

SK D&D Co., Ltd.

Separate Financial Statements
for the years ended December 31, 2022 and 2021
with the independent auditor's report

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Independent auditor's report

(English Translation of a Report Originally Issued in Korean)

The Shareholders and Board of Directors

SK D&D Co., Ltd.

Opinion

We have audited the accompanying separate financial statements of SK D&D Co., Ltd. (the Company) and its subsidiaries, which comprise the separate statements of financial position as of December 31, 2022 and 2021, and the statements of profit or loss and other comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We have audited the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control – Design and Operation Integrated Framework in accordance with Korean Standards on Auditing ("KSA") issued by the Committee of Internal Control Operations, and our report dated expressed an unqualified opinion.

Basis for opinion

We conducted our audit in accordance with Korean Standards on Auditing ("KSA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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 opinion.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 37 to these financial statements. As discussed in Note 37, the Company reflects the change in the method of presenting operating profit or loss in the comparative separate financial statements for the year ended December 31, 2021. The comparative separate statements of comprehensive income and cash flows of the accompanying separate financial statements have been restated by reflecting these corrections. There are no impacts of changes in accounting policies on the comparative net profit for the year ended December 31, 2021 and financial position as at December 31, 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements 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 5 (contract cost) and 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 accumulated contract costs incurred to the estimated total contract costs to complete the contract.

The Company recognized the revenue from three projects in total including Think Factory located in Dangsang-dong in accordance with the input method. Revenue using this input method, which accounts for 56.4% of the total revenue of the Company, amounts to \ 283,274 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 which 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.
- Reviewed the appropriateness of estimates by comparing the past total contract cost estimates for major construction sites with the actual total contract cost incurred.
- 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.

Responsibilities of management and those charged with governance for the separate financial statements

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

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

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

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 KSA 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 KSA we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used 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.

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 separate 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 Tae-hwan Kim.



March 10, 2023

This audit report is effective as of March 10, 2023, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying separate financial statements and may result in modifications to this report.

SK D&D Co., Ltd.

Separated financial statements
for the years ended December 31, 2022 and 2021

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

SK D&D Co., Ltd. and its subsidiaries
Consolidated statements of financial position
As of December 31, 2022 and 2021

<i>(in Korean won)</i>	Notes	2022	2021
Assets			
Current assets			
Cash and cash equivalents	3,35	₩ 174,699,798,488	₩ 28,930,004,459
Short-term financial instruments	3,9,35	66,913,339,879	54,251,827,772
Short-term loans	3,9,25,35	11,339,922,100	27,064,431,062
Current portion of long-term loans	3,9,25,35	5,978,500,000	2,511,500,000
Trade and other receivables	3,4,15,25,35	41,223,741,855	36,956,860,039
Contract assets	16	-	18,803,612,563
Inventories	6,24	733,852,815,899	748,317,518,474
Contract cost	5	11,552,867,566	6,426,673,128
Other current financial assets	3,7,35	134,502,577	588,344,820
Other current assets	8	64,412,856,212	107,968,256,802
Derivative assets	3,22,24,34,35	986,864,961	759,571,857
Non-current assets held for sale	14	3,976,630,475	-
		<u>1,115,071,840,012</u>	<u>1,032,578,600,976</u>
Non-current assets			
Trade and other receivables	3,4,15,25,35	2,949,582,121	4,425,753,287
Long-term financial instruments	3,9,35	39,566,486,229	63,662,384,229
Long-term investment assets	3,9,34	62,858,271,764	57,756,446,675
Investments in subsidiaries and joint ventures and associates	10,24,25	342,334,600,304	221,913,209,162
Long-term loans	3,9,25,35	4,572,315,872	15,708,993,745
Property, plant and equipment	11,24,28	247,869,748,666	247,674,419,162
Right-of-use assets	15,28	8,086,482,472	8,822,224,122
Investment property	12,15,24,28	69,782,354,930	44,123,404,433
Intangible assets	13,24,28	13,101,690,624	16,852,771,481
Net defined benefit assets	19	526,785,142	-
Other non-current financial assets	3,7	4,528,272,591	4,875,911,123
Other non-current assets	8	2,746,478,658	2,637,810,429
Derivative assets	3,22,24,34,35	11,437,991,981	5,315,273,018
Deferred tax assets	31	14,890,461,868	14,029,329,058
		<u>825,251,523,222</u>	<u>707,797,929,957</u>
Total assets		<u>₩ 1,940,323,363,234</u>	<u>₩ 1,740,376,530,933</u>
Liabilities			
Current liabilities			
Trade and other payables	3,15,17,25,35	₩ 48,811,365,953	₩ 39,056,842,123
Short-term borrowings	3,18,24,35	8,000,000,000	8,000,000,000
Current portion of long-term borrowings	3,18,24,35	196,816,861,002	214,745,719,555
Current portion of debentures	3,18,24,35	74,924,581,109	75,417,364,993
Provisions	23	177,070,910	177,070,910
Contract liabilities	16	50,088,344,054	-
Income tax payable	31	6,965,209,977	26,844,778,503
Other current financial liabilities	3,20,35	5,187,749,255	2,844,978,144
Other current liabilities	21	8,507,446,213	25,374,192,936
		<u>399,478,628,473</u>	<u>392,460,947,164</u>
Non-current liabilities			
Trade and other payables	3,15,17,35	14,605,499,814	16,944,741,326
Long-term borrowings	3,18,24,35	554,649,931,717	408,962,117,247
Debentures	3,18,24,35	250,136,172,342	251,574,234,093
Provisions	23	5,241,291,532	6,859,086,593
Net defined benefit liabilities	19	-	855,403,891
Income tax payable	31	7,247,407,840	5,062,081,076
Derivative liabilities	3,22,24,34,35	6,334,065,641	5,411,000,000
Other non-current financial liabilities	3,20,35	7,704,532,783	8,889,194,975
		<u>845,918,901,669</u>	<u>704,557,859,201</u>
Total liabilities		<u>1,245,397,530,142</u>	<u>1,097,018,806,365</u>
Equity			
Share capital	26	24,190,164,000	24,190,164,000
Reserves	26	290,804,582,279	290,804,582,279
Other components of equity	26,27	2,631,088,480	(4,809,025,152)
Accumulated other comprehensive income (loss)	26	951,585,258	(24,911,524)
Retained earnings	26	376,348,413,075	333,196,914,965
Total equity		<u>694,925,833,092</u>	<u>643,357,724,568</u>
Total liabilities and equity		<u>₩ 1,940,323,363,234</u>	<u>₩ 1,740,376,530,933</u>

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

SK D&D Co., Ltd. and its subsidiaries
Consolidated statements of comprehensive income
for the years ended December 31, 2022 and 2021

<i>(in Korean won)</i>	Notes	2022	2021
Operating revenue	10,28,37	₩ 502,233,685,051	₩ 793,284,111,026
Operating expenses	10,28,29,37	<u>(463,586,043,284)</u>	<u>(598,174,648,071)</u>
Operating profit	28,37	38,647,641,767	195,109,462,955
Non-operating income (expenses)			
Finance income	3,30	18,155,437,010	17,943,317,619
Finance costs	3,30	(33,563,684,691)	(44,163,896,495)
Other non-operating income	30,37	65,979,818,029	7,225,293,946
Other non-operating expenses	30,37	(4,403,751,473)	(3,211,170,767)
Share of net profit (loss) of subsidiaries and associates and joint ventures accounted for using the equity method	10,37	<u>13,736,573,264</u>	<u>(3,873,346,146)</u>
		<u>59,904,392,139</u>	<u>(26,079,801,843)</u>
Profit before income tax		98,552,033,906	169,029,661,112
Income tax expense	31	<u>(24,615,674,324)</u>	<u>(45,630,940,431)</u>
Profit for the year		<u>73,936,359,582</u>	<u>123,398,720,681</u>
Other comprehensive income (loss)			
<i>Items that may be subsequently reclassified to profit or loss</i>		969,583,628	10,709,460,250
Gain on valuation of derivative financial instruments	22,26	950,056,727	905,347,184
Share of other comprehensive loss of associates	10,26	7,807,702	9,804,113,066
Share of other comprehensive income of associates	10,26	11,719,199	-
<i>Items that will not be reclassified to profit or loss</i>		(1,306,519,518)	(402,978,091)
Gain on revaluation of financial assets at fair value through other comprehensive income	9,26	6,913,154	-
Remeasurements of net defined benefit liability	19,26	<u>(1,313,432,672)</u>	<u>(402,978,091)</u>
Other comprehensive income (loss) for the year, net of tax		<u>(336,935,890)</u>	<u>10,306,482,159</u>
Total comprehensive income for the year		<u>₩ 73,599,423,692</u>	<u>₩ 133,705,202,840</u>
Earnings per share attributable to the equity holders of the Parent Company			
Ordinary shares			
Basic earnings per share	32	₩ 2,972	₩ 5,465
Diluted earning per share	32	2,972	5,171
Preferred shares			
Basic earnings per share	32	₩ 3,994	₩ 3,163
Diluted earning per share	32	3,994	3,156

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

SK D&D Co., Ltd. and its subsidiaries
Consolidated statements of changes in equity
for the years ended December 31, 2022 and 2021

(in Korean won)

	Share capital	Reserves	Other components of equity	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
Balance at January 1, 2021	₩ 24,190,164,000	₩ 290,804,582,279	₩ 6,389,493,981	₩ (10,734,371,774)	₩ 226,909,286,775	₩ 537,559,155,261
Total comprehensive income						
Profit for the year	-	-	-	-	123,398,720,681	123,398,720,681
Gain on valuation of derivative financial instruments	-	-	-	905,347,184	-	905,347,184
Share of other comprehensive loss of associates	-	-	-	9,804,113,066	-	9,804,113,066
Remeasurements of net defined benefit liability	-	-	-	-	(402,978,091)	(402,978,091)
Total comprehensive income for the year	-	-	-	10,709,460,250	122,995,742,590	133,705,202,840
Transactions with owners recognized directly in equity						
Share of other comprehensive loss of associates	-	-	(11,198,519,133)	-	-	(11,198,519,133)
Annual dividends	-	-	-	-	(16,708,114,400)	(16,708,114,400)
Total transactions with owners recognized directly in equity	-	-	(11,198,519,133)	-	(16,708,114,400)	(27,906,633,533)
Balance at December 31, 2021	₩ 24,190,164,000	₩ 290,804,582,279	₩ (4,809,025,152)	₩ (24,911,524)	₩ 333,196,914,965	₩ 643,357,724,568
Balance at January 1, 2022	₩ 24,190,164,000	₩ 290,804,582,279	₩ (4,809,025,152)	₩ (24,911,524)	₩ 333,196,914,965	₩ 643,357,724,568
Total comprehensive income						
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 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)
Total comprehensive income for the year	-	-	-	976,496,782	72,622,926,910	73,599,423,692
Transactions with owners recognized directly in equity						
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
Total transactions with owners recognized directly in equity	-	-	7,440,113,632	-	(29,471,428,800)	(22,031,315,168)
Balance at December 31, 2022	₩ 24,190,164,000	₩ 290,804,582,279	₩ 2,631,088,480	₩ 951,585,258	₩ 376,348,413,075	₩ 694,925,833,092

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

SK D&D Co., Ltd. and its subsidiaries
Consolidated statements of cash flows
for the years ended December 31, 2022 and 2021

<i>(in Korean won)</i>	Notes	2022	2021
Cash flows from operating activities			
Cash generated from (used in) operations			
Profit for the year		₩ 73,936,359,582	₩ 123,398,720,681
Adjustments	33,37	10,191,333,790	(22,395,359,822)
Change in operating assets and liabilities	33,37	<u>(30,926,794,140)</u>	<u>(209,547,002,402)</u>
		<u>53,200,899,232</u>	<u>(108,543,641,543)</u>
Dividends received		5,218,517,709	157,676,696,779
Interest received		5,532,589,797	3,783,506,106
Interest paid		(48,658,600,897)	(37,215,738,264)
Income taxes paid		<u>(44,967,225,554)</u>	<u>(41,454,918,216)</u>
Net cash used in (provided by) operating activities		<u>(29,673,819,713)</u>	<u>(25,754,095,138)</u>
Cash flows from investing activities			
	37		
Proceeds from disposal of short-term financial instruments		1,715,421,156,986	1,151,656,239,053
Payments for acquisition of short-term financial instruments		(1,688,701,534,001)	(1,173,724,123,023)
Proceeds from disposal of long-term financial instruments		364,629,229,641	771,314,329,464
Payments for acquisition of long-term financial instruments		(378,044,866,183)	(776,015,353,462)
Payments for acquisition of investments in associates		(12,661,392,131)	(36,000,918,374)
Payments for acquisition of investments in joint ventures		(26,100,040,000)	(18,487,100,000)
Payments for acquisition of investments in subsidiaries		(1,270,000,000)	(7,500,000,000)
Decrease in short-term loans		19,267,808,962	42,329,286,435
Increase in short-term loans		(3,543,300,000)	(38,713,854,217)
Decrease in current portion of long-term loans		1,200,000,000	15,326,822,125
Increase in current portion of long-term loans		(1,000,000,000)	-
Decrease in long-term loans		7,555,118,826	176,404,950
Increase in long-term loans		(3,000,000,000)	(9,392,660,540)
Proceeds from disposal of property, plant and equipment		156,607,158,154	1,239,626,504
Payments for acquisition of property, plant and equipment		(55,079,960,466)	(5,138,312,490)
Payments for acquisition of intangible assets		(251,387,221)	(331,007,343)
Proceeds from disposal of financial assets at fair value through profit or loss		5,843,607,833	10,998,229,391
Payments for acquisition of financial assets at fair value through profit or loss		(8,356,676,210)	(5,000,000,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income		5,000,000	-
Decrease due to split-off	36	<u>(3,301,227,200)</u>	<u>-</u>
Net cash used in (provided by) from investing activities		<u>89,218,696,990</u>	<u>(77,262,391,527)</u>
Cash flows from financing activities			
Proceeds from short-term borrowings		-	75,909,160,101
Repayments of short-term borrowings		-	(94,909,160,101)
Proceeds from current portion of long-term borrowings		37,600,000,000	9,900,000,000
Repayments of current portion of long-term borrowings		(281,762,000,000)	(215,200,000,000)
Increase in short-term debentures		-	30,000,000,000
Repayments of short-term debentures		-	(90,000,000,000)
Repayments of current portion of debentures		(74,704,000,000)	(201,400,000,000)
Proceeds from long-term borrowings		454,606,400,000	490,371,000,000
Repayments of long-term borrowings		(85,240,000,000)	(53,900,000,000)
Increase in non-current debentures		69,790,000,000	174,585,324,960
Decrease in lease liabilities		(4,594,700,289)	(5,152,047,305)
Dividends paid		<u>(29,471,428,800)</u>	<u>(16,708,114,400)</u>
Net cash used in (provided by) financing activities		<u>86,224,270,911</u>	<u>103,496,163,255</u>
Net increase in cash and cash equivalents		145,769,148,188	479,676,590
Effects of exchange rate changes on cash and cash equivalents		645,841	(3,771,941,794)
Cash and cash equivalents at the beginning of the financial year		<u>28,930,004,459</u>	<u>32,222,269,663</u>
Cash and cash equivalents at the end of the year		<u>₩ 174,699,798,488</u>	<u>₩ 28,930,004,459</u>

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

SK D&D Co., Ltd.
Notes to the Separate Financial Statements
December 31, 2022 and 2021

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 head office is located in Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea.

By means of a formal resolution at the shareholders' meeting on January 19, 2015, the 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, as described in Note 36, 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.

After stock split and issue of new share, the share capital of the Company as at December 31, 2022, amounted to ₩ 24,190 million (including share capital on preferred shares amounting to ₩ 2,000 million, see Note 26), and its major shareholders (including preferred shares) are as follows:

<i>(in shares)</i>	Ordinary shares		Preferred shares	
	Number of shares	Percentage of ownership (%)	Number of shares	Percentage of ownership (%)
SK Discovery Co., Ltd.	7,564,389	34.09	-	-
Hahn & Co. Development Holdings Co., Ltd.	5,564,392	25.08	2,000,000	100.00
Do-hyun KIM	6,500	0.03	-	-
National Pension Service	1,261,503	5.68	-	-
Findvalue Asset Management	1,200,000	5.41	-	-
KB Asset Management	1,180,186	5.32	-	-
Treasury shares	640	0.00	-	-
Employee's stock ownership association	2,390	0.01	-	-
Others	5,410,164	24.38	-	-
	<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 at December 31, 2022, and the number of shares held may differ from those as at the report submission date.

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2. Basis of Preparation of the Consolidated Financial Statements and Significant Accounting Policies (cont'd)

(1) Basis of Preparation

The Company prepares the financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (KIFRS). The financial statements of the Company are the separate financial statements prepared in accordance with KIFRS 1027 *Separate Financial Statements*. The company applies 'using the equity method of accounting as defined in K-IFRS 1028 in accordance with K-IFRS 2017' on its Investments in Associates and Joint Venture. The accompanying consolidated financial statements have been translated into English from the Korean consolidated financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

The principal accounting policies applied in the preparation of these separate financial statements are set out below. Except for the changes in accounting policies and impacts on the newly adopted standards and interpretations explained below, the accounting policies applied in preparing the accompanying separate financial statements have been applied consistently with the annual separate financial statements as at and for the year ended December 31, 2021.

(2) Changes in Accounting Policies and Disclosures

1) Changes in accounting policies

In case where it is necessary to consider unique nature of business or expenses are classified by nature, KIFRS 1001 *Presentation of Financial Statements* allows to separately present the operating profit (or operating loss), which is operating revenue less operating expenses, without being presented as operating profit, which is revenues less cost of sales less selling and administrative expenses, in the separate statement of comprehensive income. The Company includes gain or loss (gain or loss on valuation, gain or loss on disposal and impairment loss) arising from real estate development projects in the manner of indirect investment through acquisition of shares in operating profit or loss during the current period, and at the same time, the method of presenting operating profit in the separate statement of comprehensive income has been changed to present as operating revenue less operating expenses to provide reliable and relevant information for impacts of presentation of financial statements in which characteristics of real estate development and operating business are reflected on the Company's financial position, financial results and cash flows. The Company retrospectively restated the comparative separate financial statements by reflecting the effects of changes in accounting policies, and the impacts of these changes on the separate financial statements are described in Note 37.

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

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2022.

- *Amendments to KIFRS 1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts : Cost of Fulfilling a Contract*

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An onerous contract is a contract under which the unavoidable costs of meeting the obligations under the contract costs (i.e., the costs that the entity cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the separate financial statements of the Company as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

- Amendments to KIFRS 1103 Business Combination – Reference to the Conceptual Framework

The amendments replace a reference to a previous version of the IASB's *Conceptual Framework* with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of KIFRS 1103 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of KIFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets* or KIFRS 2121 *Levies*, if incurred separately. The exception requires entities to apply the criteria in KIFRS 1037 or KIFRS 2121, respectively, instead of the *Conceptual Framework*, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to KIFRS 1103 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the separate financial statements of the Company as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

- Amendments to KIFRS 1016 Property, Plant and Equipment - Proceeds before intended use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no material impact on the financial condition or business performance of the Company.

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- KIFRS 1101 First time Adoption of KIFRS – Subsidiaries that are first-time adopters

The amendment permits a subsidiary that elects to apply paragraph D16(1) of KIFRS 1101 to measure cumulative translation differences using the amounts reported in the parent's separate financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(1) of KIFRS 1101.

These amendments had no material impact on the financial condition or business performance of the Company.

- KIFRS 1109 Financial Instruments – Fees related to the 10% test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for KIFRS 1039 *Financial Instruments: Recognition and Measurement*.

These amendments had no material impact on the financial condition or business performance of the Company.

3) Standards issued but not yet effective

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

- Amendments to KIFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The IASB issued amendments to paragraphs 69 to 76 of KIFRS 1001 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement
- that a right to defer must exist at the end of the reporting period
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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- KIFRS 1012 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Board issued amendments to KIFRS 1012, which narrow the scope of the initial recognition exception under KIFRS 1012, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The Company is currently assessing the impact of the amendments.

- KIFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company's separate financial statements.

- KIFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to KIFRS 1001 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

(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.

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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 statement 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.

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.

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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 KIFRS 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.

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 KIFRS 1115.

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

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

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 post-employment benefits

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

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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 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, past service cost as well as gains and losses on curtailments and settlements), net interest expense (income) and remeasurement.

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.

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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 tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is 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.

The Company recognizes a 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.

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9) *Property, plant and equipment*

Property, plant and equipment is 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:

	Useful lives
Buildings, Structures	14 years, 15 years, 20 years, 40 years
Machinery	7 years, 14 years, 15 years, 20 years
Tools and equipment	5 years
Supplies	2 years, 4 years, 5 years, 8 years
Others	5 years, 10 years, 17 years

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

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

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

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10) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

① Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

①-1) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Properties	1~20 years
Vehicles	1~3 years

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

①-2) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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.

② Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in operating revenue in the separate statement of comprehensive income due to its operating nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

When identifying the classification of the sublease as a finance lease or an operating lease, the Company, as an intermediate lessor, considers the right-of-use asset arising from the head lease in accordance with KIFRS 1116.

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 KIFRS 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:

	Useful lives
Patents	5 years, 10 years
Trademarks	5 years
Software	5~15 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 and net realizable value. Cost is determined using the specific identification method. Cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale.

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) Financial instruments

Financial assets and financial liabilities are recognized in the separate statement 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.

17) 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 time frame established generally by regulation or convention in the marketplace concerned.

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

① Classification of financial assets

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

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

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

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

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

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

- 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).

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- 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; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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

Dividends on investments in equity instruments are recognized as finance income in the separate statement of comprehensive income when the right of payment has been established, except when the 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.

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

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

- Investments in equity instruments are classified as at fair value through profit or loss, unless the 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).

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'; and

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

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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.

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.

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- 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; and
- 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).

Despite of 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 is 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 are 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 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

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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.
- a breach of contract, such as default or delinquency in interest or principal payments (see ③-2) above);
- 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; or
- 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 for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with KIFRS 1116.

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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.

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.

18) 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.

The conversion option classified as equity is determined by deducting the amount of the liability

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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; or
- 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; or
- it forms part of a contract containing one or more embedded derivatives, and KIFRS 1109 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

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.

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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 KIFRS 1109 (see 'Financial assets' above) or
- the amount initially recognized, less cumulative amortization recognized in accordance with KIFRS 1115.

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

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liabilities that are not part of a designated hedging relationship(Note 3). 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.

19) 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

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are closely related to those of the host contracts and the contracts are 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.

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② Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedging relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

②-1) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of the separate statement of comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

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.

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20) *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 KIFRS 1102 *Share-based payment*, that leasing transactions are within the scope of KIFRS 1116 *Leases*, and measurements have some similarities to fair value but are not fair value, such as net realizable value in KIFRS 1002 *Inventories*, or value in use in KIFRS 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).

(4) Material Judgement 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.

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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. KIFRS 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.

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.

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6) Leases – estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (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.

8) Uncertainties of COVID-19 Effect

Changes in uncertainties caused by COVID-19 from 2020 may affect the Company's critical accounting estimates and assumptions and the Company cannot reasonably estimate the ultimate effect on the Company's business, financial position and operation results due to COVID-19.

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3. Financial Instruments

Carrying amounts of financial assets by category as at December 31, 2022 and 2021, are as follows:

(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
Current						
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 ¹	39,269,761,504	-	-	-	-	39,269,761,504
Derivative financial instruments	-	-	-	986,864,961	-	986,864,961
Other current financial assets	134,502,577	-	-	-	-	134,502,577
	<u>263,558,483,451</u>	<u>34,777,341,097</u>	<u>-</u>	<u>986,864,961</u>	<u>-</u>	<u>299,322,689,509</u>
Non-current						
Trade and other receivables ¹	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>7,008,991,981</u>	<u>4,429,000,000</u>	<u>124,319,026,076</u>
	<u>₩ 313,581,245,782</u>	<u>₩ 97,631,812,861</u>	<u>₩ 3,800,000</u>	<u>₩ 7,995,856,942</u>	<u>₩ 4,429,000,000</u>	<u>₩ 423,641,715,585</u>

¹ Lease receivables are excluded from trade and other receivables.

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(in Korean won)

2021

	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivatives designated as hedging	Derivatives not designated as hedging	Total
Current						
Cash and cash equivalents	₩ 28,930,004,459	₩ -	₩ -	₩ -	₩ -	₩ 28,930,004,459
Short-term financial instruments	54,251,827,772	-	-	-	-	54,251,827,772
Short-term loans	27,064,431,062	-	-	-	-	27,064,431,062
Current portion of long-term loans	2,511,500,000	-	-	-	-	2,511,500,000
Trade and other receivables ¹	35,013,109,387	-	-	-	-	35,013,109,387
Derivative assets	-	-	-	759,571,857	-	759,571,857
Other current financial assets	588,344,820	-	-	-	-	588,344,820
	<u>148,359,217,500</u>	<u>-</u>	<u>-</u>	<u>759,571,857</u>	<u>-</u>	<u>149,118,789,357</u>
Non-current						
Trade and other receivables ¹	952,878,886	-	-	-	-	952,878,886
Long-term financial instruments	63,662,384,262	-	-	-	-	63,662,384,262
Long-term investment assets	-	57,747,646,675	8,800,000	-	-	57,756,446,675
Long-term loans	15,708,993,745	-	-	-	-	15,708,993,745
Derivative assets	-	-	-	2,692,273,018	2,623,000,000	5,315,273,018
Other non-current financial assets	4,875,911,123	-	-	-	-	4,875,911,123
	<u>85,200,168,016</u>	<u>57,747,646,675</u>	<u>8,800,000</u>	<u>2,692,273,018</u>	<u>2,623,000,000</u>	<u>148,271,887,709</u>
	<u>₩ 233,559,385,516</u>	<u>₩ 57,747,646,675</u>	<u>₩ 8,800,000</u>	<u>₩ 3,451,844,875</u>	<u>₩ 2,623,000,000</u>	<u>₩ 297,390,677,066</u>

¹ Lease receivables are excluded from trade and other receivables.

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Carrying amounts of financial liabilities by category as at December 31, 2022 and 2021, are as follows:

(in Korean won)

	2022			
	Financial liabilities at amortized cost	Derivatives designated as hedging	Derivatives not designated as hedging	Total
Current				
Trade and other payables ¹	₩ 45,366,479,204	₩ -	₩ -	₩ 45,366,479,204
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>330,295,670,570</u>	<u>-</u>	<u>-</u>	<u>330,295,670,570</u>
Non-current				
Trade and other payables ¹	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>₩ 1,144,677,860,533</u>	<u>₩ 845,065,641</u>	<u>₩ 5,489,000,000</u>	<u>₩ 1,151,011,926,174</u>

¹ Lease liabilities are excluded from trade and other payables.

(in Korean won)

	2021		
	Financial liabilities at amortized cost	Derivatives not designated as hedging	Total
Current			
Trade and other payables ¹	₩ 34,240,259,682	₩ -	₩ 34,240,259,682
Short-term borrowings	8,000,000,000	-	8,000,000,000
Current portion of long-term borrowings	214,745,719,555	-	214,745,719,555
Current portion of debentures	75,417,364,993	-	75,417,364,993
Other current financial liabilities	2,844,978,144	-	2,844,978,144
	<u>335,248,322,374</u>	<u>-</u>	<u>335,248,322,374</u>
Non-current			
Trade and other payables ¹	2,091,553,121	-	2,091,553,121
Long-term borrowings	408,962,117,247	-	408,962,117,247
Debentures	251,574,234,093	-	251,574,234,093
Derivative liabilities	-	5,411,000,000	5,411,000,000
Other non-current financial liabilities	8,889,194,975	-	8,889,194,975
	<u>671,517,099,436</u>	<u>5,411,000,000</u>	<u>676,928,099,436</u>
	<u>₩ 1,006,765,421,810</u>	<u>₩ 5,411,000,000</u>	<u>₩ 1,012,176,421,810</u>

¹ Lease liabilities are excluded from trade and other payables.

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Details of restricted financial instruments as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>		2022		2021	Restriction
Short-term financial instruments	₩	32,135,998,782	₩	4,251,827,772	Collateral for borrowings and others
Long-term financial instruments		39,566,486,229		63,662,384,262	Collateral for borrowings and others
	₩	<u>71,702,485,011</u>	₩	<u>67,914,212,034</u>	

Cash and cash equivalents as at December 31, 2022 and 2021, consist of:

<i>(in Korean won)</i>		2022		2021
Ordinary deposits	₩	89,699,798,488	₩	28,930,004,459
Time deposits		<u>85,000,000,000</u>		<u>-</u>
	₩	<u>174,699,798,488</u>	₩	<u>28,930,004,459</u>

Net gains or losses on each category of financial instruments for the years ended December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022					
	Profit or loss					Other comprehensive income¹
	Interest	Dividends	Valuation	Disposal	Exchange differences	
Financial assets						
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>
Financial liabilities						
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>

¹ The amounts before applying tax effect.

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2021

	Profit or loss					Other comprehensive income ¹
	Interest	Dividends	Valuation	Disposal	Exchange differences	
Financial assets						
Financial assets at amortized cost	₩ 4,669,100,004	₩ -	₩ -	₩ -	₩ 189,533,372	₩ -
Derivatives designated as hedging	-	-	1,106,466,702	2,435,609,695	5,292,648,473	1,183,460,371
Derivatives not designated as hedging	-	-	1,712,000,000	-	-	-
Financial assets at fair value through profit or loss	-	1,797,202,515	(8,476,983,567)	5,000,000,000	-	-
	<u>₩ 4,669,100,004</u>	<u>₩ 1,797,202,515</u>	<u>₩ (5,658,516,865)</u>	<u>₩ 7,435,609,695</u>	<u>₩ 5,482,181,845</u>	<u>₩ 1,183,460,371</u>
Financial liabilities						
Financial liabilities at amortized cost	₩ (27,913,943,649)	₩ -	₩ 682,881,470	₩ -	₩ (5,496,377,626)	₩ -
Derivatives designated as hedging	-	-	-	(643,510,032)	-	-
Derivatives not designated as hedging	-	-	(3,537,000,000)	-	-	-
	<u>₩ (27,913,943,649)</u>	<u>₩ -</u>	<u>₩ (2,854,118,530)</u>	<u>₩ (643,510,032)</u>	<u>₩ (5,496,377,626)</u>	<u>₩ -</u>

¹ The amounts before applying tax effect.

4. Trade and Other Receivables

Trade and other receivables and its provisions for impairment as at December 31, 2022 and 2021, are as follows:

(in Korean won)

2022

2021

Current

Trade receivables	₩ 27,721,134,008	₩ 28,735,436,327
Less: provision for impairment	(687,853,381)	(986,890,523)
Non-trade receivables	10,505,187,577	4,905,637,144
Less: provision for impairment	(183,509,585)	(38,584,387)
Finance lease receivables	1,953,980,351	1,943,750,652
Accrued income	1,914,802,885	2,397,510,826
	<u>41,223,741,855</u>	<u>36,956,860,039</u>

Non-current

Non-trade receivables	1,355,687,639	952,878,886
Finance lease receivables	1,593,894,482	3,472,874,401
	<u>2,949,582,121</u>	<u>4,425,753,287</u>
	<u>₩ 44,173,323,976</u>	<u>₩ 41,382,613,326</u>

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Movements in the loss allowance provision for trade and other receivables for the years ended December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022		2021	
Beginning balance	₩	1,025,474,910	₩	1,180,914,202
Additions		186,920,236		396,751,521
Write-off		(38,584,387)		(399,888,628)
Split-off		(187,763,838)		-
Reversal		(114,683,955)		(152,302,185)
Ending balance	₩	<u>871,362,966</u>	₩	<u>1,025,474,910</u>

The aging analysis of trade and other receivables as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022			2021		
	Trade receivables	Other receivables	Total	Trade receivables	Other receivables	Total
Pledged receivables ¹	₩ 114,231,250	₩ -	₩ 114,231,250	₩ 105,836,158	₩ 5,416,625,053	₩ 5,522,461,211
Unpledged receivables ²						
Not past due	9,428,395,428	9,024,768,703	18,453,164,131	25,675,127,318	4,712,323,536	30,387,450,854
1~30 days past due	16,881,013,235	-	16,881,013,235	1,038,608,433	23,170,506	1,061,778,939
31~90 days past due	431,567,875	5,723,973,921	6,155,541,796	1,064,627,103	1,545,446,027	2,610,073,130
Past due over 90 days	865,926,220	2,574,810,310	3,440,736,530	851,237,315	1,975,086,787	2,826,324,102

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

² 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 at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022		2021	
Costs of obtaining a contract	₩	11,552,867,566	₩	6,426,673,128

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, 2022.

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6. Inventories

Details of inventories as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Buildings	₩ 57,521,268,750	₩ 12,041,432,228
Land	107,452,936,081	101,125,510,572
Less: valuation allowances	(321,674,218)	(321,674,218)
Building lot	535,332,002,121	598,578,687,051
Completed construction	3,864,199,361	3,864,199,361
Less: valuation allowances	(939,534,664)	(939,534,664)
Work in process (construction expenses)	931,938,807	14,273,072,233
Work in process (prepaid construction costs)	27,815,654,678	14,811,283,502
Merchandises	1,687,830	1,026,666,122
Finished goods	1,899,749,153	2,107,746,578
Less: valuation allowances	-	(224,191,858)
Supplies	294,588,000	956,907,608
Less: valuation allowances	-	(289,975,111)
Goods-in-transit	-	1,307,389,070
	<u>₩ 733,852,815,899</u>	<u>₩ 748,317,518,474</u>

Loss on valuation of inventories amounted to ₩ 247,695 thousand during the year ended December 31, 2021 and reversal of loss on valuation of inventories amounted to ₩ 224,192 thousand (2021: ₩ 422,556 thousand) during the year ended December 31, 2022. These were included in 'operating expenses' in profit or loss.

The Company capitalized borrowing costs and recognized it as acquisition costs of inventories and others. The accompanying effect to key items of separate statement of financial position and separate statement of comprehensive income is as follows:

<i>(in Korean won)</i>	2022	2021
Statement of financial position		
Work in process	₩ 19,113,372,609	₩ (1,259,384,639)
Prepaid construction costs	-	(230,592,863)
Statement of comprehensive income		
Decrease in interest expenses	20,344,722,453	14,138,202,034
Increase in operating expenses	(1,231,349,844)	(15,628,179,536)
Increase(decrease) in profit before income tax	19,113,372,609	(1,489,977,502)

Effective interest rates of specific borrowings and general borrowings to calculate the capitalized amount during the year ended December 31, 2022 are 4.73% and 4.57%, respectively.

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7. Other Financial Assets

Details of other financial assets as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Other current financial assets		
Short-term deposits provided	₩ 134,502,577	₩ 588,344,820
Other current financial assets		
Long-term deposits provided	4,528,272,591	4,875,911,123
	<u>₩ 4,662,775,168</u>	<u>₩ 5,464,255,943</u>

8. Other Assets

Details of other assets as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Other current financial assets		
Advance payments	₩ 57,875,199,779	₩ 100,360,352,161
Prepaid expenses	6,537,656,433	7,607,904,641
	<u>64,412,856,212</u>	<u>107,968,256,802</u>
Other current financial assets		
Deposits for provision for long-term repairment	2,746,478,658	2,637,810,429
	<u>₩ 67,159,334,870</u>	<u>₩ 110,606,067,231</u>

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9. Long-term and Short-term Financial Assets

Details of long-term and short-term financial assets as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Current		
Financial assets at amortized cost	₩ 49,454,420,882	₩ 83,827,758,834
Financial assets at fair value through profit or loss	34,777,341,097	-
	<u>84,231,761,979</u>	<u>83,827,758,834</u>
Non-current		
Financial assets at amortized cost	44,138,802,101	79,371,378,007
Financial assets at fair value through profit or loss	62,854,471,764	57,747,646,675
Financial assets at fair value through other comprehensive income	3,800,000	8,800,000
	<u>106,997,073,865</u>	<u>137,127,824,682</u>
	<u>₩ 191,228,835,844</u>	<u>₩ 220,955,583,516</u>

Details of financial assets at amortized cost as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	Details	Interest rate (%)	2022	2021
Current				
Short-term financial instruments	Deposits and others	0.10 ~ 2.08	₩ 32,135,998,782	₩ 54,251,827,772
Short-term loans	Business expenses	0 ~ 4.60	11,789,922,100	27,514,431,062
Provision for impairment	Business expenses	-	(450,000,000)	(450,000,000)
Current portion of long-term loans	Business expenses	0 ~ 4.60	6,678,500,000	3,211,500,000
Provision for impairment	Business expenses	-	(700,000,000)	(700,000,000)
			<u>49,454,420,882</u>	<u>83,827,758,834</u>
Non-current				
Long-term financial instruments	Deposits and others	0.10 ~ 1.30	39,566,486,229	63,662,384,262
Long-term loans	Business expenses	0 ~ 4.60	4,431,211,892	15,505,431,479
	Housing fund loans	1.00	141,103,980	203,562,266
			<u>44,138,802,101</u>	<u>79,371,378,007</u>
			<u>₩ 93,593,222,983</u>	<u>₩ 163,199,136,841</u>

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Details of financial assets at fair value through profit or loss as at December 31, 2022 and 2021, are as follows:

(in Korean won)	Percentage of ownership (%)	2022		2021
		Acquisition cost	Book amount	Book amount
Current				
(HANA short-term loan Wrap etc) ¹	-	₩ 34,688,342,109	₩ 34,777,341,097	₩ -
Non-current				
Korea Construction Financial Corp.	-	1,362,079,580	1,362,079,580	980,504,580
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	3,344,000,000	3,682,000,000
Uljin Wind Power Co.,Ltd. ²	-	26,000,000,000	15,652,668,586	15,671,000,000
Hanwha ESS Private Special Asset Investment Trust Security No. 1	-	4,430,996,453	4,430,996,453	5,274,604,286
Eumsung Ecopark Co.,Ltd ³	-	-	-	950,000
Cheongju 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
FASSTO ⁴	-	-	-	5,000,000,000
Semicolon Mullae REIT CO.,LTD.	4.69	11,079,200,000	12,364,000,000	11,279,400,000
Seongnam Sujeong Korean Federation of Community Credit Cooperatives	-	100,000	100,000	-
KORAMCO No.135 General Type Private Real Estate Investment Trust	12.18	6,175,000,000	8,041,438,126	-
KORAMCO No.145 General Type Private Real Estate Investment Trust	8.57	300,000,000	300,000,000	-
AQARA KOREA CO., LTD.	0.51	500,001,210	500,001,210	-
Murex Wave No.3 Fund	-	1,000,000,000	1,000,000,000	-
		<u>71,689,478,512</u>	<u>62,854,471,764</u>	<u>57,747,646,675</u>
		<u>₩ 106,377,820,621</u>	<u>₩ 97,631,812,861</u>	<u>₩ 57,747,646,675</u>

¹ As it has been determined that the Company directly hold the component assets of MMW (including CP and others), it was classified as financial assets at fair value through profit or loss.

² Debt securities

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³ As the Company acquired joint control over the entity due to changes in percentage of ownership during the year ended December 31, 2022, it was reclassified from financial assets at fair value through profit or loss to investments in joint ventures.

⁴ Debt securities were early redeemed during the year ended December 31, 2022.

Details of financial assets at fair value through other comprehensive income as at December 31, 2022 and 2021, are as follows:

(in Korean won)	Percentage of ownership (%)	2022		2021
		Acquisition cost	Book amount	Book amount
FIRSTIGE REITS CO.,LTD.	16.20	₩ 360,000,000	₩ -	₩ -
Hwaseong Jungnam Industrial Complex Development Co.,Ltd. ¹	-	-	-	5,000,000
Uljin Wind Power Co.,Ltd.	19.00	161,500,000	-	-
Kohan Wind Power Co., Ltd.	19.00	3,800,000	3,800,000	3,800,000
		₩ 525,300,000	₩ 3,800,000	₩ 8,800,000

¹ It was disposed of during the year ended December 31, 2022.

Changes in long-term and short-term financial assets for the years ended December 31, 2022 and 2021, are as follows:

(in Korean won)	2022					
	Beginning balance	Acquisition	Disposal ¹	Valuation	Transfer ²	Ending balance
Current						
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
	83,827,758,834	1,692,942,027,418	(1,733,805,557,836)	88,998,988	41,178,534,575	84,231,761,979
Non-current						
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
	137,127,824,682	389,401,542,393	(380,947,515,347)	2,594,706,712	(41,179,484,575)	106,997,073,865
	₩ 220,955,583,516	₩ 2,082,343,569,811	₩ (2,114,753,073,183)	₩ 2,683,705,700	₩ (950,000)	₩ 191,228,835,844

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

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

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	2021					
	Beginning balance	Acquisition	Disposal ¹	Valuation	Transfer ²	Ending balance
Current						
Financial assets at amortized cost	₩ 80,702,129,207	₩ 1,212,437,977,240	₩ (1,209,312,347,613)	₩ -	₩ -	₩ 83,827,758,834
Non-current						
Financial assets at amortized cost	67,834,927,480	785,408,014,002	(773,871,563,475)	-	-	79,371,378,007
Financial assets at fair value through profit or loss	51,645,559,633	5,000,000,000	(5,998,229,391)	(8,476,983,567)	15,577,300,000	57,747,646,675
Financial assets at fair value through other comprehensive income	8,800,000	-	-	-	-	8,800,000
	<u>119,489,287,113</u>	<u>790,408,014,002</u>	<u>(779,869,792,866)</u>	<u>(8,476,983,567)</u>	<u>15,577,300,000</u>	<u>137,127,824,682</u>
	<u>₩ 200,191,416,320</u>	<u>₩ 2,002,845,991,242</u>	<u>₩ (1,989,182,140,479)</u>	<u>₩ (8,476,983,567)</u>	<u>₩ 15,577,300,000</u>	<u>₩ 220,955,583,516</u>

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

² Amounts reclassified from investments in associates to financial assets at fair value through profit or loss due to changes in percentage of ownership during the year ended December 31, 2022 are included.

10. Investments in Subsidiaries, Joint Ventures and Associates

Details of investments in subsidiaries, joint ventures and associates as at December 31, 2022 and 2021, are as follows:

(in Korean won)

	Location	2022		2021	
		Percentage of ownership (%)	Book amount	Percentage of ownership (%)	Book amount
Subsidiaries					
D&D Property Management Inc. ¹	Korea	-	-	100.00	8,347,267,163
D&D INVESTMENT	Korea	100.00	23,400,251,770	100.00	16,655,836,849
ESSESCO ²	Korea	-	-	-	-
KORAMCO No.117 Qualified Investors Private Real Estate Investment Trust	Korea	60.00	13,111,389,778	60.00	10,478,397,537
DDISC4 ³	Korea	-	-	100.00	3,825,831,191
DDIYS832 ⁴	Korea	-	-	100.00	12,104,005,831
IGIS No.412 Professional Investors' Private Placement Real Estate Investment Limited Liab. ⁵	Korea	21.13	9,952,985,954	21.13	13,272,453,434
DDIOS108	Korea	100.00	3,016,504,271	100.00	500,000,000
D&D Property Solution Co., Ltd. (formerly, D&D Living Solution Co., Ltd.) ⁶	Korea	100.00	25,287,851,475	-	-
Jindo Sanwol Solar Power. Inc. ⁷	Korea	100.00	764,655,000	-	-
Uiseong wind ⁷	Korea	100.00	496,317,425	-	-

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	Location	2022		2021	
		Percentage of ownership (%)	Book amount	Percentage of ownership (%)	Book amount
			76,029,955,673		65,183,792,005
Joint ventures					
KORAMCO No.120 General Type Private Real Estate Investment Trust	Korea	50.00	₩ 5,125,207,425	50.00	₩ 4,655,392,105
KORAMCO Icheon Baeksa Logistics General Type Private Real Estate Investment Trust	Korea	50.00	4,826,233,525	50.00	4,365,794,555
Tiger Alternative Investment trust No.318 (formerly, IGIS No.318 Professional Investors' Private Placement Real Estate Investment Limited Liab.)	Korea	50.00	34,719,477,476	50.00	35,353,288,982
DDI YS-40 REIT ⁸	Korea	-	-	30.80	10,100,516,112
Cheongju Eco Park Co.,Ltd. ⁹	Korea	29.00	7,241,396,534	29.00	2,035,267,946
Hanwha Cheongjuecopark private equity 1st(Infrastructure) ⁹	Korea	48.60	17,769,077,248	48.60	11,961,473,815
Eumsung Ecopark Co.,Ltd ^{9,10}	Korea	29.00	3,589,364,706	-	-
Hanwha Eumseongecopark private equity 1st(Infrastructure) ^{7,9}	Korea	49.00	12,937,842,297	-	-
HHR Real Estate Private Fund No.5 ^{7,9}	Korea	49.59	19,275,452,574	-	-
Metheus Ilsan Complex Logistics Center PFV Co., Ltd ^{7,9}	Korea	45.00	2,257,207,894	-	-
PungBaek Wind Farm Corporation ^{7,9}	Korea	37.00	6,733,319,769	-	-
			114,474,579,448		68,471,733,515
Associates					
KintexMall Co.Ltd	Korea	40.00	16,263,924	40.00	16,474,921
Daegusolar	Korea	26.00	2,553,947,326	26.00	2,099,866,159
Monaissance	Korea	24.36	940,474,749	22.11	853,422,481
IGIS No.135 Professional Investors' Private Placement Real Estate Investment Limited Liab.	Korea	35.00	13,151,478,276	35.00	14,122,217,450
IGIS No.178 Professional Investors' Private Placement Real Estate Investment Limited Liab. ¹¹	Korea	-	-	45.00	365,638,112
DDISY-230 Residential REIT Co.,LTD	Korea	20.00	14,142,275,218	18.87	1,243,241,018
DDISS-280 RETAIL REIT CO.,LTD ¹²	Korea	28.62	-	29.06	-
DDISC-1338 Residential REIT Co.,Ltd	Korea	20.00	9,099,785,386	20.00	9,869,270,828
DDISC-1339 Residential REIT Co.,Ltd	Korea	20.00	10,097,016,836	17.81	1,342,034,283
DDISC-57 Residential REIT Co.,Ltd	Korea	20.00	9,042,938,789	12.37	403,846,344
DDI Residential No.1 Subsidiary REIT Co.,Ltd ¹³	Korea	15.10	2,834,530,491	15.10	4,450,356,185
Hyundai Private Real Estate Investment Trust No. 20	Korea	48.26	4,270,600,550	48.26	12,193,093,974
Gunpo Mixed Use Development PFV Company ¹⁴	Korea	29.80	-	29.80	-
Daehoji Solar Park, Inc.	Korea	28.99	193,395,554	28.99	246,102,630
FASSTO ¹³	Korea	14.90	13,766,627,003	15.20	6,256,566,818
Howbuild ¹³	Korea	5.90	3,000,334,860	6.19	2,679,251,501
D&D Platform REIT Co., Ltd. ¹³	Korea	9.32	28,680,192,938	9.32	29,116,300,938
Chilgok Ecopark ^{13,15}	Korea	19.00	-	19.00	-

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	Location	2022		2021	
		Percentage of ownership (%)	Book amount	Percentage of ownership (%)	Book amount
Gulup Wind Power Development Corp. ¹³	Korea	10.00	2,944,909,986	10.00	3,000,000,000
DDIVC-1 REIT Co., Ltd. ⁷	Korea	49.00	28,979,805,915	-	-
DDISC49 ³	Korea	20.00	499,617,508	-	-
DDI YS-40 REIT ⁹	Korea	20.00	5,608,149,094	-	-
Korea Space Data ^{7,13}	Korea	5.88	2,007,720,780	-	-
			151,830,065,183		88,257,683,642
			₩ 342,334,600,304		₩ 221,913,209,162

¹ It was merged into D&D Property Solution Co., Ltd. (formerly, D&D Living Solution Co., Ltd.), a subsidiary of the Company, during the year ended December 31, 2022.

² 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 Parent Company has a substantial control over this entity based on the fact that the Parent Company is exposed to variable returns associated with activities of ESSESCO (Note 24).

³ As the Company lost control over the entity due to changes in percentage of ownership during the year ended December 31, 2022, it was reclassified from investments in subsidiaries to investments in associates.

⁴ As distribution of residual assets has been completed for the year ended December 31, 2022, the carrying amount became zero and it is expected to be liquidated.

⁵ 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.

⁶ The Company acquired 100% of interests in D&D Living Solution Co., Ltd., which is a newly established company, through a split-off of furniture business sector for the year ended December 31, 2022. During the current period, D&D Living Solution Co., Ltd. merged with D&D Property Management Inc. and changed its entity name to D&D Property Solution Co., Ltd.

⁷ The entity was newly acquired during the year ended December 31, 2022.

⁸ As the Company lost joint control over the entity due to changes in percentage of ownership during the year ended December 31, 2022, it was reclassified from investments in joint ventures to investments in associates.

⁹ 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.

¹⁰ As the Company acquired joint control over the entity due to changes in percentage of ownership during the year ended December 31, 2022, it was reclassified from financial assets at fair value through profit or loss to investments in joint ventures.

¹¹ The trust contract was cancelled due to termination of trust contract period determined in the contract during the year ended December 31, 2022.

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¹² As at December 31, 2022, 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 \ 7,090,676,054.

¹³ The Company has a right to appoint the member of the Board of Directors.

¹⁴ As at December 31, 2022, 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 \ 2,914,559,047, which were deducted from relevant loans that form part of net investment (Note 25).

¹⁵ As at December 31, 2022, 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 \ 48,167,227.

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Changes in investments in subsidiaries, joint ventures and associates for the years ended December 31, 2022 and 2021, are as follows:

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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) ¹	Others ²	Disposal	Ending balance
Subsidiaries									
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>
Joint ventures									
KORAMCO No.120 General Type Private Real Estate Investment Trust	4,655,392,105	-	-	-	-	469,815,320	-	-	5,125,207,425
KORAMCO Icheon Baeksa Logistics General Type	4,365,794,555	-	-	-	-	460,438,970	-	-	4,826,233,525

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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) ¹	Others ²	Disposal	Ending balance
Private Real Estate Investment Trust									
Tiger Alternative Investment trust No.318 (formerly, IGIS No.318 Professional Investors' Private Placement Real Estate Investment Limited Liab.)	35,353,288,982	-	-	-	-	(633,811,506)	-	-	34,719,477,476
DDI YS-40 REIT	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
Metheus Ilsan Complex Logistics Center PFV Co., Ltd	-	2,700,000,000	-	-	-	(442,792,106)	-	-	2,257,207,894
PungBaek Wind Farm Corporation	-	7,885,440,000	(1,145,466,891)	(6,653,340)	-	-	-	-	6,733,319,769
	<u>68,471,733,515</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

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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) ¹	Others ²	Disposal	Ending balance
IGIS No.135 Professional Investors' Private Placement Real Estate Investment Limited Liab.	14,122,217,450	-	-	-	-	(970,739,174)	-	-	13,151,478,276
IGIS No.178 Professional Investors' Private Placement Real Estate Investment Limited Liab.	365,638,112	-	-	23,549,885	-	(106,858,741)	-	(282,329,256)	-
DDISY-230 Residential REIT Co.,LTD	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	3,000,000,000	-	(55,090,014)	-	-	-	-	-	2,944,909,986

SK D&D Co., Ltd.
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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) ¹	Others ²	Disposal	Ending balance	
Development Corp.									
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>
	<u>₩ 221,913,209,162</u>	<u>₩ 142,087,094,631</u>	<u>₩ 13,736,573,264</u>	<u>₩ 8,415,761,918</u>	<u>₩ (3,685,709,492)</u>	<u>₩ (20,159,098,920)</u>	<u>₩ 19,904,331,043</u>	<u>₩ (39,877,561,302)</u>	<u>₩ 342,334,600,304</u>

¹ 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 (Notes 28, 29 and 37).

² It includes recognition of investments in subsidiaries due to a split-off of D&D Property Solution Co., Ltd. (formerly, D&D Living 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 (Note 10).

(in Korean won)

2021								
Beginning balance	Acquisition	Share of profit (loss)	Share of other comprehensive income	Dividend income	Profit or loss related to equity method (operating) ¹	Others ²	Disposal	Ending balance
Subsidiaries								
D&D Property Management Inc.	₩ 2,725,739,982	₩ 7,500,000,000	₩ (1,822,333,314)	₩ (56,139,505)	₩ -	₩ -	₩ -	₩ 8,347,267,163
IGIS No.133 Professional Investors' Private Placement Real Estate Investment Limited Liab.	63,333,458,001	-	-	(29,985,810,409)	(647,647,592)	-	(32,700,000,000)	-

SK D&D Co., Ltd.
Notes to the Separate Financial Statements
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(in Korean won)

	2021								
	Beginning balance	Acquisition	Share of profit (loss)	Share of other comprehensive income	Dividend income	Profit or loss related to equity method (operating) ¹	Others ²	Disposal	Ending balance
D&D INVESTMENT	14,348,907,244	-	2,859,238,834	(552,309,229)	-	-	-	-	16,655,836,849
ESSESCO	-	-	-	-	-	-	-	-	-
KORAMCO No.117 Qualified Investors Private Real Estate Investment Trust	10,612,585,826	-	-	-	(740,845,266)	606,656,977	-	-	10,478,397,537
DDI Beak-Am Logistics REIT Co., Ltd.	300,000,000	4,500,000,000	-	-	-	-	(4,500,000,000)	(300,000,000)	-
DDISC49	500,000,000	4,500,000,000	-	(23,827,000)	-	(1,150,341,809)	-	-	3,825,831,191
DDIYS832	-	-	-	-	(55,000,000,000)	56,104,009,631	10,999,996,200	-	12,104,005,831
IGIS No.412 Professional Investors' Private Placement Real Estate Investment Limited Liab.	-	15,000,000,000	-	(941,224,315)	-	(786,322,251)	-	-	13,272,453,434
DDIOS108	-	500,000,000	-	-	-	-	-	-	500,000,000
	<u>91,820,691,053</u>	<u>32,000,000,000</u>	<u>1,036,905,520</u>	<u>(1,573,500,049)</u>	<u>(85,726,655,675)</u>	<u>54,126,354,956</u>	<u>6,499,996,200</u>	<u>(33,000,000,000)</u>	<u>65,183,792,005</u>
Joint ventures									
KORAMCO No.120 General Type Private Real Estate Investment Trust	4,879,491,723	-	-	-	-	(224,099,618)	-	-	4,655,392,105
KORAMCO Icheon Baeksa Logistics General Type Private Real Estate Investment Trust	4,530,736,661	-	-	-	-	(164,942,106)	-	-	4,365,794,555
IGIS No.318 Professional Investors' Private Placement Real Estate Investment Limited Liab.	35,663,120,764	-	-	-	-	(309,831,782)	-	-	35,353,288,982
DDI YS-40 REIT	-	11,000,000,000	-	(152,411,320)	-	(861,699,979)	114,627,411	-	10,100,516,112
Cheongju Eco Park Co.,Ltd.	-	5,856,100,000	(3,736,148,494)	(86,583,560)	-	-	1,900,000	-	2,035,267,946

SK D&D Co., Ltd.
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(in Korean won)

	2021								
	Beginning balance	Acquisition	Share of profit (loss)	Share of other comprehensive income	Dividend income	Profit or loss related to equity method (operating) ¹	Others ²	Disposal	Ending balance
Hanwha Cheongjucoopark private equity 1st(Infrastructure)	-	12,631,000,000	(413,466,185)	(228,140,000)	(27,920,000)	-	-	-	11,961,473,815
	45,073,349,148	29,487,100,000	(4,149,614,679)	(467,134,880)	(27,920,000)	(1,560,573,485)	116,527,411	-	68,471,733,515
Associates									
KintexMall Co.Ltd	16,487,395	-	(12,474)	-	-	-	-	-	16,474,921
Daegusolar	1,852,651,746	-	432,417,613	-	(185,203,200)	-	-	-	2,099,866,159
Monaissance	865,237,838	-	(11,815,357)	-	-	-	-	-	853,422,481
IGIS No.135 Professional Investors' Private Placement Real Estate Investment Limited Liab.	14,811,933,486	-	-	-	-	(689,716,036)	-	-	14,122,217,450
IGIS No.178 Professional Investors' Private Placement Real Estate Investment Limited Liab.	22,405,828,466	-	-	1,847,427,963	(69,040,273,828)	75,086,963,412	-	(29,934,307,901)	365,638,112
DDISY-230 Residential REIT Co.,LTD	3,277,998,454	-	-	(1,243,076,923)	-	(791,680,513)	-	-	1,243,241,018
DDISS-280 RETAIL REIT CO.,LTD	-	-	-	-	-	-	-	-	-
DDISC-1338 Residential REIT Co.,Ltd	2,829,208,464	10,200,000,000	-	2,180,569,575	-	5,180,492,789	-	(10,521,000,000)	9,869,270,828
DDISC-1339 Residential REIT Co.,Ltd	3,118,235,120	-	-	(1,070,588,235)	-	(705,612,602)	-	-	1,342,034,283
DDISC-57 Residential REIT Co.,ltd	2,007,919,307	-	-	(1,129,411,765)	-	(474,661,198)	-	-	403,846,344
DDI Residential No.1 Subsidiary REIT Co.,Ltd	5,353,696,179	-	-	(715,913,173)	(187,426,821)	-	-	-	4,450,356,185
Hyundai Private Real Estate Investment Trust No. 20	14,323,523,610	-	-	-	-	(2,130,429,636)	-	-	12,193,093,974

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(in Korean won)

	2021								
	Beginning balance	Acquisition	Share of profit (loss)	Share of other comprehensive income	Dividend income	Profit or loss related to equity method (operating) ¹	Others ²	Disposal	Ending balance
Gunpo Mixed Use Development PFV Company	29,638,595	-	-	-	-	(2,410,467,656)	2,380,829,061	-	-
DDI YS-40 REIT	114,627,411	-	-	-	-	-	(114,627,411)	-	-
DDIYS832	-	11,658,000,000	-	(157,387,041)	-	(658,003,800)	(10,842,609,159)	-	-
Semicolon Mullae REIT CO.,LTD.	6,519,467,198	-	-	(437,438,356)	(221,808,219)	3,386,147,778	(9,246,368,401)	-	-
Daehoji Solar Park, Inc.	310,965,791	-	(64,863,161)	-	-	-	-	-	246,102,630
FASSTO	7,517,380,708	-	(1,334,561,241)	73,747,351	-	-	-	-	6,256,566,818
Howbuild	-	2,999,968,374	(320,716,873)	-	-	-	-	-	2,679,251,501
D&D Platform REIT Co., Ltd.	-	30,000,000,000	539,864,506	(933,357,047)	(490,206,521)	-	-	-	29,116,300,938
Chilgok Ecopark	-	950,000	(950,000)	-	-	-	-	-	-
Gulup Wind Power Development Corp.	-	3,000,000,000	-	-	-	-	-	-	3,000,000,000
	<u>85,354,799,768</u>	<u>57,858,918,374</u>	<u>(760,636,987)</u>	<u>(1,585,427,651)</u>	<u>(70,124,918,589)</u>	<u>75,793,032,538</u>	<u>(17,822,775,910)</u>	<u>(40,455,307,901)</u>	<u>88,257,683,642</u>
	<u>₩ 222,248,839,969</u>	<u>₩ 119,346,018,374</u>	<u>₩ (3,873,346,146)</u>	<u>₩ (3,626,062,580)</u>	<u>₩ (155,879,494,264)</u>	<u>₩ 128,358,814,009</u>	<u>₩ (11,206,252,299)</u>	<u>₩ (73,455,307,901)</u>	<u>₩ 221,913,209,162</u>

¹ 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 (Notes 28, 29 and 37).

² It includes acquisition and disposal due to changes in percentage of ownership, and additional recognition of share of loss for loans of investments in associates (Note 10).

SK D&D Co., Ltd.
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Summarized financial information of subsidiaries, associates and joint ventures as at and for the years ended December 31, 2022 and 2021, is as follows:

(in Korean won)

	2022			
	Total assets	Total liabilities	Sales	Profit (loss) for the year
Subsidiaries				
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. (formerly, D&D Living 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)
Joint ventures				
KORAMCO No.120 General Type Private Real Estate Investment Trust	48,427,267,496	37,873,537,908	-	908,161,060
KORAMCO Icheon Baeksa Logistics General Type Private Real Estate Investment Trust	45,424,338,156	35,766,753,236	-	706,692,129
Tiger Alternative Investment trust No.318 (formerly, IGIS No.318 Professional Investors' Private Placement Real Estate Investment Limited Liab.)	310,237,559,066	240,623,150,751	-	(1,267,623,012)
Cheongju Eco Park Co.,Ltd.	152,138,715,192	116,638,525,301	66,259,729,923	17,318,706,369
Hanwha Cheongjuecopark private equity 1st(Infrastructure)	32,376,771,695	10,872,184	-	7,074,833,272
Eumsung Ecopark Co.,Ltd	144,817,155,352	123,496,777,871	10,526,485,373	1,694,052,639
Hanwha Eumseongecopark private equity 1st(Infrastructure)	26,076,352,314	10,650,112	-	969,702,202
HHR Real Estate Private Fund No.5	38,876,120,175	3,957,484	-	2,572,162,691
Methus Ilsan Complex Logistics Center PFV Co., Ltd	43,909,994,161	38,716,273,972	-	(806,279,811)
PungBaek Wind Farm Corporation	46,956,932,778	31,666,827,286	-	(3,095,856,462)
Associates				
KintexMall Co.Ltd	40,659,809	-	-	(527,492)
Daegusolar	13,254,245,466	3,431,371,128	4,755,482,100	2,914,060,716
Monaissance	3,948,419,860	1,033,166,936	2,523,590,890	43,279,973
IGIS No.135 Professional Investors' Private Placement Real Estate Investment Limited Liab.	137,392,206,387	99,816,554,169	2,722,155,227	(2,806,271,296)
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)

SK D&D Co., Ltd.
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	2022			
	Total assets	Total liabilities	Sales	Profit (loss) for the year
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)

(in Korean won)

	2021			
	Total assets	Total liabilities	Sales	Profit (loss) for the year
Subsidiaries				
D&D Property Management Inc.	₩ 9,615,440,235	₩ 1,268,173,072	₩ 2,403,222,637	₩ (1,854,999,614)
D&D INVESTMENT	18,696,618,769	2,040,781,920	7,833,137,624	2,859,238,834
ESSESCO	80,545,103,291	51,051,526,427	12,316,331,810	2,258,302,067
KORAMCO No.117 Qualified Investors Private Real Estate Investment Trust	41,691,224,708	24,227,228,814	2,288,090,323	1,011,094,963
DDISC49	49,818,629,730	45,114,656,050	-	(268,443,320)
DDIYS832	12,221,574,821	117,568,990	119,945,900,000	61,582,643,516
IGIS No.412 Professional Investors' Private Placement Real Estate Investment Limited Liab.	111,450,927,079	42,293,643,416	356,451,613	(838,743,734)
DDIOS108	500,000,000	-	-	-
Joint ventures				
KORAMCO No.120 General Type Private Real Estate Investment Trust	17,528,591,322	8,154,492,373	-	(384,884,498)
KORAMCO Icheon Baeksa Logistics General Type Private Real Estate Investment Trust	15,386,321,372	6,649,614,391	-	(324,766,341)
IGIS No.318 Professional Investors' Private Placement Real Estate Investment Limited Liab.	268,464,602,077	197,582,570,750	-	(619,663,565)
DDI YS-40 REIT	80,152,810,107	60,117,121,054	-	(491,358,961)
Cheongju Eco Park Co.,Ltd.	138,657,367,953	120,484,884,431	6,454,416,271	(1,707,992,189)

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	2021			
	Total assets	Total liabilities	Sales	Profit (loss) for the year
Hanwha Cheongjuecopark private equity 1st(Infrastructure)	25,420,405,877	10,872,062	-	(413,466,185)
Associates				
KintexMall Co.Ltd	41,187,301	-	-	(581,186)
Daegusolar	13,046,491,876	4,970,083,701	3,519,308,632	1,621,051,319
Monaissance	3,800,360,884	981,684,484	2,326,113,540	(11,951,450)
IGIS No.135 Professional Investors' Private Placement Real Estate Investment Limited Liab.	139,753,816,388	99,404,623,674	2,295,661,932	(1,970,617,247)
IGIS No.178 Professional Investors' Private Placement Real Estate Investment Limited Liab.	864,685,242	52,156,105	442,000,000,000	154,189,339,292
DDISY-230 Residential REIT Co.,LTD	204,259,124,659	170,646,178,513	-	(752,442,990)
DDISS-280 RETAIL REIT CO.,LTD	76,033,003,621	50,120,926,208	3,111,924,020	(2,121,833,827)
DDISC-1338 Residential REIT Co.,Ltd	203,074,872,246	168,536,590,738	599,671,632	(4,362,505,616)
DDISC-1339 Residential REIT Co.,Ltd	169,389,903,483	139,671,058,422	-	(647,034,590)
DDISC-57 Residential REIT Co.,Ltd	115,820,658,537	83,703,597,693	-	(473,199,814)
DDI Residential No.1 Subsidiary REIT Co.,Ltd	116,954,156,878	76,527,804,175	6,807,966,620	1,178,873,481
Hyundai Private Real Estate Investment Trust No. 20	27,481,841,982	2,016,913,377	680,132,398	(4,342,498,239)
Gunpo Mixed Use Development PFV Company	186,025,071,576	191,887,223,904	-	(7,295,191,197)
Daehoji Solar Park, Inc.	2,263,119,729	1,414,295,896	-	(223,717,222)
FASSTO (formerly, FSS CO.,LTD.)	18,940,714,138	16,435,665,507	12,918,553,535	(9,404,027,470)
Howbuild	5,410,930,772	1,629,533,516	2,292,903,973	(5,405,576,484)
D&D Platform REIT Co., Ltd.	757,741,371,107	431,831,593,413	25,957,472,282	4,648,808,587
Chilgok Ecopark	3,521,768,778	3,520,543,689	-	(3,671,217)
Gulup Wind Power Development Corp.	21,329,071,365	-	-	(13,940,864)

Fair value of investments in subsidiaries, associates and joint ventures that has a quoted market price as at December 31, 2022 and 2021, is as follows:

(in Korean won)

	2022	2021
Associates		
D&D Platform REIT Co., Ltd.	₩ 20,430,000,000	₩ 32,400,000,000

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, 2022.

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11. Property, Plant and Equipment

Details of property, plant and equipment as at December 31, 2022 and 2021, are as follows:

(in Korean won)

	2022			2021		
	Acquisition cost	Accumulated depreciation	Book amount	Acquisition cost	Accumulated depreciation	Book amount
Land	₩ 32,019,703,193	₩ -	₩ 32,019,703,193	₩ 4,572,965,515	₩ -	₩ 4,572,965,515
Buildings	17,875,654,818	(4,425,126,310)	13,450,528,508	16,625,815,334	(3,525,789,118)	13,100,026,216
Structures	3,427,760,000	(757,200,548)	2,670,559,452	3,427,760,000	(528,683,214)	2,899,076,786
Machinery	275,213,026,803	(81,087,173,000)	194,125,853,803	274,967,519,803	(64,035,179,708)	210,932,340,095
Tools and equipment	24,669,000	(22,682,000)	1,987,000	24,669,000	(21,802,000)	2,867,000
Supplies	3,478,116,816	(1,973,848,651)	1,504,268,165	3,179,858,729	(1,577,753,712)	1,602,105,017
Other property, plant and equipment	10,516,059,009	(6,670,372,464)	3,845,686,545	12,743,234,995	(6,727,352,415)	6,015,882,580
Construction-in-progress	251,162,000	-	251,162,000	8,549,155,953	-	8,549,155,953
	<u>₩ 342,806,151,639</u>	<u>₩ (94,936,402,973)</u>	<u>₩ 247,869,748,666</u>	<u>₩ 324,090,979,329</u>	<u>₩ (76,416,560,167)</u>	<u>₩ 247,674,419,162</u>

Changes in property, plant and equipment for the years ended December 31, 2022 and 2021, are as follows:

(in Korean won)

	2022						
	Beginning balance	Acquisition	Transfer ¹	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>

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

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	2021					
	Beginning balance	Acquisition	Transfer ¹	Disposal	Depreciation	Ending balance
Land	₩ 4,844,701,443	₩ 305,213,025	₩ -	₩ (576,948,953)	₩ -	₩ 4,572,965,515
Buildings	14,108,040,224	-	-	-	(1,008,014,008)	13,100,026,216
Structures	3,127,594,120	-	-	-	(228,517,334)	2,899,076,786
Machinery	227,407,599,008	707,250,000	4,000,000	-	(17,186,508,913)	210,932,340,095
Tools and equipment	3,747,000	-	-	-	(880,000)	2,867,000
Supplies	2,457,759,760	185,971,030	108,017,000	(638,274,704)	(511,368,069)	1,602,105,017
Other property, plant and equipment	7,587,589,296	394,167,168	808,580,000	(355,382,640)	(2,419,071,244)	6,015,882,580
Construction-in-progress	1,699,749,617	10,988,857,499	(4,139,451,163)	-	-	8,549,155,953
	<u>₩ 261,236,780,468</u>	<u>₩ 12,581,458,722</u>	<u>₩ (3,218,854,163)</u>	<u>₩ (1,570,606,297)</u>	<u>₩ (21,354,359,568)</u>	<u>₩ 247,674,419,162</u>

¹ Amounts transferred to intangible assets are included.

12. Investment Properties

Details of investment properties as at December 31, 2022 and 2021, are as follows:

(in Korean won)

	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>

(in Korean won)

	2021			
	Acquisition cost	Accumulated depreciation	Accumulated impairment	Book amount
Land	₩ 25,700,279,172	₩ -	₩ -	₩ 25,700,279,172
Buildings	14,756,267,361	(1,154,601,186)	(2,237,534,111)	11,364,132,064
Right-of-use assets	12,189,738,384	(5,130,745,187)	-	7,058,993,197
	<u>₩ 52,646,284,917</u>	<u>₩ (6,285,346,373)</u>	<u>₩ (2,237,534,111)</u>	<u>₩ 44,123,404,433</u>

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Changes in investment properties for the years ended December 31, 2022 and 2021, are as follows:

(in Korean won)

	2022					
	Beginning balance	Transfer	Effect of re-estimation and others	Disposal and others ¹	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	-	(65,592,316)	(85,932,463)	(1,594,676,129)	5,312,792,289
	<u>₩ 44,123,404,433</u>	<u>₩ 27,751,200,736</u>	<u>₩ (65,592,316)</u>	<u>₩ (85,932,463)</u>	<u>₩ (1,940,725,460)</u>	<u>₩ 69,782,354,930</u>

¹ Changes due to new subleases are included.

(in Korean won)

	2021				
	Beginning balance	Effect of re-estimation and others	Disposal and others ¹	Depreciation	Ending balance
Land	₩ 25,700,279,172	₩ -	₩ -	₩ -	₩ 25,700,279,172
Buildings	11,684,886,201	-	-	(320,754,137)	11,364,132,064
Right-of-use assets	12,293,195,016	2,614,523,105	(5,495,931,320)	(2,352,793,604)	7,058,993,197
	<u>₩ 49,678,360,389</u>	<u>₩ 2,614,523,105</u>	<u>₩ (5,495,931,320)</u>	<u>₩ (2,673,547,741)</u>	<u>₩ 44,123,404,433</u>

¹ Changes due to new subleases are included.

Profit or loss recognized in relation to investment properties for the years ended December 31, 2022 and 2021, is as follows:

(in Korean won)

	2022	2021
Rental income from investment properties	₩ 2,202,754,204	₩ 1,436,749,124
Rental expenses from investment properties	1,804,348,951	1,140,123,197

Fair value of land and buildings recognized as investment properties as at December 31, 2022, is ₩ 68,835 million.

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13. Intangible Assets

Intangible assets as at December 31, 2022 and 2021, consist of:

(in Korean won)

	2022			2021		
	Acquisition cost	Accumulated amortization	Book amount	Acquisition cost	Accumulated amortization	Book amount
Patents	₩ 30,392,272	₩ (14,613,255)	₩ 15,779,017	₩ 23,889,000	₩ (16,047,925)	₩ 7,841,075
Trademarks	398,757,520	(273,472,599)	125,284,921	407,927,000	(218,782,526)	189,144,474
Membership rights	2,318,524,966	-	2,318,524,966	2,318,524,966	-	2,318,524,966
Software	16,411,530,381	(5,769,428,661)	10,642,101,720	15,503,358,361	(3,960,576,066)	11,542,782,295
Other intangible assets	-	-	-	2,794,478,671	-	2,794,478,671
	<u>₩ 19,159,205,139</u>	<u>₩ (6,057,514,515)</u>	<u>₩ 13,101,690,624</u>	<u>₩ 21,048,177,998</u>	<u>₩ (4,195,406,517)</u>	<u>₩ 16,852,771,481</u>

Changes in intangible assets for the years ended December 31, 2022 and 2021, are as follows:

(in Korean won)

	2022						
	Beginning balance	Acquisition	Transfer	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>

(in Korean won)

	2021					
	Beginning balance	Acquisition	Transfer	Disposal	Amortization	Ending balance
Patents	₩ 12,413,409	₩ -	₩ -	₩ (1,295,167)	₩ (3,277,167)	₩ 7,841,075
Trademarks	255,462,090	2,116,960	-	-	(68,434,576)	189,144,474
Membership rights	2,318,524,966	-	-	-	-	2,318,524,966
Software	9,854,910,509	316,422,000	3,218,854,163	-	(1,847,404,377)	11,542,782,295
Other intangible assets	2,794,478,671	-	-	-	-	2,794,478,671
	<u>₩ 15,235,789,645</u>	<u>₩ 318,538,960</u>	<u>₩ 3,218,854,163</u>	<u>₩ (1,295,167)</u>	<u>₩ (1,919,116,120)</u>	<u>₩ 16,852,771,481</u>

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, 2022.

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14. Non-current Assets Held for Sale

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

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

15. Right-of-use Assets and Lease Liabilities

Right-of-use assets as at December 31, 2022 and 2021, consist of:

<i>(in Korean won)</i>	2022			2021		
	Acquisition cost	Accumulated depreciation	Book amount	Acquisition cost	Accumulated depreciation	Book amount
Land	₩ 6,451,029,356	₩ (1,290,205,872)	₩ 5,160,823,484	₩ 6,451,029,356	₩ (860,137,248)	₩ 5,590,892,108
Buildings	5,487,554,534	(3,021,424,026)	2,466,130,508	5,637,529,415	(2,788,478,305)	2,849,051,110
Vehicles	890,910,464	(431,381,984)	459,528,480	783,393,822	(401,112,918)	382,280,904
	<u>₩ 12,829,494,354</u>	<u>₩ (4,743,011,882)</u>	<u>₩ 8,086,482,472</u>	<u>₩ 12,871,952,593</u>	<u>₩ (4,049,728,471)</u>	<u>₩ 8,822,224,122</u>

Changes in right-of-use assets and lease liabilities for the years ended December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022						
	Right-of-use asset						
	Land	Buildings	Vehicles	Subtotal	Investment properties	Total	Lease liabilities
Beginning balance	₩ 5,590,892,108	₩ 2,849,051,110	₩ 382,280,904	₩ 8,822,224,122	₩ 7,058,993,197	₩ 15,881,217,319	₩ 19,669,770,646
Split-off	-	(471,533,270)	(17,531,262)	(489,064,532)	-	(489,064,532)	(482,825,771)
Effect of re-estimation and others	-	667,178,835	5,461,624	672,640,459	(65,592,316)	607,048,143	571,417,511
Acquisition/Increase	-	638,438,783	357,013,575	995,452,358	-	995,452,358	995,171,345
Disposal/Redemption	-	-	-	-	(85,932,463)	(85,932,463)	-
Depreciation	(430,068,624)	(1,217,004,950)	(267,696,361)	(1,914,769,935)	(1,594,676,129)	(3,509,446,064)	-
Interest expenses	-	-	-	-	-	-	791,718,025
Lease payment	-	-	-	-	-	-	(5,386,418,314)
Ending balance	<u>₩ 5,160,823,484</u>	<u>₩ 2,466,130,508</u>	<u>₩ 459,528,480</u>	<u>₩ 8,086,482,472</u>	<u>₩ 5,312,792,289</u>	<u>₩ 13,399,274,761</u>	<u>₩ 16,158,833,442</u>

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	2021						
	Right-of-use asset				Investment properties	Total	Lease liabilities
	Land	Buildings	Vehicles	Subtotal			
Beginning balance	₩ 6,020,960,732	₩ 4,105,478,502	₩ 411,148,188	₩ 10,537,587,422	₩ 12,293,195,016	₩ 22,830,782,438	₩ 22,978,206,650
Effect of re-estimation and others	-	36,792,191	(112,002,416)	(75,210,225)	2,614,523,105	2,539,312,880	1,323,637,289
Acquisition/Increase	-	152,638,208	374,603,937	527,242,145	-	527,242,145	519,974,012
Disposal/Redemption	-	-	-	-	(5,495,931,320)	(5,495,931,320)	-
Depreciation	(430,068,624)	(1,445,857,791)	(291,468,805)	(2,167,395,220)	(2,352,793,604)	(4,520,188,824)	-
Interest expenses	-	-	-	-	-	-	965,738,920
Lease payment	-	-	-	-	-	-	(6,117,786,225)
Ending balance	₩ 5,590,892,108	₩ 2,849,051,110	₩ 382,280,904	₩ 8,822,224,122	₩ 7,058,993,197	₩ 15,881,217,319	₩ 19,669,770,646

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 to 4 years	Later than 4 years	Total
Land	₩ 600,000,000	₩ 1,800,000,000	₩ 4,800,000,000	₩ 7,200,000,000
Buildings	1,499,315,200	1,115,548,400	99,600,000	2,714,463,600
Vehicles	283,215,424	218,159,670	-	501,375,094
Investment properties	2,846,556,384	3,529,962,687	1,996,265,336	8,372,784,407
	₩ 5,229,087,008	₩ 6,663,670,757	₩ 6,895,865,336	₩ 18,788,623,101

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

(in Korean won)	2022	2021
Revenue		
Interest income of finance lease receivables	₩ 187,678,427	₩ 178,557,593
Expenses		
Depreciation of right-of-use assets	3,509,446,064	2,167,395,220
Interest expenses of lease liabilities	791,718,025	965,738,920
Lease payments - short-term leases and leases of low-value assets	1,024,919,237	480,072,316
Net expenses recognized in the separate statement of other comprehensive income	₩ 5,138,404,899	₩ 3,434,648,863

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Details of finance lease receivables as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022		2021	
	Current	Non-current	Current	Non-current
Finance lease receivables	₩ 1,953,980,351	₩ 1,593,894,482	₩ 1,943,750,652	₩ 3,472,874,401

Details of undiscounted contractual maturity analysis of finance lease receivables as at December 31, 2022, are as follows:

<i>(in Korean won)</i>	2022			
	Within one year	Between 1 to 5 years	Later than 5 years	Total
Investment properties	₩ 1,953,980,351	₩ 1,586,534,521	₩ 7,359,961	₩ 3,547,874,833

The future minimum lease payments expected to be received in relation to the non-cancellable operating lease agreement as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022		2021	
Within one year	₩	438,740,000	₩	491,660,000
Between 1 and 5 years		7,000,000		109,000,000
	₩	<u>445,740,000</u>	₩	<u>600,660,000</u>

16. Construction Contracts

Details of contract assets and liabilities as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022		2021	
Accumulated costs	₩	24,058,071,134	₩	131,173,442,129
Add: Accumulated profit		8,315,941,812		62,945,361,042
Accumulated contract revenue		32,374,012,946		194,118,803,171
Less: progress billings		<u>(82,462,357,000)</u>		<u>(175,315,190,608)</u>
		<u>(50,088,344,054)</u>		<u>18,803,612,563</u>
Contract assets and due from customers	₩	-	₩	18,803,612,563
Contract liabilities and due to customers	₩	<u>(50,088,344,054)</u>	₩	-

Regarding contracts in progress as at December 31, 2021 that recognized revenue under stage of completion using the cost-based input method, there are no changes in estimates of total contract revenue and estimated total contract costs and no provision for construction loss during the year ended December 31, 2022.

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Contracts those recognizes revenue under stage of completion using the cost-based input method, that contract amount for the year ended December 31, 2022 is more than 5% of previous revenues, are as follows:

(in Korean won)

	Contract date	Contractual completion date	Progress (%)	Contract assets and due from customers		Trade receivables (receivables from construction contracts)	
				Total amount	Accumulated impairment loss	Total amount	Provision for impairment
Saeng-gag gongjang Dangsang	2020.03.09	2022.07.31	100.00	₩ -	₩ -	₩ 11,280,792,286	₩ -
Saeng-gag gongjang Guro	2022.04.22	2025.05.22	4.01	-	-	-	-
PungBaek Wind Farm Corporation EPC	2022.06.24	2025.06.25	14.11	-	-	-	-

17. Trade and Other Payables

Details of trade and other payables as at December 31, 2022 and 2021, are as follows:

(in Korean won)

	2022	2021
Current		
Trade payables	₩ 4,390,151,362	₩ 18,829,049,494
Non-trade payables	30,826,063,706	10,870,502,269
Current lease liabilities	3,444,886,749	4,816,582,441
Accrued expenses	10,150,264,136	4,540,707,919
	<u>48,811,365,953</u>	<u>39,056,842,123</u>
Non-current		
Long-term non-trade payables	1,891,553,121	2,091,553,121
Non-current lease liabilities	12,713,946,693	14,853,188,205
	<u>14,605,499,814</u>	<u>16,944,741,326</u>
	<u>₩ 63,416,865,767</u>	<u>₩ 56,001,583,449</u>

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18. Borrowings

Details of debentures and borrowings as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022		2021	
	Current	Non-current	Current	Non-current
Short-term borrowings	₩ 8,000,000,000	₩ -	₩ 8,000,000,000	₩ -
Long-term borrowings	196,816,861,002	554,649,931,717	214,745,719,555	408,962,117,247
Debentures	74,924,581,109	250,136,172,342	75,417,364,993	251,574,234,093
	<u>₩ 279,741,442,111</u>	<u>₩ 804,786,104,059</u>	<u>₩ 298,163,084,548</u>	<u>₩ 660,536,351,340</u>

Details of short-term borrowings as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>			2022	2021
Creditor	Category	Interest rate (%)		
Korea Development Bank and others	General borrowings	3.82	₩ 8,000,000,000	₩ 8,000,000,000

Details of long-term borrowings as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>			2022	2021
Creditor	Category	Interest rate (%)		
Hana Bank and others	General borrowings and others	3.60 ~ 7.70	₩ 683,260,000,000	₩ 594,362,000,000
Hana Bank ¹	Specific borrowings	3M CD+2.01	27,000,000,000	27,000,000,000
Hana Bank ²	General borrowings	LIBOR 3M+3.41	7,223,610,000	6,757,350,000
Hana Bank ²	General borrowings	SOFR 3M+3.02	38,019,000,000	-
			<u>755,502,610,000</u>	<u>628,119,350,000</u>
Less: discount on borrowings			(4,035,817,281)	(4,411,513,198)
Less: current portion			(196,923,610,000)	(215,000,000,000)
Less: current portion of discount on borrowings			106,748,998	254,280,445
			<u>₩ 554,649,931,717</u>	<u>₩ 408,962,117,247</u>

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

² The Company has entered into a currency swap contract to fix the exchange rate fluctuation risk of borrowings in foreign currency (Notes 22 and 24).

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Details of debentures as at December 31, 2022 and 2021, are as follows:

(in Korean won)

Category	Issuance date	Redemption date	Stated interest rate (%)	2022	2021
Debentures	2020.08.21	2022.08.21	4.60	₩ -	₩ 40,000,000,000
	2020.08.21	2023.08.21	4.90	30,000,000,000	30,000,000,000
	2020.10.27	2023.10.27	4.90	45,000,000,000	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	-
	2022.03.28	2025.03.28	5.00	10,000,000,000	-
	2022.07.27	2024.07.26	6.00	20,000,000,000	-
Less: discount on borrowings				(389,383,611)	(542,728,346)
Less: current portion				(75,000,000,000)	(40,000,000,000)
Less: current portion of discount on borrowings				75,418,891	76,759,889
				<u>199,686,035,280</u>	<u>204,534,031,543</u>
Debentures in foreign currency ¹	2019.06.24	2022.06.24	LIBOR 3M+0.95	-	35,565,000,000 (USD 30,000,000)
	2021.04.23	2024.04.23	LIBOR 3M+1.00	25,346,000,000 (USD 20,000,000)	23,710,000,000 (USD 20,000,000)
	2021.07.29	2024.07.29	LIBOR 3M+0.90	25,346,000,000 (USD 20,000,000)	23,710,000,000 (USD 20,000,000)
Less: discount on borrowings				(241,862,938)	(450,672,568)
Less: current portion				-	(35,565,000,000)
Less: current portion of discount on borrowings				-	70,875,118
				<u>50,450,137,062</u>	<u>47,040,202,550</u>
				<u>₩ 250,136,172,342</u>	<u>₩ 251,574,234,093</u>

¹ 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 (Notes 22 and 24).

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19. Post-employment 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.

Details of net defined benefit liabilities (assets) recognized in the statements of financial position as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022		2021	
Present value of defined benefit obligations	₩	10,660,718,528	₩	10,637,051,806
Fair value of plan assets		<u>(11,187,503,670)</u>		<u>(9,781,647,915)</u>
Net defined benefit liabilities (assets)	₩	<u>(526,785,142)</u>	₩	<u>855,403,891</u>

Details of post-employment benefits recognized for the years ended December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022		2021	
Current service cost	₩	2,159,796,798	₩	2,055,494,972
Interest expense		206,300,290		198,619,780
Expected return on plan assets		<u>(344,293,759)</u>		<u>(326,437,704)</u>
	₩	<u>2,021,803,329</u>	₩	<u>1,927,677,048</u>

Movements in the net defined benefit liabilities (assets) for the years ended December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022					
	Present value of defined benefit obligations		Plan assets		Net defined benefit liabilities (assets)	
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)		<u>206,300,290</u>		<u>(344,293,759)</u>		<u>(137,993,469)</u>
		<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		<u>2,633,734,204</u>		-		<u>2,633,734,204</u>
		<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		<u>(485,058,339)</u>		<u>487,517,119</u>		<u>2,458,780</u>
Ending balance	₩	<u>10,660,718,528</u>	₩	<u>(11,187,503,670)</u>	₩	<u>(526,785,142)</u>

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<i>(in Korean won)</i>	2021		
	Present value of defined benefit obligations	Plan assets	Net defined benefit liabilities
Beginning balance	₩ 9,387,884,572	₩ (9,798,108,358)	₩ (410,223,786)
Profit or loss			
Current service cost	2,055,494,972	-	2,055,494,972
Interest expense (income)	198,619,780	(326,437,704)	(127,817,924)
	<u>2,254,114,752</u>	<u>(326,437,704)</u>	<u>1,927,677,048</u>
Remeasurements recognized as other comprehensive income			
Loss from plan assets	-	272,075,516	272,075,516
Change in financial assumptions	(295,543,583)	-	(295,543,583)
Experience adjustments	550,236,813	-	550,236,813
	<u>254,693,230</u>	<u>272,075,516</u>	<u>526,768,746</u>
Contributions paid	-	(1,952,323,636)	(1,952,323,636)
Benefit payments	(936,471,961)	1,699,977,480	763,505,519
Transfer from (to) affiliates	(323,168,787)	323,168,787	-
Ending balance	<u>₩ 10,637,051,806</u>	<u>₩ (9,781,647,915)</u>	<u>₩ 855,403,891</u>

Plan assets as at December 31, 2022 and 2021, consist of:

<i>(in Korean won)</i>	2022	2021
Ordinary deposits and others	₩ 11,187,503,670	₩ 9,781,647,915

The significant actuarial assumptions as at December 31, 2022 and 2021, are as follows:

<i>(in percentage)</i>	2022	2021
Discount rate	6.09%	3.66%
Salary growth rate (Base-up)	4.50%	4.50%

While holding all other assumptions constant as at December 31, 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>	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)

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<i>(in Korean won)</i>	2021			
	Discount rate		Salary growth rate	
	1% increase	1% decrease	1% increase	1% decrease
Defined benefit obligations	₩ (489,795,418)	₩ 551,300,336	₩ 541,618,309	₩ (490,582,248)

The expense recognized in the current period in relation to defined contribution plan was ₩ 7,646 thousand (2021: ₩ 7,555 thousand).

20. Other Financial Liabilities

Details of other financial liabilities as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Other current financial liabilities		
Deposits withheld	₩ 440,000	₩ 149,452,651
Leasehold deposits received	5,179,174,145	2,695,525,493
Financial guarantee liabilities	8,135,110	-
	<u>5,187,749,255</u>	<u>2,844,978,144</u>
Other current financial liabilities		
Leasehold deposits received	3,563,053,333	3,746,394,565
Financial guarantee liabilities	4,141,479,450	5,142,800,410
	<u>7,704,532,783</u>	<u>8,889,194,975</u>
	<u>₩ 12,892,282,038</u>	<u>₩ 11,734,173,119</u>

As at December 31, 2022, 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, 2022.

21. Other Current Liabilities

Details of other current liabilities as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Withholdings	₩ 3,428,329,434	₩ 10,371,813,370
Advance receipts ¹	4,244,741,836	14,168,332,668
Unearned revenues	834,374,943	834,046,898
	<u>₩ 8,507,446,213</u>	<u>₩ 25,374,192,936</u>

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

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22. Derivative Financial Instruments

Details of derivative assets and liabilities as at December 31, 2022 and 2021, are as follows:

(in Korean won)

	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
	<u>₩ 986,864,961</u>	<u>₩ 11,437,991,981</u>	<u>₩ -</u>	<u>₩ 6,334,065,641</u>

(in Korean won)

	2021			
	Derivative assets		Derivative liabilities	
	Current	Non-current	Current	Non-current
Currency swaps	₩ 759,571,857	₩ 2,660,355,676	₩ -	₩ -
Interest rate swaps	-	31,917,342	-	-
OTC derivatives	-	2,623,000,000	-	5,411,000,000
	<u>₩ 759,571,857</u>	<u>₩ 5,315,273,018</u>	<u>₩ -</u>	<u>₩ 5,411,000,000</u>

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.

Details of derivative assets and liabilities related to currency swap as at December 31, 2022 and 2021, are as follows:

(in Korean won and in USD)

Purchase	Amount	Sell	Amount	2022		2021		
				Derivative assets		Derivative liabilities	Derivative assets	
				Current	Non-current	Non-current	Current	Non-current
USD	30,000,000	KRW	34,704,000,000	₩ -	₩ -	₩ -	₩ 759,571,857	₩ -
USD	5,700,000	KRW	6,452,700,000	915,949,686	-	-	-	360,801,025
USD	20,000,000	KRW	22,382,000,000	-	3,628,034,118	-	-	1,295,185,200
USD	20,000,000	KRW	23,000,000,000	-	3,380,957,863	-	-	1,004,369,451
USD	30,000,000	KRW	39,045,000,000	-	-	845,065,641	-	-
				<u>₩ 915,949,686</u>	<u>₩ 7,008,991,981</u>	<u>₩ 845,065,641</u>	<u>₩ 759,571,857</u>	<u>₩ 2,660,355,676</u>

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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 at December 31, 2022, are as follows:

(in Korean won)

Contractor	Contract period	Contractual interest rate			2022	2021
		Payment	Receipt		Derivative assets (current)	Derivative assets (non-current)
Hana Bank	2020.02.07 ~ 2023.02.07	3.50%	KRW CD 3M + 2.01%	₩	70,915,275 ₩	31,917,342

As at December 31, 2022, the Company has five OTC derivative contracts (see Note 24 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, 2022 and 2021, are as follows:

(in Korean won)

	2022			2021		
	Derivative assets (non-current)	Derivative liabilities (non-current)	Gain (loss) on valuation of derivatives	Derivative assets (non-current)	Derivative liabilities (non-current)	Gain (loss) on valuation of derivatives
Beneficiary securities of Hyundai Private Real Estate Investment Trust No. 20	₩ -	₩ 3,703,000,000	₩ (2,029,000,000)	₩ -	₩ 1,674,000,000	₩ (1,577,000,000)
Beneficiary securities of preferred shares (investment trust) of Seongsu commercial facility	4,429,000,000	-	1,806,000,000	2,623,000,000	-	1,712,000,000
Put option of ESS ESCO	-	1,786,000,000	1,951,000,000	-	3,737,000,000	(1,960,000,000)
Type 2 beneficiary securities put option of IGIS No.412 Professional Investors' Private Placement Real Estate Investment Limited Liab. ¹	-	-	-	-	-	-
Beneficiary securities put and call option of DDI LVC Master Real Estate Investment Trust Co., Ltd. ¹	-	-	-	-	-	-
	<u>₩ 4,429,000,000</u>	<u>₩ 5,489,000,000</u>	<u>₩ 1,728,000,000</u>	<u>₩ 2,623,000,000</u>	<u>₩ 5,411,000,000</u>	<u>₩ (1,825,000,000)</u>

¹ Although these are OTC derivatives, there is no gain or loss on valuation for the year ended December 31, 2022.

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23. Provisions

Details of provisions as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Provision for warranty	₩ 177,070,910	₩ 1,565,881,491	₩ 1,742,952,401	₩ 177,070,910	₩ 1,632,191,121	₩ 1,809,262,031
Provision for loss compensation	-	929,504,277	929,504,277	-	2,500,000,000	2,500,000,000
Provision for long-term maintenance	-	2,745,905,764	2,745,905,764	-	2,726,895,472	2,726,895,472
	<u>₩ 177,070,910</u>	<u>₩ 5,241,291,532</u>	<u>₩ 5,418,362,442</u>	<u>₩ 177,070,910</u>	<u>₩ 6,859,086,593</u>	<u>₩ 7,036,157,503</u>

Changes in provisions for the years ended December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	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
	<u>₩ 7,036,157,503</u>	<u>₩ 298,177,997</u>	<u>₩ (1,915,973,058)</u>	<u>₩ 5,418,362,442</u>

<i>(in Korean won)</i>	2021				
	Beginning balance	Additions	Used	Reversal	Ending balance
Provision for warranty	₩ 1,881,070,686	₩ 984,259,093	₩ (500,426,765)	₩ (555,640,983)	₩ 1,809,262,031
Provision for loss compensation	2,882,529,122	-	-	(382,529,122)	2,500,000,000
Provision for long-term maintenance	2,226,863,835	500,031,637	-	-	2,726,895,472
	<u>₩ 6,990,463,643</u>	<u>₩ 1,484,290,730</u>	<u>₩ (500,426,765)</u>	<u>₩ (938,170,105)</u>	<u>₩ 7,036,157,503</u>

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24. Contingencies and Commitments

Major commitments for financial transactions of the Company as at December 31, 2022, are as follows:

<i>(in Korean won, in USD)</i>	Details	Credit limit
KEB Hana Bank and others	Currency derivatives	USD 75,700,000 ¹
		W 675,000,000 ²
	General loans	13,000,000,000
		USD 14,000,000
	Overdrafts	W 4,000,000,000
	Corporate card	1,100,000,000
	Agreements for discounting of commercial paper	10,000,000,000

¹ The Company 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.

² Credit limit for interest rate swap entered into to fix the risk of fluctuations in the interest rate related to PF loans of the Episode Seongsu.

Details of the trust contract entered into by the Company as at December 31, 2022, are as follows:

<i>(in Korean won)</i>				
Trust property	Trust company	Beneficiary	Amount	Trust type
Wind Power Plant, San 35-1, Gasi-ri, Pyoseon-myeon, Seogwipo-si, Jeju-do	KEB Hana Bank	First-tier joint: KEB Hana Bank	W 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	

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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	
		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, Dongsan-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 (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 ¹
		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	

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		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	
		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	
5-3, Namdaemun 2-ga, Jung-gu, Seoul, etc	MUGUNGHWA TRUST CO.,LTD	First-tier joint: Fubon Hyundai Life Insurance Co.,Ltd	60,000	Management Land Trust
		First-tier joint: DGB Life Insurance Co., Ltd.	18,000	
		First-tier joint: IBK Capital Corporation	24,000	
		First-tier joint: KB CAPITAL Co.,Ltd.	6,000	
		First-tier joint: KDB CAPITAL CORPORATION	12,000	
		Second-tier joint: IBK Capital Corporation	12,000	
		Second-tier joint: KB CAPITAL Co.,Ltd.	18,000	
		Second-tier joint: Hana Capital, Co, Ltd	12,000	
		Third-tier: TAEYOUNG ENGINEERING & CONSTRUCTION	34,680	
23-6, Yongdu-dong, Dongdaemun-gu, Seoul, etc	Kyobo Asset Trust Co.,Ltd.	First-tier joint: LEETAEWON 1-DONG SAEMAEUL FINANCE FIRM	3,250	Real estate collateral trust
		First-tier joint: Eunpyeong New Town Community Credit Cooperatives	2,600	

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		First-tier joint: Gusandong Saemaeul Finance Firm	3,250	
		First-tier joint: GUNPO COMMUNITY CREDIT COOPERATIVE	5,850	
		First-tier joint: PAJU SAEMAEUL FINANCE FIRM	1,300	
		First-tier joint: Myeongdong Community Credit Cooperatives	2,990	
		First-tier joint: ANSAN CENTER SAEVILLAGE SAFE	5,200	
		First-tier joint: ICHON COMMUNITY CREDIT COOPERATIVE	3,900	
		First-tier joint: SEOBINGGODONG SAE VILLAGE SAFE	2,600	
		First-tier joint: SEONGAM SAEMAEUL FINANCE FIRM	2,600	
		First-tier joint: Yongin Center Community Credit Cooperative	3,900	
		Second-tier: IBK Capital Corporation	6,500	
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 COOPERATIVE	720	
		First-tier joint: SEONGAM SAEMAEUL FINANCE FIRM	600	
		First-tier joint: DONGSOMUN SAEMAEUL FINANCE FIRM	840	
		First-tier joint: SINDANG HWANGHAK KOREAN FEDERATION OF COMMUNITY CREDIT COOPERATIVE	1,080	
		First-tier joint: Samcheok Dowon Korean Federation Of Community Credit Cooperatives	720	
		First-tier joint: Seongnam Jungbu Community Credit	6,000	
		First-tier joint: Seongnam Jeil Community Credit Cooperatives	3,600	

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		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	
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	
		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	

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		First-tier joint: SINDO NATIONAL AGRICULTURAL COOPERATIVE FEDERATION	4,800	
		First-tier joint: Jeju 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 Jongro Financial Center Branch	12,000	
61-1, Yeonpyeong-ri, Jinjeop-eup, Namyangju-si, Gyeonggi-do, etc	Shinhan Asset Trust	First-tier joint: IBK Capital Corporation	26,200	Real estate collateral trust
		First-tier joint: Daishin Savings Bank Co.,Ltd.	13,100	
		First-tier joint: YUANTA SAVINGS BANK KOREA	3,930	
		First-tier joint: Jeonbuk Bank Gwanghwamun Comprehensive Financial Center	2,620	
		First-tier joint: Daegu Bank	13,100	
		First-tier joint: Shinhan Capital Co., Ltd.	6,550	
		First-tier joint: JT Chinae Savings Bank	3,930	
8-14, Mullaedong 3-ga, Yeongdeungpo-gu, Seoul, etc	Shinhan Asset Trust	First-tier: Seongnamsujeong Community Credit Cooperatives	12,000	Real estate collateral trust
8-6, Mullaedong 3-ga, Yeongdeungpo-gu, Seoul	Shinhan Asset Trust	First-tier: Wangsip-Ri Center Sae Village Safe	2,760	Real estate collateral trust
8-8, Mullaedong 3-ga, Yeongdeungpo-gu, Seoul	Shinhan Asset Trust	First-tier: Wangsip-Ri Center Sae Village Safe	1,440	Real estate collateral trust
8-1, Mullaedong 3-ga, Yeongdeungpo-gu, Seoul, etc	Shinhan Asset Trust	First-tier joint: LEETAEWON 1-DONG SAEMAEUL FINANCE FIRM	600	Real estate collateral trust

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		First-tier joint: Namdarmun 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 Community Credit Cooperatives	2,400	
		First-tier joint: HANGANG 2-DONG SAEMAEUL FINANCE FIRM	600	
14-3, Mullae-dong 3-ga, Yeongdeungpo-gu, Seoul, etc	Shinhan Asset Trust	First-tier: Jungwon Community Credit Cooperative	8,640	Real estate collateral trust

¹ The Company has entered into a land trust contract for above PF in June 2022 after the termination of the collateral trust (KOREA trust Co., Ltd.) for the bridge loan related to Saeng-gag gongjang Guro.

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Details of guarantees and collaterals provided to the Company as at December 31, 2022, are as follows:

(in millions of Korean won)

Guarantor	Details	Guaranteed amount
Seoul Guarantee Insurance	Approval guarantee insurance and others	₩ 26,750
Construction Guarantee Cooperative	Subcontracting payment surety and others	76,692
Korea Specialty Contractor Financial Cooperative	Construction warranty performance guarantee and others	43,314
Korea Housing & Urban Guarantee Corporation	Construction warranty performance guarantee and others	50
Uljin Windpower Co., Ltd.	Collateral for land of Uljin Windpower Co., Ltd.	315

Details of the joint guarantees entered into by the Company in relation to intermediate payment of consumer in relation to real estate development as at December 31, 2022, are as follows:

(in millions of Korean won)

	Financial institutions	Guaranteed amount	Guarantee limit	Guarantee period
Saeng-gag gongjang Dansan	Kookmin Bank, Shinhan Bank, KEB Hana Bank and Hana Capital, Co, Ltd	₩ 9,578	₩ 268,280	From the initial execution date of the interim payment to January 31, 2023

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Details of the insurance coverage of the Company as at December 31, 2022, are as follows:

(in millions of Korean won)

Insured by	Details	Insured amount
Meritz Fire & Marine Insurance CO., Ltd	Comprehensive Machinery Insurance and others	₩ 228,706
Hana Insurance Co., Ltd	Commercial General Liability Insurance	3,000
Hyundai Marine & Fire Insurance Co., Ltd.	Package Insurance and others	183,606
Samsung Marine & Fire Insurance Co., Ltd.	Package Insurance and others	9,260
Hanwha General Insurance Co., Ltd.	Package Insurance and others	8,862
DB INSURANCE CO.,LTD	Package Insurance and others	77,483
Lotte Insurance Co., Ltd.	Package Insurance and others	7,637
KB Insurance Co., Ltd	Group personal accident insurance and others	3,932
Heungkuk Fire & Marine Insurance Co., Ltd.	Package Insurance	8,457

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.

	Right holder	Counterparty	Requirements
Put Option	Financial investors	Uljin Windpower Co., Ltd.	If the utilization rate of the facility after about 3 years from the date of commencement of operation does not reach a certain rate
Call Option	Uljin Windpower Co., Ltd.	Financial investors	It can be exercised from about 5 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.

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Details of major litigation pending in which the Group is involved as a defendant as at December 31, 2022, are as follows. The outcome of the lawsuits cannot be predicted as at December 31, 2022.

<i>(in millions of Korean won)</i>	Amount	Plaintiff	Defendant	Remark
Compensation for damages	₩ 500	DIG Airgas Co., Ltd.	The Company	First trial in progress
Claim for warranty	501	Gasan SK V1 Center Representative Steering Committee	The Company and others	First trial in progress
Claim for service payment	1,915	NAMMUN DEVELOPMENT CO.	The Company and DDIVC-1 REIT CO.,LTD.	First trial in progress
Compensation for damages	714	Y.H LOGISTICS CO.,LTD. and others	The Company and others	First trial in progress

Details of assets provided as collateral as at December 31, 2022, are as follows:

<i>(in Korean won)</i>	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	19,907,404,899
	KEB Hana Bank	32,400,000,000	Land and buildings of Episode Seongsu 121 (26-3, Seongsu-dong 1-ga, Seongdong-gu, Seoul)	31,725,558,274
	EAST SEOUL AGRICULTURAL COOPERATIVE	6,000,000,000	Land located at 25-13, Samseong-dong	8,628,077,705

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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 Energy Storage System 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	Energy Storage System
	Exercise price	Amount after depreciation at a fixed rate of 5% (every 3 months), up to ₩ 35 billion
	Exercise period	January 2020 to December 2032

The Company has determined that it has control over the business for the provision of power saving services (Note 10) and judged ESSESCO as a consolidated subsidiary.

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Details of the OTC derivatives contracts held by the Company as at December 31, 2022, are as follows:

i) Beneficiary Certificates of Hyundai Private Real Estate Investment Trust No. 20

Details

Counterparty	SKSH CO.,LTD.
Contract date	November 5, 2019
Maturity date	The earlier of the day on which proceeds from the sale of the underlying assets are fully paid or November 7, 2023 (However, if the underlying assets are not sold, the maturity date is automatically extended until November 7, 2025)
Contract amount	₩ 20 billion
Underlying assets	19 billion units of Type 1 Beneficiary Certificates of Hyundai Private Real Estate Investment Trust No. 20
Settlement method	The Company pays transaction costs for OTC derivatives according to the contract, and if the disposal price of the underlying assets is higher than the contract amount at the time of settlement, the counterparty pays the difference to the Company.

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

Details

Counterparty	SSK 1st Co.,Ltd.	SSK 2nd Co.,Ltd.
Contract date	March 19, 2020	
Maturity date	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	- 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 Seongsu-dong 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.	

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iii) Put option of joint agreements on ESS

Details

Exerciser	ESSESCO
Obligator	The Company
Exercised assets	Energy Storage System
Exercise price	Amount after depreciation at a fixed rate of 5% (every 3 months), up to ₩ 35 billion
Exercise period	January 2020 to December 2032

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

Details

Exerciser	Shinhan Capital Co.,Ltd. and IBK Capital Corporation ¹
Obligator	The Company
Exercise 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

¹ 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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v) Put and call options of Beneficiary Certificates of DDI LVC Master Real Estate Investment Trust Co., Ltd.

Details

	Put option	Call option
Exercise right		
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 ¹	When the actual distribution to DDILVC Co., Ltd. is greater than the distribution in portfolio ¹
Exercise price	The amount expected to be paid to DDILVC Co., Ltd. according to the estimated amount of disposal of the investment asset in relation to the last investment organization + (distribution in portfolio - actual distribution)	The amount expected to be paid to DDILVC Co., Ltd. according to the estimated amount of disposal of the investment asset in relation to the last investment organization - (distribution in portfolio - actual distribution)
Exercise period	The period from the day before 25 business days to the day before 7 business days from the expected date of disposal of the investment assets of the last investment organization	

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

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. Gain (loss) on valuation of derivatives recognized for the above OTC derivative contracts for the year ended December 31, 2022, are described in Note 22.

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25. Related Party Transactions

Details of related parties as at December 31, 2022, are as follows:

Type	Name of entity
Entities with joint control over the Company	SK Discovery Co.,Ltd., Hahn & Co. Development Holdings Co., Ltd.
Subsidiaries	D&D Property Management Inc. ¹ , 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. (formerly, D&D Living Solution Co., Ltd.) ² , Uiseong wind ³ , Jindo Sanwol Solar Power. Inc. ³
Joint ventures	KORAMCO No.120 General Type Private Real Estate Investment Trust, KORAMCO Icheon Baeksa Logistics General Type Private Real Estate Investment Trust, Tiger Alternative Investment trust No.318 (formerly, IGIS No.318 Professional Investors' Private Placement Real Estate Investment Limited Liab.), Cheongju Eco Park Co.,Ltd., Hanwha Cheongjuecopark private equity 1st(Infrastructure), Eumsung Ecopark Co.,Ltd ⁴ , Hanwha Eumseongecopark private equity 1st(Infrastructure) ³ , HHR Real Estate Private Fund No. ³ , Methus Icheon Complex Logistics Center PFV Co., Ltd ³ , PungBaek Wind Farm Corporation ³
Associates	KintexMall Co.Ltd, Daegusolar, Monaissance, IGIS No.135 Professional Investors' Private Placement Real Estate Investment Limited Liab., IGIS No.178 Professional Investors' Private Placement Real Estate Investment Limited Liab. ⁵ , 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, Hyundai Private Real Estate Investment Trust No. 20, Gunpo Mixed Use Development PFV Company, Daehoji Solar Park, Inc., FASSTO, Howbuild, D&D Platform REIT Co., Ltd., Chilgok Ecopark, Gulup Wind Power Development Corp., DDI SSHQ Retail Co., Ltd. ⁶ , DDIVC-1 REIT Co., Ltd. ³ , DDISC49 ⁷ , DDI YS-40 REIT ⁸ , Korea Space Data ³
Other related parties such as large-scale business group affiliated company ⁹	SK Inc., SK ecoplant Co., Ltd., SK networks Co. Ltd., SK shieldus 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., DDI Beak-Am Logistics REIT Co.,Ltd ¹⁰ , DDI Baek-Am Logistics No.2 REIT Co.,Ltd ¹⁰ , Semicolon Mullae REIT CO.,LTD. ¹⁰ , SK BIOSCIENCE CO.,LTD, SK GAS LTD, HUVIS CORPORATION, Korea Space Service ¹¹ , Ssgddak Co. Ltd ¹¹ , SK microworks Co.,Ltd, Other related parties

¹ During the year ended December 31, 2022, the entity was merged into D&D Property Solution Co., Ltd. (formerly, D&D Living Solution Co., Ltd.), a subsidiary of the Company, and the transaction of D&D Property Management Inc. described in Note 25 are the transaction with the Company prior to the merger.

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²As a result of the split-off of the furniture business, the Company acquired 100.00% of the shares in D&D Living Solution Co., Ltd., a newly established company. D&D Living Solution Co., Ltd. merged with D&D Property Management Inc. and changed its name to D&D Property Solution Co., Ltd. during the year ended December 31, 2022.

³During the year ended December 31, 2022, the entity was newly acquired.

⁴ During the year ended December 31, 2022, the Company obtained joint control due to the change in the ownership and was reclassified from financial assets at fair value through profit or loss to investments in joint venture.

⁵ During the year ended December 31, 2022, the trust contract was terminated as the contract period specified in the trust contract expired.

⁶ The Company has the entire shares (27.59%) of the entity through D&D INVESTMENT, a subsidiary, but was liquidated during the current year.

⁷ During the year ended December 31, 2022, it was reclassified from investment in subsidiaries to investment in associates due to the loss of control resulting from a change in the ownership.

⁸ During the year ended December 31, 2022, it was reclassified from investment in joint ventures to investment in associates due to the loss of joint control resulting from a change in the ownership.

⁹ The entity is not a related party as defined in paragraph 9 of KIFRS 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 KIFRS 1024 or paragraph 12 of KIFRS 1024.

¹⁰ The entity is classified as a related party as it is an investment in subsidiary of D&D Platform REIT Co., Ltd., an associate.

¹¹ The entity is classified as a related party as it is an investment in subsidiary of Korea Space Data, an associate.

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Sales and purchases with related parties for the years ended December 31, 2022 and 2021, are as follows:

(in Korean won)

Type	Name of entity	2022			
		Sales and others	Disposal of assets ¹	Purchases and others	Acquisition of assets
Entities 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 ²	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. (formerly, D&D Living 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 ²	449,039,288	-	-	-
	Cheongju Eco Park Co.,Ltd.	21,515,625	-	-	-
	Eumsung Ecopark Co.,Ltd	97,165,937,957	-	21,109,500	-
	PungBaek Wind Farm Corporation	4,782,746	-	-	-
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	-	-	-

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	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	-	-
	DDISC49 ²	2,183,050,412	-	-	-
	DDI YS-40 REIT ²	581,746,458	-	-	-
	Korea Space Data	-	-	2,035,000	-
Others	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	3,000,000,000	-	-	-
	Semicolon Mullaee 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	-
		<u>₩ 113,229,962,335</u>	<u>₩ 90,914,012,038</u>	<u>₩ 9,143,679,549</u>	<u>₩ 48,236,588,429</u>

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

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

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(in Korean won)		2021							
		Sales and others		Disposal of assets ¹		Purchases and others	Acquisition of assets		
Type	Name of entity	W		W		W	W		
Entities with joint control over the Company	SK GAS LTD ²	W	38,868,299	W	-	W	1,461,857,186	W	-
	SK DISCOVERY CO.,LTD. ²		54,000		-		198,739,405		-
Parent Company of entities with joint control over the Company	SK DISCOVERY CO.,LTD. ²		188,129		-		803,517,609		-
Subsidiaries	D&D Property Management Inc.		2,031,099		-		1,298,460,814		-
	ESSESCO		1,467,612,056		-		1,087,496,078		-
	DDI Beak-Am Logistics REIT Co.,Ltd ²		176,675,690		-		-		-
	DDISC49		1,205,238,489		7,961,987,825		-		-
	DDIYS832 ²		119,603,251		-		-		-
Joint ventures	KORAMCO No.120 General Type Private Real Estate Investment Trust		48,433,422		-		-		-
	KORAMCO Icheon Baeksa Logistics General Type Private Real Estate Investment Trust		1,851,239		-		-		-
	DDI YS-40 REIT ²		1,820,795,541		-		-		-
	Cheongju Eco Park Co.,Ltd.		105,175,022,358		-		4,943,758,980		-
Associates	IGIS No.178 Professional Investors' Private Placement Real Estate Investment Limited Liab.		2,209,232,400		-		-		-
	DDISY-230 Residential REIT Co.,LTD		600,000,000		-		-		-
	DDISC-1338 Residential REIT Co.,Ltd		400,000,000		-		-		-
	DDISC-1339 Residential REIT Co.,Ltd		600,000,000		-		-		-
	DDISC-57 Residential REIT Co.,Ltd		420,000,000		-		-		-
	DDI YS-40 REIT ²		496,386,821		-		-		-
	DDIYS832 ²		367,568,660		-		-		-

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	Hyundai Private Real Estate Investment Trust No. 20	6,427,397	-	-	-
	Gunpo Mixed Use Development PFV Company	719,452,221	-	-	-
	Daehoji Solar Park, Inc.	41,399,999	-	-	-
	Howbuild	-	-	51,000,000	30,215,000
	Chilgok Ecopark	93,068,693	-	-	-
	DDI SSHQ Retail Co., Ltd.	-	-	38,196,600	-
Others	SK INC.	-	-	2,429,426,406	87,880,000
	SK ECOPLANT CO., LTD.(formerly, SK Engineering & Construction co., ltd)	4,762,153,309	-	162,423,976	-
	SK NETWORKS CO. LTD.	-	-	129,008,255	90,050,000,000
	SK shieldus Co.,Ltd (formerly, SK infosec Co.,Ltd) ³	16,695,428	-	150,754,868	23,000,000
	ADT CAPS CO.LTD ³	-	-	3,268,209	-
	SKC LTD	203,455,560	-	40,363,155	-
	SK CHEMICALS CO., LTD.	55,834,387	-	-	-
	SK INNOVATION CO., LTD.	-	-	433,259,333	-
	SK RENT A CAR CO.,LTD	-	-	62,204,859	-
	SK M&SERVICE CO.,LTD.	-	-	126,423,708	-
	SK PICGLOBAL CO.,LTD.	149,516,460	-	-	-
	SK BROADBAND CO., LTD.	-	-	82,750,969	-
	HAPPYNARAE Co., Ltd.	-	-	30,587,230	-
	DDI Beak-Am Logistics REIT Co.,Ltd ²	15,289,242	-	-	-
	SK BIOSCIENCE CO.,LTD	847,452	-	-	-
	SK GAS LTD ²	5,446,330	-	131,668,000	-
	HUVIS CORPORATION	104,881,000	-	-	-
	Gridwiz Co., Ltd	1,882,790,873	-	959,790,870	440,000,000
		<u>₩ 123,206,819,805</u>	<u>₩ 7,961,987,825</u>	<u>₩ 14,624,956,510</u>	<u>₩ 90,631,095,000</u>

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

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

³ SK infosec Co.,Ltd (☞) merged with ADT CAPS CO.LTD. The transactions of ADT CAPS CO.LTD. are transactions with the Company prior to the merger.

Outstanding balances arising from sales/purchases of goods and services as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>		2022			
Type	Name of entity	Receivables		Payables	
Entities 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
	Daehoji Solar Park, Inc.		102,297,396		-
	Chilgok Ecopark		251,426,908		-
Others	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		-

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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>

(in Korean won)

Type	Name of entity	2021	
		Receivables	Payables
Entities with joint control over the Company	SK DISCOVERY CO.,LTD.	₩ 304,724	₩ 216,915,899
Subsidiaries	D&D Property Management Inc.	175,700,000	127,265,828
	ESSESCO	1,437,048,572	141,839,082
	DDISC49	218,481,097	-
Joint ventures	DDI YS-40 REIT	463,181,055	-
	Cheongju Eco Park Co.,Ltd.	8,391,448,928	-
Associates	Hyundai Private Real Estate Investment Trust No. 20	6,427,397	-
	Gunpo Mixed Use Development PFV Company	64,780,930	128,043,478
	Daehoji Solar Park, Inc.	60,897,396	-
	FASSTO (formerly, FSS CO.,LTD.)	5,000,000,000	-
	Howbuild	102,842,000	-
	Chilgok Ecopark	93,068,693	-
	DDI SSHQ Retail Co., Ltd.	753,250,000	-
Others	SK INC.	-	62,535,050
	SK ECOPLANT CO., LTD.(formerly, SK Engineering & Construction co., ltd)	7,286,216,124	4,215,615,941
	SK shieldus Co.,Ltd (formerly, SK infosec Co.,Ltd)	280,000	57,245,767
	SKC LTD	92,993,360	-
	SK CHEMICALS CO., LTD.	9,403,431	-
	SK INNOVATION CO., LTD.	-	54,461,227
	SK RENT A CAR CO.,LTD	-	5,236,000
	SK M&SERVICE CO.,LTD.	-	7,096,437
	SK PICGLOBAL CO.,LTD.	65,199,370	-
	HAPPYNARAE Co., Ltd.	-	17,586,063
	SK BIOSCIENCE CO.,LTD	1,066,533	-
	SK GAS LTD	722,300,510	2,018,104,310
	HUVIS CORPORATION	250,500,338	-
		<u>₩ 25,195,390,458</u>	<u>₩ 7,051,945,082</u>

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Fund transactions with related parties for the years ended December 31, 2022 and 2021, are as follows:

(in Korean won)

Type	Name of entity	Details	2022			
			Beginning balance	Increase	Decrease	Ending balance
Subsidiaries	DDISC49 ¹	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 ¹	Long-term loans	7,150,000,000	-	(7,150,000,000)	-
	Cheongju Eco Park Co.,Ltd.	Short-term loans	5,581,548,320	-	(5,581,548,320)	-
	Eumsung Ecopark Co.,Ltd ¹	Short-term loans	-	5,602,927,042	(5,602,927,042)	-
	PungBaek Wind Farm Corporation	Short-term loans	183,333,600	-	(183,333,600)	-
Associates	DDISY-230 Residential REIT Co.,LTD	Short-term loans	-	1,100,000,000	-	1,100,000,000
	Hyundai Private Real Estate Investment Trust No. 20	Long-term loans	300,000,000	1,000,000,000	-	1,300,000,000
	Gunpo Mixed Use Development PFV Company ²	Long-term loans	6,045,770,939	-	(2,914,559,047)	3,131,211,892
	Daehoji Solar Park, Inc.	Current portion of long-term loans	900,000,000	-	-	900,000,000
	Chilgok Ecopark	Short-term loans	3,427,200,000	330,000,000	-	3,757,200,000
			₩ 30,287,852,859	₩ 12,232,927,042	₩ (29,332,368,009)	₩ 13,188,411,892

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

² Share of loss of associates was additionally recognized for the loans to Gunpo Mixed Use Development PFV Company.

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Type	Name of entity	Details	2021			Ending balance
			Beginning balance	Increase	Decrease	
Subsidiaries	DDISC49	Short-term loans	₩ -	₩ 6,700,000,000	₩ -	₩ 6,700,000,000
Joint ventures	KORAMCO No.120 General Type Private Real Estate Investment Trust	Short-term loans	820,000,000	-	(820,000,000)	-
		KORAMCO Icheon Baeksa Logistics General Type Private Real Estate Investment Trust	Short-term loans	180,000,000	-	(180,000,000)
	DDI YS-40 REIT ¹	Short-term loans	10,000,000,000	1,000,000,000	(3,850,000,000)	7,150,000,000
	Cheongju Eco Park Co.,Ltd.	Short-term loans	8,540,548,320	13,770,286,435	(16,729,286,435)	5,581,548,320
Associates	Cheongju Eco Park Co.,Ltd.	Current portion of long-term loans	26,822,125	-	(26,822,125)	-
		Current portion of long-term loans	13,500,000,000	-	(13,500,000,000)	-
	Hyundai Private Real Estate Investment Trust No. 20	Long-term loans	-	300,000,000	-	300,000,000
	Gunpo Mixed Use Development PFV Company ²	Long-term loans	8,426,600,000	-	(2,380,829,061)	6,045,770,939
	Daehoji Solar Park, Inc.	Current portion of long-term loans	900,000,000	-	-	900,000,000
Others	Chilgok Ecopark	Short-term loans	-	3,427,200,000	-	3,427,200,000
	DDI Beak-Am Logistics REIT Co.,Ltd ¹	Short-term loans	-	13,600,000,000	(13,600,000,000)	-
			<u>₩ 42,393,970,445</u>	<u>₩ 38,797,486,435</u>	<u>₩ (51,086,937,621)</u>	<u>₩ 30,104,519,259</u>

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

² Share of loss of associates was additionally recognized for the loans to Gunpo Mixed Use Development PFV Company.

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Details of equity transactions with related parties for the years ended December 31, 2022 and 2021, are as follows:

(in Korean won)

Type	Name of entity	Details	2022	2021
Entities with joint control over the Company	SK GAS LTD	Dividend paid	₩ -	₩ 5,382,633,400
	SK DISCOVERY CO.,LTD.	Dividend paid	9,077,266,800	-
	Hahn & Co. Development Holdings Co., Ltd.	Dividend paid	9,521,270,400	5,382,635,200
Subsidiaries	D&D Property Management Inc.	Investments	-	7,500,000,000
	IGIS No.133 Professional Investors' Private Placement Real Estate Investment Limited Liab.	Dividend received	-	29,985,810,409
	IGIS No.133 Professional Investors' Private Placement Real Estate Investment Limited Liab.	Disposal	-	32,700,000,000
	KORAMCO No.117 Qualified Investors Private Real Estate Investment Trust	Dividend received	413,802,427	740,845,266
	KORAMCO No.117 Qualified Investors Private Real Estate Investment Trust	Investments	3,600,000,000	-
	DDI Beak-Am Logistics REIT Co.,Ltd	Investments	-	4,500,000,000
	DDI Beak-Am Logistics REIT Co.,Ltd	Capital reduction	-	300,000,000
	DDISC49 ¹	Investments	-	4,500,000,000
	DDIYS832 ¹	Dividend received	-	55,000,000,000
	DDIYS832 ¹	Disposal	2,091,245,266	-
	IGIS No.412 Professional Investors' Private Placement Real Estate Investment Limited Liab.	Investments	-	15,000,000,000
	DDIOS108	Investments	4,500,000,000	500,000,000
	D&D Property Solution Co., Ltd. (formerly, D&D Living Solution Co., Ltd.) ²	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 ¹	Investments	-	11,000,000,000
	DDI YS-40 REIT ¹	Capital reduction	1,163,323,105	-

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	Cheongju Eco Park Co.,Ltd.	Investments	-	5,856,100,000
	Hanwha Cheongjuecopark private equity 1st(Infrastructure)	Investments	-	12,631,000,000
	Hanwha Cheongjuecopark private equity 1st(Infrastructure)	Dividend received	149,640,001	27,920,000
	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	88,153,178	-
	HHR Real Estate Private Fund No.5	Investments	18,000,000,000	-
	Metheus Icheon Complex Logistics Center PFV Co., Ltd	Investments	2,700,000,000	-
	PungBaek Wind Farm Corporation	Investments	7,885,440,000	-
Associates	Daegusolar	Dividend received	240,323,200	185,203,200
	IGIS No.178 Professional Investors' Private Placement Real Estate Investment Limited Liab.	Dividend received	-	69,040,273,828
	IGIS No.178 Professional Investors' Private Placement Real Estate Investment Limited Liab.	Disposal	282,329,256	29,934,307,901
	DDISY-230 Residential REIT Co.,LTD	Disposal	14,500,000,000	-
	DDISY-230 Residential REIT Co.,LTD	Investments	15,405,000,000	-
	DDISC-1338 Residential REIT Co.,Ltd	Disposal	-	10,521,000,000
	DDISC-1338 Residential REIT Co.,Ltd	Investments	-	10,200,000,000
	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	-

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	DDI Residential No.1 Subsidiary REIT Co.,Ltd	Dividend received	982,281,778	187,426,821
	DDIYS832	Investments	-	11,658,000,000
	Semicolon Mullae REIT CO.,LTD.	Dividend received	440,000,000	221,808,219
	FASSTO	Investments	10,661,179,000	-
	Howbuild	Investments	-	2,999,968,374
	D&D Platform REIT Co., Ltd.	Investments	-	30,000,000,000
	D&D Platform REIT Co., Ltd.	Dividend received	1,811,508,908	490,206,521
	Chilgok Ecopark	Investments	-	950,000
	Gulup Wind Power Development Corp.	Investments	-	3,000,000,000
	DDIVC-1 REIT Co., Ltd.	Investments	37,926,000,000	-
	Korea Space Data	Investments	2,000,213,131	-
Others	DDI Beak-Am Logistics REIT Co.,Ltd	Capital reduction	-	4,500,000,000
			<u>₩ 216,198,269,876</u>	<u>₩ 363,946,089,139</u>

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

² During the year ended December 31, 2022, the furniture business sector of the Company was transferred to investments in D&D Property Solution Co., Ltd. with the carrying amount through a split-off.

The compensation paid or payable to key management for employee services for the years ended December 31, 2022 and 2021, consists of:

<i>(in Korean won)</i>	2022	2021
Salaries	₩ 6,788,401,573	₩ 6,398,955,087
Post-employment benefits	1,687,477,566	1,163,302,221
Share-based payment expenses	971,949,997	-
	<u>₩ 9,447,829,136</u>	<u>₩ 7,562,257,308</u>

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Details of payment guarantees provided by the Company for related parties as at December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	Secured amount	Details	Provided by
Tiger Alternative Investment trust No.318	₩ 4,000	Confirmation of additional investment for loans from Gangnam Station Office development project	Woori Bank (Trustee of Tiger Alternative Investment trust No.318)

Details of assets provided as collateral for related parties by the Company as at December 31, 2022, are as follows:

<i>(in Korean won)</i>	Provided by	Secured amount	Secured assets	Carrying amount
Daegusolar	Korea Development Bank	₩ 15,106,000,000	Shares of investment in associates (Daegusolar)	₩ 2,553,947,326
DDIOS108	KB CAPITAL CO., LTD, WOORI FINANCIAL CAPITAL CO.,LTD, Shinhan Capital Co., Ltd.	36,000,000,000	Shares of investment in subsidiaries (DDIOS108)	3,016,504,271
DDI Residential No.1 Subsidiary REIT Co.,Ltd	Industrial Bank Of Korea, National Credit Union Federation Of Korea, Eunpyeong Credit Union	84,000,000,000	Shares of investment in associates (DDI Residential No.1 Subsidiary REIT Co.,Ltd)	2,834,530,491
Cheongju Eco Park Co.,Ltd.	Kyobo Life Insurance Co., Ltd., NongHyup Life Insurance Co.,Ltd, NongHyup Bank, KEB Hana Bank (Trustee of Hanwha Cheongjuecopark private equity 1st(Infrastructure))	137,355,600,000	Shares of investment in joint ventures (Cheongju Eco Park Co.,Ltd.)	7,241,396,534
Eumsung Ecopark Co.,Ltd	Kyobo Life Insurance Co., Ltd. (separate account), Kyobo Life Insurance Co., Ltd. (general account), NongHyup Life Insurance Co.,Ltd, KB SECURITIES CO.,LTD (Trustee of Hanwha Eumseongecopark private equity 1st(Infrastructure))	134,484,000,000	Shares of investment in joint ventures (Eumsung Ecopark Co.,Ltd)	3,589,364,706

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PungBaek Wind Farm Corporation	HANWHA LIFE INSURANCE CO., LTD., NongHyup Bank (Trustee of Hanwha Wind-Solar Private Fund No.1)	149,500,000,000	Shares of investment in joint ventures (PungBaek Wind Farm Corporation)	6,733,319,769
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When the Company fails to fulfill start and completion of work in relation to the ongoing Gunpo Complex Development Project, the Company is responsible for the cumulative debt acquisition of ₩ 156,000 million and the debt acquisition of ₩ 47,520 million according to the percentage of construction for the borrowings of Gunpo Complex Development PFV Co., Ltd., respectively.

The Company has entered into a contract with Cheongju Eco Park 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.

The Company has an obligation to replenish funds for the loan interest and delayed interest payment obligations to be paid to lenders according to the loan agreement with Myeongdong Chungwhi Building as collateral by IGIS No.135 Professional Investors' Private Placement Real Estate Investment Limited Liab., an associate. The loan of IGIS No.135 Professional Investors' Private Placement Real Estate Investment Limited Liab. is ₩ 96 billion, and the interest period is every 3 months, and a fixed interest rate of 3.60% per annum is paid at the end of each interest period. The maturity date of the loan is 36 months from the date of withdrawal, and the obligation to replenish funds falls within the month in which 36 months elapse from the date following the date of withdrawal belonging to the month in which 24 months elapse from the date of withdrawal of the loan. It is limited to approximately ₩ 1.21 billion, which is 35% of the interest equivalent for the period up to the date (i.e., interest for 12 months).

In relation to the ongoing construction of the fuel cell power generation project of Eumsung Ecopark Co.,Ltd, the Company has a commitment to complete and deliver the project by the scheduled date of completion, with the total amount of the contract (₩ 106,870 million) as the fixed amount specified in the construction contract.

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.

At the Board of Directors on September 23, 2022, the Company has resolved to provide a debt guarantees confirming that the Company may replenish the funds by lending based on the construction share of the Company when Gunpo Mixed Use Development PFV Company does not repay the loan by the maturity date in relation to the loan agreement on construction of the Gunpo Complex Development Project which is in progress. The guaranteed amount is ₩ 99 billion (₩ 300 billion, which is 120% of the loan commitment of ₩ 250 billion, and the amount reflected the 33% in construction share of the Company), and the guarantee period is until the maturity date of the loan (August 23, 2025).

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The Company has an obligation to replenish funds when KORAMCO Icheon Baeksa Logistics General Type Private Real Estate Investment Trust and KORAMCO No.120 General Type Private Real Estate Investment Trust lacks funds to repay the principal and interest until maturity in accordance with the loan agreement. The guaranteed amount is ₩ 35.7 billion and ₩ 37.8 billion, respectively, and the guarantee period is until the loan maturity date (October 24, 2023).

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 Living Solution Co., Ltd. ¹ from SK D&D Co., Ltd.	SK D&D Co., Ltd., D&D Living Solution Co., Ltd. ¹

¹During the year ended December 31, 2022, D&D Living Solution Co., Ltd. changed its name to D&D Property Solution Co., Ltd.

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26. Equity

Details of share capital as at December 31, 2022 and 2021, are as follows:

*(in Korean won
in number of shares)*

	2022		2021	
	Ordinary shares	Preferred shares ¹	Ordinary shares	Preferred shares ^{1,2}
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

¹ 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 1 year after the issue date of the preferred shares to 5 years. The issuance price and conversion price of the convertible preferred shares are ₩ 25,550, and the conversion ratio is 1 to 1. 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 During the year ended December 31, 2021, 1,200,000 convertible preferred shares owned by Findvalue Asset Management and 2,000,000 convertible preferred shares owned by SK Gas Co., Ltd. were converted into ordinary share upon the request of conversion.

Details of reserves as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Share premium ¹	₩ 283,809,830,429	₩ 283,809,830,429
Other reserves	6,994,751,850	6,994,751,850
	₩ 290,804,582,279	₩ 290,804,582,279

¹The 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.

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Details of other components of equity as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Share options	₩ 8,621,241,997	₩ 7,649,292,000
Treasury shares	(17,664,000)	(17,664,000)
Share of other comprehensive income of associates	6,055,755,888	56,416,724
Share of other comprehensive loss of associates	<u>(12,028,245,405)</u>	<u>(12,497,069,876)</u>
	<u>₩ 2,631,088,480</u>	<u>₩ (4,809,025,152)</u>

Details of accumulated other comprehensive income (loss) as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Share of other comprehensive loss of associates	₩ (131,053,465)	₩ (138,861,167)
Share of other comprehensive income of associates	11,719,199	-
Gain on valuation of financial assets at fair value through other comprehensive income	401,479,264	405,722,110
Loss on valuation of financial assets at fair value through other comprehensive income	(1,055,636,500)	(1,066,792,500)
Gain on valuation of derivative financial instruments	<u>1,725,076,760</u>	<u>775,020,033</u>
	<u>₩ 951,585,258</u>	<u>₩ (24,911,524)</u>

Details of retained earnings as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Earned profit reserves	₩ 9,892,371,112	₩ 6,945,228,232
Retained earnings before appropriation	<u>366,456,041,963</u>	<u>326,251,686,733</u>
	<u>₩ 376,348,413,075</u>	<u>₩ 333,196,914,965</u>

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The appropriation of retained earnings for the years ended December 31, 2022 and 2021, is as follows:

<i>(in Korean won)</i>	2022	2021
Unappropriated retained earnings carried over from prior year	₩ 304,476,505,613	₩ 203,255,944,143
Remeasurements of net defined benefit liabilities	(1,313,432,672)	(402,978,091)
Profit for the year	73,936,359,582	123,398,720,681
Interim dividends	(9,675,809,600)	-
Earned profit reserves	(967,580,960)	-
Retained earnings available for appropriation	<u>366,456,041,963</u>	<u>326,251,686,733</u>
Appropriation of retained earnings		
Cash dividend	10,119,809,600	19,795,619,200
Earned profit reserves	<u>1,011,980,960</u>	<u>1,979,561,920</u>
Unappropriated retained earnings to be carried forward	<u>₩ 355,324,251,403</u>	<u>₩ 304,476,505,613</u>

The appropriation of retained earnings for the year ended December 31, 2022, is expected to be appropriated on March 27, 2023. The appropriation date for the year ended December 31, 2021, was March 23, 2022.

Details of dividend paid (or payable) for the years ended December 31, 2022 and 2021, are as follows:

i) Interim dividends (dividend date: June 30, 2022)

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

ii) Annual dividends

<i>(in Korean won)</i>	2022	2021
Ordinary shares (2022: ₩ 400 per share, 2021: ₩ 800 per share)	₩ 8,875,809,600	₩ 17,751,619,200
Preferred share (2022: ₩ 622 per share, 2021: ₩ 1,022 per share)	1,244,000,000	2,044,000,000
	<u>₩ 10,119,809,600</u>	<u>₩ 19,795,619,200</u>

A dividend in respect of the year ended December 31, 2021, is the same as those of the dividends proposed for approval of the general shareholders' meeting.

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27. Share Options

The Company has granted share options to executives and employees. Details are as follows:

(in Korean won, in number of shares)

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

¹ It is a re-measured 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.

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

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

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

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

The Company has newly granted share options and details of changes in share options for the year ended December 31, 2022, are as follows:

<i>(in Korean won, in number of shares)</i>	Number of shares to be issued		Valuation		
	Beginning balance	Ending balance	Beginning balance	Increase	Ending balance
2016.03.18 ¹	120,000	120,000	₩ 5,223,600,000	₩ -	₩ 5,223,600,000
2017.03.24 ¹	120,000	120,000	1,380,852,000	-	1,380,852,000
2018.03.27 ¹	120,000	120,000	1,044,840,000	-	1,044,840,000
2022.03.23	-	271,700	-	971,949,997	971,949,997
	<u>360,000</u>	<u>631,700</u>	<u>₩ 7,649,292,000</u>	<u>₩ 971,949,997</u>	<u>₩ 8,621,241,997</u>

¹ 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.

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 ¹	Development and operation of offices/knowledge industry centers/commercial facilities/officetels/rental housing, etc.
Renewable energy business ¹	Wind/solar/fuel cell power plant EPC and facility installation, operation, business development and sale of business right
ESS business ¹	Installation, operation, provision for power saving service of ESS facility

¹ In accordance with Article 530 (2) and (12) of Korean Commercial Code ("KCC"), the Company split-off the furniture business segment through a simple method of split-off and was excluded from the major reportable segments.

The financial performances of the reportable segments for the years ended December 31, 2022 and 2021, are as follows:

		2022								
		Real estate development/operation	Renewable energy	ESS	Undistributed	Total				
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 ¹		3,966,136,074		4,858,734,976		14,858,566,980		3,595,033,394		27,278,471,424

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

		2021										
		Real estate development/operation	Renewable energy	ESS	Furniture	Undistributed	Total					
Operating profit (loss)	₩	206,152,639,664	₩	12,372,861,297	₩	5,147,591,459	₩	4,050,432,077	₩	(32,614,061,542)	₩	195,109,462,955
Depreciation and amortization ¹		4,401,839,007		4,894,598,810		14,707,457,986		911,812,856		3,198,709,990		28,114,418,649

¹ 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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The financial position of each reportable segment as at December 31, 2022 and 2021, is as follows:

<i>(in Korean won)</i>	2022				
	Real estate development/operation	Renewable energy	ESS	Unallocated	Total
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 ¹	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

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

<i>(in Korean won)</i>	2021					
	Real estate development/operation	Renewable energy	ESS	Furniture	Unallocated	Total
Total assets	₩ 1,243,153,231,442	₩ 164,067,768,484	₩ 208,359,050,206	₩ 20,931,622,183	₩ 103,864,858,618	₩ 1,740,376,530,933
Non-current assets ¹	63,329,002,764	58,952,987,379	178,882,578,279	3,235,724,164	13,072,526,612	317,472,819,198
Total liabilities	591,739,211,214	85,851,219,417	8,718,559,700	5,460,669,911	405,249,146,123	1,097,018,806,365

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

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Revenue from contracts with customers of the Company is classified as follows, and all operating revenue were generated in domestic for the years ended December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>		2022			
		Real estate development/ operation	Renewable energy	ESS	Total
1. Revenue from contracts with customers					
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>
2. Revenue from other sources					
Profit related to equity method ¹		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>

¹ 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 (Notes 10 and 37).

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		2021					
		Real estate development/ operation	Renewable energy	ESS	Furniture	Total	
1. Revenue from contracts with customers							
At a point in time							
Merchandises	₩	-	₩ 104,068,800,000	₩	-	₩ 2,612,541,102	₩ 106,681,341,102
Products		-	10,865,270,358		-	-	10,865,270,358
Services		3,886,456,792	888,330,697	28,746,015,371	359,308,500		33,880,111,360
Housing		292,814,100,000	-	-	-		292,814,100,000
Operation		75,490,923	-	-	-		75,490,923
		<u>296,776,047,715</u>	<u>115,822,401,055</u>	<u>28,746,015,371</u>	<u>2,971,849,602</u>		<u>444,316,313,743</u>
Over time							
Merchandises		-	-	-	40,914,863,860		40,914,863,860
Services		5,113,491,068	2,370,088,218	-	-		7,483,579,286
Rental		6,052,019,511	-	-	-		6,052,019,511
Housing		152,837,952,104	-	-	-		152,837,952,104
		<u>164,003,462,683</u>	<u>2,370,088,218</u>	<u>-</u>	<u>40,914,863,860</u>		<u>207,288,414,761</u>
2. Revenue from other sources							
Profit related to equity method ¹							
		<u>141,679,382,522</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>141,679,382,522</u>
	₩	<u>602,458,892,920</u>	<u>₩ 118,192,489,273</u>	<u>₩ 28,746,015,371</u>	<u>₩ 43,886,713,462</u>	<u>₩</u>	<u>793,284,111,026</u>

¹ Gain on valuation of ₩ 125,123,699,962 and gain on disposal of ₩ 16,555,712,560 from equity method investment held for operating purposes during the year ended December 31, 2021, are included (Notes 10 and 37).

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, 2022 and 2021, are as follows:

(in Korean won)

		2022		
		Reportable segment	Amount	Percentage
Customer A	Renewable energy	₩	97,154,640,000	19.34%

(in Korean won)

		2021		
		Reportable segment	Amount	Percentage
Customer B	Real estate development/ operation	₩	240,000,000,000	30.25%
Customer C	Renewable energy		104,068,800,000	13.12%

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29. Operating Expenses

Details of operating expenses for the years ended December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Changes in inventories (including land)	₩ 168,457,142,555	₩ 417,307,830,979
Raw materials used	3,465,887	8,237,705
Employee benefits expenses	35,839,086,272	36,655,625,216
Depreciation (including depreciation of investment property)	21,290,691,367	21,675,113,705
Depreciation of right-of-use assets	3,509,446,064	4,520,188,824
Amortization	2,478,333,993	1,919,116,120
Outsourcing expenses	106,932,740,000	51,646,841,780
Commission expenses	52,386,582,341	36,364,172,141
Taxes and dues	14,484,537,872	3,639,491,998
Rental expenses	1,213,108,624	556,502,723
Advertising expense	1,250,755,165	752,622,153
Loss related to equity method ^{1,2}	46,314,352,030	13,320,568,513
Other	9,425,801,114	9,808,336,214
	<u>₩ 463,586,043,284</u>	<u>₩ 598,174,648,071</u>

¹ 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 (Notes 10 and 37).

² Loss on valuation of ₩ 13,023,814,742 and loss on disposal of ₩ 296,753,771 from equity method investment held for operating purposes during the year ended December 31, 2021, are included (Notes 10 and 37).

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30. Non-Operating Income and Expenses

Details of other non-operating income and expenses for the years ended December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Other non-operating income		
Rental revenues	₩ 98,819,662	₩ 65,153,949
Gain on disposal of investment in associates	1,092,791,070	-
Gain on disposal of property, plant and equipment	150,146,231	24,751,047
Gain on disposal of right-of-use assets	128,006,232	2,361,515,469
Other income on real estate	60,608,308,795	-
Miscellaneous gains	3,901,746,039	4,773,873,481
	<u>₩ 65,979,818,029</u>	<u>₩ 7,225,293,946</u>
Other non-operating expenses		
Loss on disposal of property, plant and equipment	₩ 13,800,700	₩ 355,730,840
Loss on disposal of intangible assets	47,510,002	1,295,167
Loss on disposal of right-of-use assets	46,528,231	988,365,806
Loss on inventory obsolescence	-	107,120
Donation	685,900,863	641,854,404
Compensation expenses	1,615,000,000	129,000,000
Miscellaneous losses	1,995,011,677	1,094,817,430
	<u>₩ 4,403,751,473</u>	<u>₩ 3,211,170,767</u>

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Details of finance income and costs for the years ended December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Finance income		
Interest income	₩ 4,954,483,938	₩ 4,669,100,004
Gain on foreign currency transaction	484,767,700	79,278,510
Gain on foreign currency translation	488,633,821	256,322,723
Dividend income	1,532,808,217	1,797,202,515
Gain on derivative transactions	22,905,424	2,435,609,695
Gain on valuation of derivatives	4,143,702,017	2,818,466,702
Gain on valuation of firm commitments	-	4,256,000
Reversal of financial guarantee liabilities	1,707,497,250	682,881,470
Gain on valuation of financial assets at fair value through profit or loss	3,040,037,114	200,200,000
Gain on disposal of financial assets at fair value through profit or loss	1,780,601,529	5,000,000,000
	<u>₩ 18,155,437,010</u>	<u>₩ 17,943,317,619</u>
Finance costs		
Interest expenses	₩ 23,738,610,952	₩ 27,913,943,649
Loss on foreign currency transaction	5,399,561,556	98,099,272
Loss on foreign currency translation	11,918,787	251,697,742
Loss on derivative transactions	320,764,732	643,510,032
Loss on valuation of derivatives	2,029,000,000	3,537,000,000
Loss on valuation of firm commitments	-	2,359,580,763
Financial guarantee expenses	1,707,497,250	682,881,470
Loss on valuation of financial assets at fair value through profit or loss	356,331,414	8,677,183,567
	<u>₩ 33,563,684,691</u>	<u>₩ 44,163,896,495</u>

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31. Tax Expense

Income tax expense for the years ended December 31, 2022 and 2021, consists of:

<i>(in Korean won)</i>	2022	2021
Current income taxes	₩ 27,788,737,210	₩ 57,152,139,474
Additional payment of income taxes (refunds) and others	(515,753,418)	(492,259,245)
Changes in deferred tax due to temporary differences	(876,026,815)	(11,116,055,139)
Income tax expense charged directly to equity	(1,781,282,653)	87,115,341
Income tax expense	<u>₩ 24,615,674,324</u>	<u>₩ 45,630,940,431</u>

Income tax expense charged directly to the equity for the years ended December 31, 2022 and 2021, is as follows:

<i>(in Korean won)</i>	2022	2021
Gain on valuation of financial assets at fair value through other comprehensive income	₩ 6,913,154	₩ -
Loss on valuation of derivatives	(315,678,427)	(278,113,187)
Share of other comprehensive income of associates	(1,928,071,382)	241,437,873
Actuarial gains and losses	455,554,002	123,790,655
	<u>₩ (1,781,282,653)</u>	<u>₩ 87,115,341</u>

Reconciliation between profit before income tax and income tax expense for the years ended December 31, 2022 and 2021, is as follows:

<i>(in Korean won)</i>	2022	2021
Profit before income tax	₩ 98,552,033,906	₩ 169,029,661,112
Income tax based on statutory tax rate	23,404,200,699	40,545,569,006
Adjustments:		
Non-deductible expense (2022: ₩ 3,466,551,090, 2021: ₩ 1,122,093,282)	823,238,793	269,159,332
Effect of unrecognized deferred tax among temporary differences	(2,437,835,605)	(127,342,211)
Additional payment of income taxes	(515,753,418)	(492,259,245)
Effect of recirculation of corporate income	2,509,109,834	5,062,081,076
Non-deductible dividend income	(15,002,723)	(25,902,819)
Others (difference in tax rate, etc.)	847,716,744	399,635,292
Income tax expense	<u>₩ 24,615,674,324</u>	<u>₩ 45,630,940,431</u>
Effective tax rate	24.98%	27.00%

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The movements in deferred tax assets and liabilities for the years ended December 31, 2022 and 2021, are as follows:

	2022				
	Beginning balance	Transfer	Profit or loss	Charged (credited) directly to the equity	Ending balance
(in Korean won)					
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)	-	-
Provision for impairment	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
	<u>₩ 14,029,329,058</u>	<u>₩ (14,894,005)</u>	<u>₩ 2,657,309,468</u>	<u>₩ (1,781,282,653)</u>	<u>₩ 14,890,461,868</u>

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(in Korean won)	2021			
	Beginning balance	Profit or loss	Charged (credited) directly to the equity	Ending balance
Investment in subsidiaries, joint ventures and associates	₩ 2,567,806,743	₩ 9,537,992,407	₩ 241,437,873	₩ 12,347,237,023
Defined benefit obligations	2,130,151,526	369,498,965	-	2,499,650,491
Loss on valuation of inventories	63,442,554	4,701,597	-	68,144,151
Depreciation	171,472,581	20,945,424	-	192,418,005
Gain (loss) on foreign currency translation	(36,853,562)	726,826,073	-	689,972,511
Gain on valuation of securities	893,054,024	1,992,091,139	-	2,885,145,163
Unpaid annual leave	125,540,022	10,884,309	-	136,424,331
Long-term employee benefits	34,738,886	1,956,316	-	36,695,202
Provision for warranty	442,051,611	(16,875,034)	-	425,176,577
Bad debts	29,335,735	(29,335,735)	-	-
Provision for loss compensation	677,394,344	(89,894,344)	-	587,500,000
Finance costs on advance receipts	403,013,168	255,118,309	-	658,131,477
Accrued income	(425,561,322)	(137,853,721)	-	(563,415,043)
Plan assets	(2,130,151,526)	(171,804,122)	-	(2,301,955,648)
Interest on construction funds	(3,619,711,337)	121,716,957	-	(3,497,994,380)
Amortization	(656,702,488)	-	-	(656,702,488)
Valuation of derivatives	(511,739,433)	633,849,074	(278,113,187)	(156,003,546)
Firm commitment assets	1,484,447,983	(1,484,447,983)	-	-
Provision for long-term maintenance	523,313,001	117,507,435	-	640,820,436
Conversion of journal entry (lease)	402,251,072	(226,973,874)	-	175,277,198
Allowance for valuation loss of inventories	122,514,501	(69,829,414)	-	52,685,087
Provision for impairment	337,631,049	(15,512,779)	-	322,118,270
Asset impairment	482,015,648	-	-	482,015,648
Actuarial gains and losses	-	(123,790,655)	123,790,655	-
Long-term borrowings (present value discounts)	(638,875,059)	(397,830,546)	-	(1,036,705,605)
Allowance for valuation loss of completed projects	220,790,646	-	-	220,790,646
Allowance for valuation loss of land	75,593,441	-	-	75,593,441
Others	(253,689,889)	-	-	(253,689,889)
	<u>₩ 2,913,273,919</u>	<u>₩ 11,028,939,798</u>	<u>₩ 87,115,341</u>	<u>₩ 14,029,329,058</u>

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Details of unrecognized temporary differences related to investment assets as deferred tax assets (liabilities) as at December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Investment in subsidiaries ¹	₩ (15,010,624,969)	₩ (4,745,217,478)
Investment in joint ventures and associates	<u>60,000,000</u>	<u>60,000,000</u>
	<u>₩ (14,950,624,969)</u>	<u>₩ (4,685,217,478)</u>

¹ 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.

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32. Earnings per Share

Details of calculation of basic and diluted earnings per share for the years ended December 31, 2022 and 2021, are as follows:

(a) Basic earnings per ordinary share

<i>(in Korean won, in shares)</i>	2022	2021
Profit attributable to ordinary shares ¹	₩ 65,948,426,372	₩ 111,321,326,887
Weighted average number of ordinary shares outstanding	22,189,524	20,371,442
Basic earnings per share	₩ 2,972	₩ 5,465

¹ Preferred shares are deducted from profit attributable to ordinary shares.

(b) Diluted earnings per ordinary share

<i>(in Korean won, in shares)</i>	2022¹	2021
Profit attributable to ordinary shares ¹	₩ 65,948,426,372	₩ 125,442,720,681
Weighted average number of ordinary shares outstanding	22,189,524	24,259,315
Diluted earnings per share	₩ 2,972	₩ 5,171

¹ As at December 31, 2022, share options granted by the Company are out-of-money and have no dilutive effect, so basic earnings per ordinary share is identical to diluted earnings per ordinary share.

The Company issued convertible preferred shares in 2020, and calculation details of basic and diluted earnings per preferred share for the years ended December 31, 2022 and 2021, are as follows:

(a) Basic earnings per preferred share

<i>(in Korean won, in shares)</i>	2022	2021
Profit attributable to preferred shares ¹	₩ 7,987,933,210	₩ 12,077,393,794
Weighted average number of preferred shares outstanding	2,000,000	3,818,082
Basic earnings per share	₩ 3,994	₩ 3,163

¹ 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.

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(b) Diluted earnings per preferred share

<i>(in Korean won, in shares)</i>	2022¹		2021	
Profit attributable to preferred shares ¹	₩	7,987,933,210	₩	12,048,529,806
Weighted average number of preferred shares outstanding		2,000,000		3,818,082
Diluted earnings per share	₩	3,994	₩	3,156

¹ The Company did not issue any dilutive potential preferred shares. Therefore, basic earnings per preferred shares is identical to diluted earnings per preferred shares.

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 earnings per ordinary share

<i>(in shares)</i>	Period	Changes in details	Number of shares	Number of days	Weighted average number of shares
2022	1/1~12/31	Beginning balance	22,189,524	365/365	22,189,524
					<u>22,189,524</u>
2021	1/1~12/31	Beginning balance	18,989,524	365/365	18,989,524
	6/23~12/31	Exercise of conversion right	1,200,000	192/365	631,233
	8/17~12/31	Exercise of conversion right	2,000,000	137/365	750,685
					<u>20,371,442</u>

(b) Diluted earnings per ordinary share

<i>(in shares)</i>	Period	Changes in details	Number of shares	Number of days	Weighted average number of shares
2022	Weighted average number of shares outstanding	1	-	-	22,189,524
					<u>22,189,524</u>
2021	Weighted average number of shares outstanding				20,371,442
	1/1~12/31	Share option ²	69,791	365/365	69,791
	1/1~12/31		5,200,000	365/365	5,200,000
	6/23~12/31	Convertible preferred share ³	(1,200,000)	192/365	(631,233)
	8/17~12/31		(2,000,000)	137/365	(750,685)
					<u>24,259,315</u>

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¹There are no dilutive potential ordinary shares in 2022.

² The effects of share options granted on March 18, 2016, March 24, 2017, and March 27, 2018 were reflected when calculating diluted earnings per share in 2021.

³ In calculating diluted earnings per share in 2021, the effect of the assumption of the exercise of the conversion right of the convertible preferred shares issued in the previous year was reflected.

(c) Basic and Diluted earnings per preferred share

<i>(in shares)</i>	Period	Changes in details	Number of shares¹	Number of days	Weighted average number of shares
2022	1/1~12/31	Convertible preferred share ¹	2,000,000	365/365	2,000,000
					2,000,000
2021	1/1~12/31		5,200,000	365/365	5,200,000
	6/23~12/31	Convertible preferred share ¹	(1,200,000)	192/365	(631,233)
	8/17~12/31		(2,000,000)	137/365	(750,685)
					3,818,082

¹ There is no dilutive potential preferred share when calculating diluted earnings per share for the years ended December 31, 2022 and 2021.

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33. Cash Flows

Adjustments to cash generated from (used in) operations for the years ended December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Loss related to equity method (operating)	₩ 46,314,352,030	₩ 13,320,568,513
Depreciation	20,944,642,036	21,354,359,568
Depreciation of investment property	346,049,331	320,754,137
Depreciation of right-of-use assets	3,509,446,064	4,520,188,824
Amortization	2,478,333,993	1,919,116,120
Impairment loss	186,920,236	244,449,336
Loss on disposal of right-of-use assets	46,528,231	988,365,806
Loss on disposal of property, plant and equipment	13,800,700	355,730,840
Loss on disposal of intangible assets	47,510,002	1,295,167
Loss on inventory obsolescence	-	107,120
Share-based payment expenses	971,949,997	-
Post-employment benefits	2,134,449,539	2,711,166,325
Interest expenses	23,738,610,952	27,913,943,649
Loss on foreign currency translation	11,918,787	251,697,742
Contribution to provision for long-term maintenance	19,010,292	500,031,637
Contribution to provision for warranty	279,167,705	984,259,093
Loss on derivative transactions	320,764,732	643,510,032
Loss on valuation of derivatives	2,029,000,000	3,537,000,000
Loss on valuation of firm commitments	-	2,359,580,763
Financial guarantee expenses	1,707,497,250	682,881,470
Share of loss of associates and joint ventures	9,277,120,420	7,704,867,099
Income tax expense	24,615,674,324	45,630,940,431
Loss on valuation of inventories	-	247,695,449
Loss on valuation of financial assets at fair value through profit or loss	356,331,414	8,677,183,567
Profit related to equity method (operating)	(26,155,253,110)	(141,679,382,522)
Interest income	(4,954,483,938)	(4,669,100,004)
Dividend income	(1,532,808,217)	(1,797,202,515)
Gain on foreign currency translation	(488,633,821)	(256,322,723)
Reversal of provision for impairment	(114,683,955)	-
Reversal of provision for loss compensation	-	(382,529,122)
Reversal of provision for warranty	-	(555,640,983)
Reversal of loss on valuation of inventories	(224,191,858)	(422,555,784)
Gain on derivative transactions	(22,905,424)	(2,435,609,695)

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Gain on valuation of derivatives	(4,143,702,017)	(2,818,466,702)
Gain on valuation of firm commitments	-	(4,256,000)
Gain on disposal of property, plant and equipment	(150,146,231)	(24,751,047)
Reversal of financial guarantee liabilities	(1,707,497,250)	(682,881,470)
Gain on valuation of financial assets at fair value through profit or loss	(3,040,037,114)	(200,200,000)
Gain on disposal of financial assets at fair value through profit or loss	(1,780,601,529)	(5,000,000,000)
Share of profit of associates and joint ventures	(23,013,693,684)	(3,831,520,953)
Gain on disposal of right-of-use assets	(128,006,232)	(2,361,515,469)
Miscellaneous gains (effect of re-estimating the lease)	-	(143,117,521)
Gain on disposal of investment in associates	(1,092,791,070)	-
Other income on real estate	(60,608,308,795)	-
	₩ 10,191,333,790	₩ (22,395,359,822)

Changes in operating assets and liabilities for the years ended December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Disposal of investment in associates (operating)	₩ 32,236,329,256	₩ 40,455,307,901
Acquisition of investment in associates (operating)	(73,255,662,500)	(21,858,000,000)
Disposal of investment in joint ventures (operating)	5,549,986,780	-
Acquisition of investment in joint ventures (operating)	(20,700,000,000)	(11,000,000,000)
Disposal of investment in subsidiaries (operating)	2,091,245,266	33,000,000,000
Acquisition of investment in subsidiaries (operating)	(8,100,000,000)	(24,500,000,000)
Trade and other receivables	(17,465,150,695)	(13,285,128,708)
Inventories	(11,939,251,920)	(47,506,491,703)
Contract assets	18,803,612,563	-
Contract costs	(5,126,194,438)	3,287,712,205
Other current assets	(3,571,028,314)	(101,211,261,250)
Other non-current assets	363,931,271	(1,646,390,386)
Trade and other payables	13,683,381,352	(12,450,426,541)
Contract liabilities	50,088,344,054	(45,006,521,145)
Other current liabilities	(10,832,613,242)	(3,709,530,741)
Other non-current liabilities	2,299,067,837	(3,588,333,330)
Lease receivables	2,036,160,684	1,161,306,178
Transfer from (to) associates	2,458,780	-
Benefit payments	(1,941,191,460)	763,505,519

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Provisions	(1,915,973,058)	(500,426,765)
Contribution to plan assets	(3,234,246,356)	(1,952,323,636)
	<u>₩ (30,926,794,140)</u>	<u>₩ (209,547,002,402)</u>

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, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Change in scope of consolidation	₩ 4,716,667,179	₩ 16,530,692,315
Transfer of investment in joint ventures to investment in associates	8,464,185,394	-
Transfer from investment in associates to financial asset at fair value through profit or loss	-	11,079,200,000
Transfer of long-term borrowings to current portion	224,874,360,974	214,513,221,542
Transfer of long-term loans to current portion	3,667,000,000	-
Transfer of advance payments to property, plant and equipment, and intangible assets	771,743,103	8,184,852,449
Transfer of construction-in-progress to property, plant and equipment	33,960,222,983	920,597,000
Transfer of construction-in-progress to investment property	27,751,200,736	-
Transfer of construction-in-progress to intangible assets	888,088,908	3,218,854,163
Non-trade payables related to the acquisition of property, plant and equipment, and intangible assets	145,915,582	754,174,600
Transfer of leasehold deposits received to current portion	2,696,666,670	1,940,000,000
Transfer of non-current lease liabilities to current portion	3,223,004,597	4,917,869,308
Transfer of debentures to current portion	74,888,048,855	72,382,545,438
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	-
Transfer of contract assets to advance payments	-	8,955,558,402

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Changes in liabilities arising from financial activities for the years ended December 31, 2022 and 2021, are as follows:

(in Korean won)

	2022					
	Beginning balance	Financing cash flows	Transfer	Split-off	Others ¹	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)	224,874,360,974	-	1,358,780,473	196,816,861,002
Current portion of debentures	75,417,364,993	(74,704,000,000)	74,888,048,855	-	(676,832,739)	74,924,581,109
Long-term borrowings	408,962,117,247	369,366,400,000	(224,874,360,974)	-	1,195,775,444	554,649,931,717
Non-current debentures	251,574,234,093	69,790,000,000	(74,888,048,855)	-	3,659,987,104	250,136,172,342
Non-current lease liabilities	14,853,188,205	-	(3,223,004,597)	(482,825,771)	1,566,588,856	12,713,946,693
Dividend payable	-	(29,471,428,800)	-	-	29,471,428,800	-
	₩ 978,369,206,534	₩ 86,224,270,911	₩ -	₩ (482,825,771)	₩ 36,575,727,938	₩ 1,100,686,379,612

¹ Effects on foreign currency translation of liabilities, etc. are included.

(in Korean won)

	2021				
	Beginning balance	Financing cash flows	Transfer	Others	Ending balance
Short-term borrowings	₩ 27,000,000,000	₩ (19,000,000,000)	₩ -	₩ -	₩ 8,000,000,000
Current lease liabilities	5,050,760,438	(5,152,047,305)	4,917,869,308	-	4,816,582,441
Current portion of long-term borrowings	205,300,000,000	(205,300,000,000)	214,513,221,542	232,498,013	214,745,719,555
Short-term debentures	60,000,000,000	(60,000,000,000)	-	-	-
Current portion of debentures	201,662,669,323	(201,400,000,000)	72,382,545,438	2,772,150,232	75,417,364,993
Long-term borrowings	185,344,982,729	436,471,000,000	(214,513,221,542)	1,659,356,060	408,962,117,247
Non-current debentures	146,960,368,652	174,585,324,960	(72,382,545,438)	2,411,085,919	251,574,234,093
Non-current lease liabilities	17,927,446,212	-	(4,917,869,308)	1,843,611,301	14,853,188,205
Dividend payable	-	(16,708,114,400)	-	16,708,114,400	-
	₩ 849,246,227,354	₩ 103,496,163,255	₩ -	₩ 25,626,815,925	₩ 978,369,206,534

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34. Fair Value

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).

Fair value hierarchy classifications of the financial instruments that are measured at fair value as at December 31, 2022 and 2021, are as follows:

(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

(in Korean won)

	2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	₩ -	₩ -	₩ 57,747,646,675	₩ 57,747,646,675
Financial assets at fair value through other comprehensive income	-	-	8,800,000	8,800,000
Derivatives designated as hedging	-	3,451,844,875	-	3,451,844,875
Derivatives not designated as hedging	-	-	2,623,000,000	2,623,000,000
Financial liabilities				
Derivatives not designated as hedging	-	-	5,411,000,000	5,411,000,000

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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.

Valuation techniques used in the fair value measurements categorized within d Level 3 of the fair value hierarchy as at December 31, 2022 and 2021, are as follows:

(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	0%	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)	
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	0%	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 and option pricing models: 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.	Weighted average cost of capital	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.	Weighted average cost of capital	6.88% ~14.28%	Fair value of the option increases (decreases) as the underlying asset increases (decreases)	
Derivative liabilities	5,489,000,000		Volatility of the underlying assets	9.00% ~ 35.00%		

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2021

	Fair value	Valuation techniques	Unobservable inputs	Application rate	Relationship between unobservable inputs and fair value measurements
Beneficiary certificates	₩ 8,956,604,286	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	0%	Fair value increases (decreases) as growth rate increases (decreases)
			Weighted average cost of capital	5.64% ~ 6.42%	Fair value decreases (increases) as the discount rate increases (decreases)
Unlisted investment	28,128,842,389	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	0%	Fair value increases (decreases) as growth rate increases (decreases)
			Weighted average cost of capital	9.06%	Fair value decreases (increases) as the discount rate increases (decreases)
Investment convertible notes, etc.	20,671,000,000	Discounted cash flow and option pricing models: 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.	Weighted average cost of capital	12.91%	
			Price volatility	-	Fair value increases (decreases) as price volatility increases (decreases)
Derivative assets	2,623,000,000	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.	Weighted average cost of capital	3.24% ~8.59%	Fair value of the option increases (decreases) as the underlying asset increases (decreases)
Derivative liabilities	5,411,000,000		Volatility of the underlying assets	9.00% ~ 35.00%	

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35. Purpose and Policy of Financial Risk Management

The Company's principal financial liabilities comprise trade and other payables, borrowings and debentures. These financial liabilities arise from Group'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.

(a) 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 at December 31, 2022, long-term borrowings with variable interest rate are ₩ 280,103 million (2021: ₩ 117,795 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 at December 31, 2022 and 2021, are as follows:

	<i>(in Korean won)</i>			
	2022		2021	
	Assets	Liabilities ¹	Assets	Liabilities ¹
USD	₩ 1,142,669	₩ -	₩ 2,007,138,158	₩ 5,571,850
EUR	-	17,921,772	1,019,617,715	13,479,443

¹ 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 (Note 22).

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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 exchange risk through currency futures trading.

<i>(in Korean won)</i>	2022		2021	
	Increase 5%	Decrease 5%	Increase 5%	Decrease 5%
USD	₩ 57,133	₩ (57,133)	₩ 100,078,315	₩ (100,078,315)
EUR	(896,089)	896,089	50,306,914	(50,306,914)

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.

(b) 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.

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As at December 31, 2022, 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>	2022	2021
Financial assets at fair value through profit or loss	₩ 97,631,812,861	₩ 57,747,646,675
Financial assets at amortized cost	313,581,245,782	233,559,385,516
Derivatives designated as hedging	7,995,856,942	3,451,844,875
Derivatives not designated as hedging	4,429,000,000	2,623,000,000
Financial assets at fair value through other comprehensive income	3,800,000	8,800,000
	<u>₩ 423,641,715,585</u>	<u>₩ 297,390,677,066</u>

In addition to the above financial assets, the maximum exposure of credit risk relating payment guarantees provided by the Company which will be paid upon request of warrantee as mentioned in Note 25.

(c) 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 flow from operating activities of those financial assets.

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

<i>(in Korean won)</i>	2022				
	Less than 3 months	Between 3 months to 1 year	Between 1 and 4 years	Over 4 years	Total
Trade and other payables ¹	₩ 45,366,479,204	₩ -	₩ -	₩ -	₩ 45,366,479,204
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
Long-term trade and other payables ¹	-	-	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
	<u>₩ 86,851,551,974</u>	<u>₩ 285,307,918,660</u>	<u>₩ 812,438,591,133</u>	<u>₩ 44,254,755,431</u>	<u>₩ 1,228,852,817,198</u>

¹ Lease liabilities are excluded.

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	2021				
	Less than 3 months	Between 3 months to 1 year	Between 1 and 4 years	Over 4 years	Total
Trade and other payables ¹	₩ 34,240,259,682	₩ -	₩ -	₩ -	₩ 34,240,259,682
Short-term borrowings	50,030,137	8,013,032,603	-	-	8,063,062,740
Current portion of long-term borrowings	6,683,793,458	212,836,768,426	-	-	219,520,561,884
Current portion of debentures	672,934,932	76,492,933,219	-	-	77,165,868,151
Long-term trade and other payables ¹	-	-	800,000,000	1,291,553,121	2,091,553,121
Long-term borrowings	3,905,580,883	11,933,719,364	361,891,863,669	81,238,475,344	458,969,639,260
Debentures	<u>2,685,377,096</u>	<u>8,205,318,904</u>	<u>264,194,393,674</u>	-	<u>275,085,089,674</u>
	<u>₩ 48,237,976,188</u>	<u>₩ 317,481,772,516</u>	<u>₩ 626,886,257,343</u>	<u>₩ 82,530,028,465</u>	<u>₩ 1,075,136,034,512</u>

¹ Lease 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. In addition to the above financial liabilities, the maximum exposure of credit risk relating payment guarantees provided by the Company which will be paid upon request of warrantee as mentioned in Note 25.

(d) 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, 2022.

The Company uses the debt ratio divided by total liabilities by equity capital. The total liabilities, equity capital and debt ratio as at December 31, 2022 and 2021, are as follows:

(in Korean won)	2022	2021
Total liabilities	₩ 1,245,397,530,142	₩ 1,097,018,806,365
Equity capital	<u>₩ 694,925,833,092</u>	<u>₩ 643,357,724,568</u>
Debt ratio	<u>179.21%</u>	<u>170.51%</u>

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36. Split-off

(a) General information

In order to improve management efficiency and diversify management risks by enhancing the competitiveness of each business segment and focusing the entity's capabilities on specialized business areas, D&D Living Solution Co., Ltd. (name changed to D&D Property Solution Co., Ltd. on September 1, 2022) was incorporated on January 1, 2022, after its split-off of the furniture business (furniture business including distribution and construction of kitchen and interior furniture). In accordance with Article 530 (2) and (12) of Korean Commercial Code ("KCC"), it is a split-off through a simple method, in which the split-off company receives 100% of the issued shares of the newly established company.

(b) Assets to be transferred to the Split-off Company and the value of such assets

Assets and liabilities transferred to the split-off company are recognized at their book amounts in accordance with the split-off plan approved at the shareholders' meeting on November 12, 2021. The changes in the assets and liabilities incurred from the date of the shareholders' meeting on January 1, 2022 (split-off date), were reflected and adjusted to in the statement of financial position and list of assets and liabilities to be transferred.

(in millions of Korean won)

		Amount
Assets:		
Current assets	₩	19,195
Cash and cash equivalents		3,301
Trade and other receivables		12,251
Inventories		2,704
Other current financial assets		470
Other current assets		469
Non-current assets		3,824
Property, plant and equipment		353
Right-of-use assets		489
Intangible assets		2,883
Other non-current financial assets		84
Deferred tax assets		15
Total		23,019
Liabilities:		
Current liabilities		7,118
Trade and other payables		4,428
Other current financial liabilities		149
Other current liabilities		2,541
Non-current liabilities		5
Long-term trade and other payables		5
Total		7,123
Amount of net assets transferred (investment in subsidiaries)	₩	15,896

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(c) Accounting treatment of split-off

The carrying amount of the net assets transferred to the newly established company through split-off is recognized as an investment in subsidiary.

(d) Joint liability

In accordance with Article 530-3 Paragraphs 1 and 2 and Article 434 of the Korean Commercial Code (“KCC”), the company split off with a special resolution at the shareholder’s meeting and the split-off company and newly established company are jointly and severally liable to repay for any obligations assumed prior to the split-off under Article 530-9, Paragraph 1 of the KCC.

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37. Changes in Accounting Policies

As explained in note 2, the Company includes gains and losses arising from the real estate development project in the form of indirect investment through the acquisition of shares in the operating revenue and expenses, previously included in non-operating income and expenses, starting from the current year. The Company has retrospectively applied changes in accounting policies and restated the comparative separate statements of comprehensive income and separate statements of cash flows, and the details of changes in the separate statements of comprehensive income and separate statements of cash flows for the previous year are as follows. The change in accounting policy had no impact on net profit of 2021 and financial position at the end of the previous year.

(a) *Separate statements of comprehensive income*

(in Korean won)

Before changes		After changes	
Revenue	₩ 651,604,728,504	Operating revenue	₩ 793,284,111,026
Cost of sales	(513,467,161,659)	Operating expenses	(598,174,648,071)
Gross profit	138,137,566,845		
Selling and administrative expenses	(71,386,917,899)		
Operating profit	66,750,648,946	Operating profit	195,109,462,955
Non-operating income and expenses		Non-operating income and expenses	
Other non-operating income		Other non-operating income	
Gain on disposal of investment in subsidiaries	206,689,937	Gain on disposal of investment in subsidiaries	-
Gain on disposal of investment in associates	16,627,028,408	Gain on disposal of investment in associates	-
Other non-operating expenses		Other non-operating expenses	
Loss on disposal of investment in subsidiaries	(296,753,771)	Loss on disposal of investment in subsidiaries	-
Loss on disposal of investment in associates	(278,005,785)	Loss on disposal of investment in associates	-
Share of profit (loss) of associates	108,226,509,074	Share of profit (loss) of associates	(3,873,346,146)

Meanwhile, Note 10, Note 28, Note 29 and Note 30 related to the restatement of the separate statement of comprehensive income for prior year have been restated.

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(b) *Separate statements of cash flows*

(in Korean won)

Before changes		After changes	
Cash flows from operating activities		Cash flows from operating activities	
Cash generated from (used in) operations		Cash generated from (used in) operations	
Adjustments		Adjustments	
Loss related to equity method (operating)	₩ -	Loss related to equity method (operating)	₩ 13,320,568,513
Share of loss of associates and joint ventures	20,728,681,841	Share of loss of associates and joint ventures	7,704,867,099
Loss on disposal of investment in subsidiaries	296,753,771	Loss on disposal of investment in subsidiaries	-
Loss on disposal of investment in associates	278,005,785	Loss on disposal of investment in associates	-
Profit related to equity method (operating)	-	Profit related to equity method (operating)	(141,679,382,522)
Share of profit of associates and joint ventures	(128,955,190,915)	Share of profit of associates and joint ventures	(3,831,520,953)
Gain on disposal of investment in associates	(16,627,028,408)	Gain on disposal of investment in associates	-
Gain on disposal of investment in subsidiaries	(206,689,937)	Gain on disposal of investment in subsidiaries	-
Change in operating assets and liabilities		Change in operating assets and liabilities	
Disposal of investment in associates (operating)	-	Disposal of investment in associates (operating)	40,455,307,901
Acquisition of investment in associates (operating)	-	Acquisition of investment in associates (operating)	(21,858,000,000)
Acquisition of investment in joint ventures (operating)	-	Acquisition of investment in joint ventures (operating)	(11,000,000,000)
Disposal of investment in subsidiaries (operating)	-	Disposal of investment in subsidiaries (operating)	33,000,000,000
Acquisition of investment in subsidiaries (operating)	-	Acquisition of investment in subsidiaries (operating)	(24,500,000,000)
Cash flows from investing activities		Cash flows from investing activities	
Proceeds from disposal of investments in associates	40,455,307,901	Proceeds from disposal of investments in associates	-
Payments for acquisition of investments in associates	(57,858,918,374)	Payments for acquisition of investments in associates	(36,000,918,374)
Payments for acquisition	(29,487,100,000)	Payments for acquisition	(18,487,100,000)

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of investments in joint ventures		of investments in joint ventures	
Proceeds from disposal of investments in subsidiaries	33,000,000,000	Proceeds from disposal of investments in subsidiaries	-
Payments for acquisition of investments in subsidiaries	(32,000,000,000)	Payments for acquisition of investments in subsidiaries	(7,500,000,000)

Meanwhile, Note 33 related to the restatement of the separate statement of cash flows for the prior year has been restated.

38. Events After the Reporting Period

At the Board of Directors' meeting on March 7, the Company decided to provide debt guarantees of ₩ 432 billion for interim payment loans to subcontractors (knowledge industry center, business facilities) in relation to the Saeng-gag gongjang Guro project, and the guarantee period is until March 31, 2026 (except for Woori Bank until February 27, 2026).

39. Approval of Issuance of the Financial Statements

The separate financial statements 2022 were approved for issue by the Board of Directors on February 6, 2023 and are subject to change with the approval of by the Board of Directors on March 7, 2023, and will be approved at the shareholders at their Annual General Meeting on March 27, 2023.

Auditor's report on internal control over financial reporting

The accompanying independent auditor's report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of SK D&D Co., LTd. (the "Company") and auditing the separate financial statements of the Company for the year ended December 31, 2022 in accordance with the Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

1. Independent auditor's report on internal control over financial reporting
2. Management's report on the effectiveness of the internal control over financial reporting

Independent auditor's report on internal control over financial reporting

(English Translation of a Report Originally Issued in Korean)

The Shareholders and the Board of Directors

SK D&D Co., Ltd.

Opinion on internal control over financial reporting

We have audited SK D&D Co., Ltd.'s (the "Company") Internal Control over Financial Reporting ("ICFR") based on Conceptual Framework for Design and Operation of ICFR, established by the Operation Committee of ICFR ("ICFR Committee) as of December 31, 2022.

In our opinion, the Company's ICFR has been effectively designed and operated, in all material respects, as of December 31, 2022, in accordance with the Conceptual Framework for designing and operating ICFR.

We also have audited, in accordance with Korean Standards on Auditing ("KSA"), the separate financial statements of the Company, which comprise the separate statement of financial position as at December 31, 2022, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flow for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies, and our report dated March 10, 2023 expressed an unqualified opinion.

Basis for opinion on ICFR

We conducted our audit in accordance with KSA. Our responsibility 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 of the Republic of Korea that are relevant to our audit of ICFR and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for designing, implementing and maintaining effective ICFR, and for its assessment about the effectiveness of ICFR, included in the accompanying management's report on the effectiveness of the internal control over financial.

Those charged with governance have the responsibilities for overseeing ICFR.

Auditor's responsibilities for the audit of ICFR

Our responsibility is to express opinion on the Company's ICFR based on our audit. We conducted the audit in accordance with KSA. 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.

An audit of ICFR 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. An audit includes obtaining an understanding of ICFR and testing and evaluating the design and operating effectiveness of ICFR based on the assessed risk.

Definition and inherent limitations of ICFR

An entity's ICFR is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("IFRS"). An entity's ICFR 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 entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, ICFR may not prevent, or detect and correct, misstatements. Also, projections of any assessment 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 Tae-hwan Kim.



March 10, 2023

This audit report is effective as of March 10, 2023, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the auditors' report date to the time this report is used. Such events and circumstances could significantly affect the Company's ICFR and may result in modifications to this 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 Officer of SK D&D Co., Ltd. (the "Company"), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting ("ICFR") for the year ended December 31, 2022.

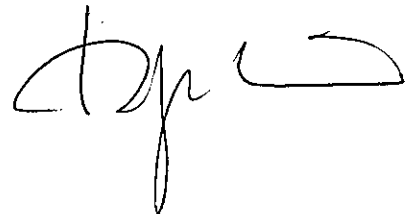
The Company's management, including ourselves, is responsible for designing and operating ICFR. We assessed the design and operating effectiveness of ICFR in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable financial statements. We designed and operated ICFR in accordance with Conceptual Framework for Design and Operation of ICFR established by the Operation Committee of ICFR in Korea ("ICFR Committee"). And, we conducted an evaluation of ICFR based on Best Practice Guideline for Evaluation and Report of Effectiveness of ICFR established by the ICFR Committee.

Based on the assessment results, we believe that the Company's ICFR, as at December 31, 2022, is designed and operating effectively, in all material respects, in accordance with Conceptual Framework for Design and Operation of ICFR.

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 23, 2023

Do-hyun Kim, Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Do-hyun Kim', with a stylized flourish at the end.