,818,029</u>
Other non-operating expenses		
Loss on disposal of investment in associates	₩ 96,085,534	₩ -
Impairment loss in investment in associates	3,308,945,987	-
Loss on disposal of property, plant and equipment	21,492,537	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	416,670,965	1,995,011,677
	<u>₩ 9,797,695,449</u>	<u>₩ 4,403,751,473</u>

**SK D&D Co., Ltd.**  
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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>	<b>2023</b>	<b>2022</b>
Finance income		
Interest income	₩ 10,318,293,814	₩ 4,954,483,938
Gain on foreign currency transaction	536,807,131	484,767,700
Gain on foreign currency translation	91,031,605	488,633,821
Dividend income	1,346,089,777	1,532,808,217
Gain on derivative transactions	4,295,335,401	22,905,424
Gain on valuation of derivatives	2,137,527,816	4,143,702,017
Gain on valuation of firm commitments	438,060,857	-
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	177,058,035	3,040,037,114
Gain on disposal of financial assets at fair value through profit or loss	604,186,886	1,780,601,529
	<u>₩ 20,789,311,952</u>	<u>₩ 18,155,437,010</u>
Finance costs		
Interest expenses	₩ 38,615,388,308	₩ 23,738,610,952
Loss on foreign currency transaction	2,904,673,722	5,399,561,556
Loss on foreign currency translation	786,325,110	11,918,787
Loss on derivative transactions	394,824,175	320,764,732
Loss on valuation of derivatives	6,555,814,291	2,029,000,000
Loss on valuation of firm commitments	579,568,048	-
Financial guarantee expenses	844,920,630	1,707,497,250
Loss on valuation of financial assets at fair value through profit or loss	7,678,137,763	356,331,414
	<u>₩ 58,359,652,047</u>	<u>₩ 33,563,684,691</u>

**SK D&D Co., Ltd.**  
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**31. TAX EXPENSE:**

(1) Income tax expense for the years ended December 31, 2023 and 2022, consists of:

<i>(In Korean won)</i>	<b>2023</b>	<b>2022</b>
Current income taxes	₩ 42,635,407,291	₩ 27,788,737,210
Additional payment of income taxes (refunds) and others	(759,620,107)	(515,753,418)
Changes in deferred tax due to temporary differences	(11,159,144,613)	(876,026,815)
Income tax expense charged directly to equity	4,041,696,258	(1,781,282,653)
Income tax expense	<u>₩ 34,758,338,829</u>	<u>₩ 24,615,674,324</u>
Effective tax rate	<u>24.56%</u>	<u>24.98%</u>

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

<i>(In Korean won)</i>	<b>2023</b>	<b>2022</b>
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	3,819,541,340	(1,928,071,382)
Actuarial gains and losses	(158,192,377)	455,554,002
	<u>₩ 4,041,696,258</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>	<b>2023</b>	<b>2022</b>
Profit before income tax	₩ 141,499,622,926	₩ 98,552,033,906
Income tax based on statutory tax rate	32,301,625,678	23,404,200,699
Adjustments:		
Non-deductible expense (2023: ₩3,329,699,989, 2022: ₩3,466,551,090)	760,132,460	823,238,793
Effect of unrecognized deferred tax among temporary differences	(1,221,588,317)	(2,437,835,605)
Additional payment of income taxes	(759,620,107)	(515,753,418)
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.)	272,530,602	847,716,744
Income tax expense	<u>₩ 34,758,338,829</u>	<u>₩ 24,615,674,324</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)

	<b>2023</b>			
	<b>Beginning balance</b>	<b>Profit or loss</b>	<b>Charged (credited) directly to the equity</b>	<b>Ending balance</b>
Investment in subsidiaries and associates	₩ 15,971,124,092	₩ 9,249,865,046	₩ 3,819,541,340	₩ 29,040,530,478
Defined benefit obligations	2,590,554,602	(241,104,929)	-	2,349,449,673
Depreciation	220,326,398	22,090,119	-	242,416,517
Gain on foreign currency translation	1,221,258,106	306,358,717	-	1,527,616,823
Gain on valuation of securities	2,745,051,386	1,641,921,774	-	4,386,973,160
Unpaid annual leave	159,812,743	20,809,089	-	180,621,832
Long-term employee benefits	57,248,531	15,047,911	-	72,296,442
Provision for warranty	423,537,433	(60,564,727)	-	362,972,706
Provision for loss compensation	225,869,539	-	-	225,869,539
Finance costs on advance receipts	315,334,600	1,055,598,356	-	1,370,932,956
Accrued income	(465,297,100)	(68,368,841)	-	(533,665,941)
Plan assets	(2,590,554,602)	241,104,929	-	(2,349,449,673)
Interest on construction funds	(8,261,624,583)	(6,299,365,006)	-	(14,560,989,589)
Valuation of derivatives	(1,480,062,287)	26,000,263	380,347,295	(1,073,714,729)
Provision for long-term maintenance	667,255,101	-	-	667,255,101
Conversion of journal entry (lease)	33,236,136	192,111,886	-	225,348,022
allowance for doubtful account	339,017,927	(25,654,516)	-	313,363,411
Asset impairment	543,720,789	-	-	543,720,789
Actuarial gains and losses	-	158,192,377	(158,192,377)	-
Long-term borrowings (present-value discounts)	(980,703,602)	174,627,992	-	(806,075,610)
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
Bonuses	2,021,031,000	290,628,000	-	2,311,659,000
Others	748,633,901	418,149,915	-	1,166,783,816
	<u>₩ 14,890,461,868</u>	<u>₩ 7,117,448,355</u>	<u>₩ 4,041,696,258</u>	<u>₩ 26,049,606,481</u>

**SK D&D Co., Ltd.**  
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(In Korean won)

	<b>2022</b>				
	<b>Beginning balance</b>	<b>Transfer</b>	<b>Profit or loss</b>	<b>Charged (credited) directly to the equity</b>	<b>Ending balance</b>
Investment in subsidiaries and associates	₩ 12,347,237,023	₩ -	₩ 5,551,958,451	₩ (1,928,071,382)	₩ 15,971,124,092
Defined benefit obligations	2,499,650,491	(219,523,026)	310,427,137	-	2,590,554,602
Loss on valuation of inventories	68,144,151	-	(68,144,151)	-	-
Depreciation	192,418,005	-	27,908,393	-	220,326,398
Gain on foreign currency translation	689,972,511	-	531,285,595	-	1,221,258,106
Gain (loss) on valuation of securities	2,885,145,163	-	(147,006,931)	6,913,154	2,745,051,386
Unpaid annual leave	136,424,331	-	23,388,412	-	159,812,743
Long-term employee benefits	36,695,202	-	20,553,329	-	57,248,531
Provision for warranty	425,176,577	-	(1,639,144)	-	423,537,433
Provision for loss compensation	587,500,000	-	(361,630,461)	-	225,869,539
Finance costs on advance receipts	658,131,477	-	(342,796,877)	-	315,334,600
Accrued income	(563,415,043)	-	98,117,943	-	(465,297,100)
Plan assets	(2,301,955,648)	219,523,026	(508,121,980)	-	(2,590,554,602)
Interest on construction funds	(3,497,994,380)	-	(4,763,630,203)	-	(8,261,624,583)
Amortization (goodwill)	(656,702,488)	-	656,702,488	-	-
Valuation of derivatives	(156,003,546)	-	(1,008,380,314)	(315,678,427)	(1,480,062,287)
Provision for long-term maintenance	640,820,436	-	26,434,665	-	667,255,101
Conversion of journal entry (lease)	175,277,198	-	(142,041,062)	-	33,236,136
Allowance for valuation loss of REC	52,685,087	-	(52,685,087)	-	-
allowance for doubtful account	322,118,270	(14,894,005)	31,793,662	-	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)	-	56,002,003	-	(980,703,602)
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	(253,689,889)	-	1,002,323,790	-	748,633,901
	<b>₩ 14,029,329,058</b>	<b>₩ (14,894,005)</b>	<b>₩ 2,657,309,468</b>	<b>₩ (1,781,282,653)</b>	<b>₩ 14,890,461,868</b>



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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>	<b>2023</b>	<b>2022</b>
Investment in subsidiaries <sup>1</sup>	₩ (20,037,737,385)	₩ (15,010,624,969)
Investment in joint ventures and associates	60,000,000	60,000,000
	<u>₩ (19,977,737,385)</u>	<u>₩ (14,950,624,969)</u>

<sup>1</sup> Among the deductible (taxable) temporary differences in subsidiaries in which the 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:

<i>(In Korean won, in shares)</i>	<b>2023</b>	<b>2022</b>
Profit attributable to ordinary shares <sup>1</sup>	₩ 96,041,097,715	₩ 65,948,426,372
Weighted-average number of ordinary shares outstanding <sup>2</sup>	22,189,705	22,189,524
Basic and diluted earnings per share	<u>₩ 4,328</u>	<u>₩ 2,972</u>

<sup>1</sup> Preferred shares are deducted from profit attributable to ordinary shares.

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

<sup>3</sup> For the current and prior years, since there is no dilutive effect, basic earnings per ordinary share and diluted earnings per ordinary share are the same.

(2) The Company 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:

<i>(In Korean won, in shares)</i>	<b>2023</b>	<b>2022</b>
Profit attributable to preferred shares <sup>1</sup>	₩ 10,700,186,382	₩ 7,987,933,210
Weighted-average number of preferred shares outstanding	2,000,000	2,000,000
Basic earnings per share	<u>₩ 5,350</u>	<u>₩ 3,994</u>

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<sup>1</sup> It is the amount corresponding to the percentage of preferred share among the amount after deducting the dividend on preferred share from the annual 4% dividend and profit attributable to ordinary shares.

<sup>2</sup> When calculating diluted earnings per preferred share for the current and prior years, as there are no potential preferred shares, basic earnings per preferred shares and diluted earnings per preferred shares are the same.

(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 calculated as follows.

*a) Basic and diluted earnings per ordinary share*

<i>(in shares)</i>	<b>Period</b>	<b>Changes in details</b>	<b>Number of shares</b>	<b>Number of days</b>	<b>Weighted-average number of shares</b>
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

<sup>1</sup> For the current and prior years, since there is no dilutive effect, basic earnings per ordinary share and diluted earnings per ordinary share are the same.

*b) Basic and diluted earnings per preferred share*

<i>(In shares)</i>	<b>Period</b>	<b>Changes in details</b>	<b>Number of shares</b>	<b>Number of days</b>	<b>Weighted-average number of shares</b>
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

<sup>1</sup> For the current and prior years, since there is no dilutive effect, basic earnings per preferred share and diluted earnings per preferred share are the same.

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**33. CASH FLOWS:**

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

<i>(In Korean won)</i>	<b>2023</b>	<b>2022</b>
Loss related to equity method (operating)	₩ 29,827,621,741	₩ 46,314,352,030
Depreciation	21,133,145,144	20,944,642,036
Depreciation of investment property	1,684,704,580	1,940,725,460
Depreciation of right-of-use assets	2,628,186,829	1,914,769,935
Amortization	2,847,062,470	2,478,333,993
Impairment loss	2,504,096,283	186,920,236
Loss on disposal of right-of-use assets	106,929,134	46,528,231
Loss on disposal of property, plant and equipment	21,492,537	13,800,700
Loss on disposal of intangible assets	51,100,000	47,510,002
Loss on inventory obsolescence	231,890	-
Share-based payment expenses	1,166,339,996	971,949,997
Post-employment benefits	1,883,272,617	2,134,449,539
Interest expenses	38,615,388,308	23,738,610,952
Loss on foreign currency translation	786,325,110	11,918,787
Contribution to provision for long-term maintenance	-	19,010,292
Contribution to provision for warranty	-	279,167,705
Contribution to provision for losses	4,763,722,888	
Loss on derivative transactions	394,824,175	320,764,732
Loss on valuation of derivatives	6,555,814,291	2,029,000,000
Gain on valuation of firm commitments	579,568,048	-
Financial guarantee expenses	844,920,630	1,707,497,250
Share of loss of associates and joint ventures	17,103,285,207	9,277,120,420
Income tax expense	34,758,338,829	24,615,674,324
Loss on disposal of investment in associates	96,085,534	-
Impairment loss on investment in associates	3,308,945,987	-
Loss on valuation of financial assets at fair value through profit or loss	7,678,137,763	356,331,414
Profit related to equity method (operating)	(234,150,818,759)	(26,155,253,110)
Interest income	(10,318,293,814)	(4,954,483,938)
Dividend income	(1,346,089,777)	(1,532,808,217)
Gain on foreign currency translation	(91,031,605)	(488,633,821)
Reversal of allowance for doubtful account	(2,366,348,712)	(114,683,955)
Reversal of provision for warranty	(177,070,910)	-
Reversal of loss on valuation of inventories	-	(224,191,858)
Gain on derivative transactions	(4,295,335,401)	(22,905,424)

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

Gain on valuation of derivatives	(2,137,527,816)	(4,143,702,017)
Gain on valuation of firm commitments	(438,060,857)	-
Gain on disposal of property, plant and equipment	(40,584,165)	(150,146,231)
Gain on disposal of intangible assets	(67,955,254)	-
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	(177,058,035)	(3,040,037,114)
Gain on disposal of financial assets at fair value through profit or loss	(604,186,886)	(1,780,601,529)
Share of profit of associates and joint ventures	(13,124,739,981)	(23,013,693,684)
Gain on disposal of right-of-use assets	(53,894,383)	(128,006,232)
Miscellaneous gains (effect of re-estimating the lease)	(1,398,651)	-
Gain on disposal of investment in associates	(186,568,608)	(1,092,791,070)
Gain on disposal of investment in subsidiaries	(11,622,934)	-
Other income on real estate	-	(60,608,308,795)
	<u>₩ (91,093,967,187)</u>	<u>₩ 10,191,333,790</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>	<b>2023</b>	<b>2022</b>
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)
Disposal of investment in subsidiaries (operating)	-	2,091,245,266
Acquisition of investment in subsidiaries (operating)	-	(8,100,000,000)
Decrease (increase) in trade and other receivables	13,561,543,945	(17,465,150,695)
Increase in inventories	(75,124,535,801)	(11,939,251,920)
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	(54,036,764,791)	(3,571,028,314)
(Increase) decrease in other non-current assets	(475,443,439)	363,931,271
Increase in trade and other payables	9,156,461,668	13,683,381,352
Increase in contract liabilities	24,937,455,850	50,088,344,054
Increase (decrease) in other current liabilities	88,680,481,775	(10,832,613,242)
Increase in other non-current liabilities	4,532,555,959	2,299,067,837
Increase in lease receivables	1,994,156,874	2,036,160,684
Transfer from associates	26,110,925	2,458,780
Benefit payments	1,996,877,074	(1,941,191,460)
Decrease in provisions	(72,166,652)	(1,915,973,058)
Contribution to plan assets	(2,984,087,677)	(3,234,246,356)
	<u>₩ 233,998,930,758</u>	<u>₩ (30,926,794,140)</u>

**SK D&D Co., Ltd.**  
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(3) The statements of cash flows of the Company 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>	<b>2023</b>	<b>2022</b>
Change in scope of consolidation	₩ 2,644,456,696	₩ 4,716,667,179
Transfer of investment in joint ventures to investment in associates	-	8,464,185,394
Transfer of long-term borrowings to current portion	257,119,006,630	224,874,360,974
Transfer of long-term loans to current portion	9,155,876,932	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 prepayments 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	-	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	-
Purchase of right of use assets(new contract lease liabilities)	1,093,554,150	995,452,358
Purchase of right of use assets(used in provisions for restoration and rehabilitation)	835,742,480	-
Non-trade payables related to the acquisition of property, plant and equipment, and intangible assets	632,608,582	145,915,582
Transfer of leasehold deposits received to current portion	2,688,333,330	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	4,513,582,251	3,223,004,597
Transfer of debentures to current portion	200,371,643,662	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
Transfer of assets and liabilities due to split-off	-	12,594,803,726

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(4) Changes in liabilities arising from financial activities for the years ended December 31, 2023 and 2022, are as follows:

	2023			
	Beginning balance	Financing cash flows	Others <sup>1</sup>	Ending balance
Short-term borrowings	₩ 8,000,000,000	₩ 27,000,000,000	₩ -	₩ 35,000,000,000
Current lease liabilities	3,444,886,749	(4,790,975,947)	4,513,582,251	3,167,493,053
Current portion of long-term borrowings	196,816,861,002	(162,352,700,000)	257,176,527,705	291,640,688,707
Current portion of debentures	74,924,581,109	(75,000,000,000)	201,535,011,686	201,459,592,795
Long-term borrowings	554,649,931,717	136,413,766,668	(255,202,904,004)	435,860,794,381
Non-current debentures	250,136,172,342	37,917,000,000	(200,180,493,445)	87,872,678,897
Non-current lease liabilities	12,713,946,693	-	(3,477,974,770)	9,235,971,923
Dividend payable	-	(19,795,619,200)	19,795,619,200	-
	<u>₩ 1,100,686,379,612</u>	<u>₩ (60,608,528,479)</u>	<u>₩ 24,159,368,623</u>	<u>₩ 1,064,237,219,756</u>

<sup>1</sup> Effects on foreign currency translation of liabilities and reclassification to current portion, etc., are included.

	2022				
	Beginning balance	Financing cash flows	Split-off	Others <sup>1</sup>	Ending balance
Short-term borrowings	₩ 8,000,000,000	₩ -	₩ -	₩ -	₩ 8,000,000,000
Current lease liabilities	4,816,582,441	(4,594,700,289)	-	3,223,004,597	3,444,886,749
Current portion of long-term borrowings	214,745,719,555	(244,162,000,000)	-	226,233,141,447	196,816,861,002
Current portion of debentures	75,417,364,993	(74,704,000,000)	-	74,211,216,116	74,924,581,109
Long-term borrowings	408,962,117,247	369,366,400,000	-	(223,678,585,530)	554,649,931,717
Non-current debentures	251,574,234,093	69,790,000,000	-	(71,228,061,751)	250,136,172,342
Non-current lease liabilities	14,853,188,205	-	(482,825,771)	(1,656,415,741)	12,713,946,693
Dividend payable	-	(29,471,428,800)	-	29,471,428,800	-
	<u>₩ 978,369,206,534</u>	<u>₩ 86,224,270,911</u>	<u>₩ (482,825,771)</u>	<u>₩ 36,575,727,938</u>	<u>₩ 1,100,686,379,612</u>

<sup>1</sup> Effects on foreign currency translation of liabilities and reclassification to current portion, etc., are included.

**SK D&D Co., Ltd.**  
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**34. FAIR VALUE:**

(1) The Company 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:

(In Korean won)	2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	₩ -	₩ 26,177,058,035	₩ 50,131,121,618	₩ 76,308,179,653
Derivatives designated as hedging	-	6,787,685,645	-	6,787,685,645
Derivatives not designated as hedging	-	-	6,344,000,000	6,344,000,000
Financial liabilities				
Derivatives designated as hedging	-	474,275,946	-	474,275,946
Derivatives not designated as hedging	-	-	8,290,322,430	8,290,322,430
(in Korean won)	2022			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	₩ -	₩ 34,777,341,097	₩ 62,854,471,764	₩ 97,631,812,861
Financial assets at fair value through other comprehensive income	-	-	3,800,000	3,800,000
Derivatives designated as hedging	-	7,995,856,942	-	7,995,856,942
Derivatives not designated as hedging	-	-	4,429,000,000	4,429,000,000
Financial liabilities				
Derivatives designated as hedging	-	845,065,641	-	845,065,641
Derivatives not designated as hedging	-	-	5,489,000,000	5,489,000,000

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, long- and short-term borrowings 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.



**SK D&D Co., Ltd.**  
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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	₩ 16,430,701,931	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	20,721,419,687	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	6,344,000,000	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	6.06% – 21.95%	Fair value of the option increases (decreases) as the underlying asset increases (decreases)
			Cost of equity	15.22%	
Derivative liabilities	8,290,332,430		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	₩	16,116,434,579	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		31,089,168,599	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		4,429,000,000	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%	
				Volatility of the underlying assets	14.00% – 30.00%	Fair value of the option increases (decreases) as the underlying asset increases (decreases)
Derivative liabilities		5,489,000,000				

**SK D&D Co., Ltd.**  
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**35. PURPOSE AND POLICY OF FINANCIAL RISK MANAGEMENT:**

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

The Company is exposed to market risk, credit risk and liquidity risk and the Company's key management oversees the management of these risks. It is the Company'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 Company 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 ₩ 73,957 million (2022: ₩ 280,103 million).

*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 Company's monetary assets and liabilities denominated in foreign currencies as of December 31, 2023 and 2022, is as follows:

	<i>(In Korean won)</i>	2023		2022	
		Assets	Liabilities <sup>1</sup>	Assets	Liabilities <sup>1</sup>
USD	₩	75,946	₩	72,680	₩
EUR		-	-	-	17,835,840
GBP		-	98,507,400	-	-

<sup>1</sup> The Company 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 Company'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 Company internally assesses the currency risk against changes in exchange rate fluctuations regularly. The impact on profit or loss is limited as the Company effectively manages foreign currency risk through currency futures trading.

		2023		2022	
		Increase 5%	Decrease 5%	Increase 5%	Decrease 5%
USD	₩	3,797	₩ (3,797)	₩ 3,634	₩ (3,634)
EUR		-	-	(891,792)	891,792
GBP		(4,925,370)	4,925,370	-	-

The Company has entered into a loss limit agreement for derivatives 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 Company.

*a) Trade and other receivables*

The Company deals with customers who have robust credit quality for those who want credit transaction with the Company, which the credit quality is assessed by the Company's credit investigation procedure. The Company 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 Company 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 Company 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 Company'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 Company 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.

**SK D&D Co., Ltd.**  
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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>	<b>2023</b>		<b>2022</b>	
Financial assets at fair value through profit or loss	₩	76,308,179,653	₩	97,631,812,861
Financial assets at amortized cost		403,061,410,940		308,054,130,605
Derivatives designated as hedging		6,787,685,645		7,995,856,942
Derivatives not designated as hedging		6,344,000,000		4,429,000,000
Financial assets at fair value through other comprehensive income		-		3,800,000
	₩	<u>492,501,276,238</u>	₩	<u>418,114,600,408</u>

*(3) Liquidity risk*

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

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

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

<i>(In Korean won)</i>	<b>2023</b>				
	<b>Less than 3 months</b>	<b>Between 3 months to 1 year</b>	<b>Between 1 year and 4 years</b>	<b>Over 4 years</b>	<b>Total</b>
Trade and other payables <sup>1</sup>	₩ 29,805,199,941	₩ -	₩ -	₩ -	₩ 29,805,199,941
Short-term borrowings	27,255,233,808	8,003,438,904	-	-	35,258,672,712
Current portion of long-term borrowings	6,308,644,255	296,295,085,126	-	-	302,603,729,381
Current portion of debentures	131,823,480,495	72,301,659,677	-	-	204,125,140,172
Long-term trade and other payables <sup>1</sup>	-	-	800,000,000	600,000,000	1,400,000,000
Long-term borrowings	7,132,371,827	21,430,803,154	427,402,324,703	27,317,105,806	483,282,605,490
Debentures	1,320,123,288	3,989,383,562	89,675,493,151	-	94,985,000,001
Long-term financial guarantee liabilities	-	-	5,194,574,630	-	5,194,574,630
	₩ <u>203,645,053,614</u>	₩ <u>402,020,370,423</u>	₩ <u>523,072,392,484</u>	₩ <u>27,917,105,806</u>	₩ <u>1,156,654,922,327</u>

<sup>1</sup> Lease liabilities and non-financial liabilities are excluded.

**SK D&D Co., Ltd.**  
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(In Korean won)

	<b>2022</b>				
	<b>Less than 3 months</b>	<b>Between 3 months to 1 year</b>	<b>Between 1 year and 4 years</b>	<b>Over 4 years</b>	<b>Total</b>
Trade and other payables <sup>1</sup>	₩ 19,354,960,832	₩ -	₩ -	₩ -	₩ 19,354,960,832
Short-term borrowings	75,353,424	8,002,511,781	-	-	8,077,865,205
Current portion of long-term borrowings	30,424,644,124	169,664,186,930	-	-	200,088,831,054
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 <sup>1</sup>	-	-	800,000,000	1,091,553,121	1,891,553,121
Long-term borrowings	7,364,133,676	22,501,519,566	555,367,177,263	43,163,202,310	628,396,032,815
Debentures	2,714,777,162	8,295,152,438	256,271,413,870	-	267,281,343,470
Long-term financial guarantee liabilities	-	-	-	4,141,479,450	4,141,479,450
	<u>₩ 60,848,168,712</u>	<u>₩ 285,307,918,660</u>	<u>₩ 812,438,591,133</u>	<u>₩ 48,396,234,881</u>	<u>₩ 1,206,990,913,386</u>

<sup>1</sup> Lease liabilities non-financial liabilities 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 Company'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 Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain sound capital structure, the Company 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 Company 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)

	<b>2023</b>	<b>2022</b>
Total liabilities	₩ 1,374,341,944,914	₩ 1,245,397,530,142
Equity capital	770,237,529,531	694,925,833,092
Debt ratio	<u>178.43%</u>	<u>179.21%</u>

**SK D&D Co., Ltd.**  
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**36. EVENTS AFTER THE REPORTING PERIOD:**

(1) Split-off

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

(4) On March 4, 2024, during the board meeting, the Company resolved to borrow ₩38.25 billion cash from DDISF PFV Co., Ltd. for the funding required for the Seoul Forest Office project. The contract is scheduled to be signed on March 22, 2024.

(5) On March 12, 2024, the Company 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 Company.

**37. APPROVAL OF ISSUANCE OF THE SEPARATE FINANCIAL STATEMENTS:**

The separate 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. Approval of Issuance of the Financial Statement

## **Independent Auditor's Report on Internal Control over Financial Reporting**

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and the Shareholders of

SK D&D Co., Ltd.:

### **Audit Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of SK D&D Co., Ltd. (the "Company") as of December 31, 2023, based on 'Conceptual Framework for Design and Operation of Internal Control over Financial Reporting'.

In our opinion, the Company's internal control over financial reporting is designed and operated effectively as of December 31, 2023, in all material respects, in accordance with the 'Conceptual Framework for Design and Operation of Internal Control over Financial Reporting.'

We have also audited, in accordance with the Korean Standards on Auditing("KSAs"), the financial statements of the Company, which comprise the statement of financial position as of December 31, 2023, and the statement of comprehensive income, separate statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including material accounting policy information, and our report dated March 15, 2024, expressed.

### **Basis for Audit Opinion**

We conducted our audit in accordance with KSAs. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the internal control over financial reporting in 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 opinion.

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

Management is responsible for designing, operating and maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Internal Control over Financial Reporting Operating Status Report by CEO.

Those charged with governance are responsible for the oversight of internal control over financial reporting of the Company.





### **Auditor’s Responsibilities for the Audit of Internal Control over Financial Reporting**

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

The audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor’s judgment, including the assessment of the risks that a material weakness exists. The audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

### **Definition and Inherent Limitations of Internal Control over Financial Reporting**

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Dong-hyun Lee.

Seoul, Korea  
March 15, 2024

#### Notice to Readers

This report is effective as of March 15, 2024, the auditor’s report date. Certain subsequent events or circumstances may have occurred between the auditor’s report date and the time the auditor’s report is read. Such events or circumstances could significantly affect the Company’s internal control over financial reporting and may result in modifications to the auditor’s report.

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

(English Translation of a Report Originally Issued in Korean)

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

We, as the President and the Internal Control over Financial Reporting (“ICFR”) Officer of SK D&D Co., Ltd. (the “Company”), assessed the effectiveness of the design and operation of the Company’s ICFR for the year ended December 31, 2023.

The Company’s management, including ourselves, is responsible for designing and operating ICFR. We assessed the design and operating effectiveness of ICFR in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable financial statements. We designed and operated ICFR in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting* established by the Operating Committee of Internal Control over Financial Reporting in Korea (the “ICFR Committee”). And, we conducted an evaluation of ICFR based on *Best Practice Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting* established by the ICFR Committee.

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

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

February 26, 2024

Young-lae Oh, Internal Control over Financial Reporting Officer

Do-hyun Kim, Chief Executive Officer