

SK Networks Co., Ltd. and its subsidiaries

Consolidated Financial Statements

December 31, 2023

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

Based on a report originally issued in Korean

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

Opinion

We have audited the consolidated financial statements of SK Networks Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2023, the consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policy information and other explanatory information.

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

We also have audited the Group's internal control over financial reporting ("ICFR") for Consolidation Purposes as of December 31, 2023, based on criteria established in Conceptual Framework for designing and operating ICFR in accordance with Korean Standards on Auditing ("KSA") established by the Operating Committee of ICFR (the "ICFR Committee"), and our report dated March 11, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

We conducted our audit in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Appropriate cut-off of merchandise sales recognition : Global and Rent-a-car operating segments

Global operating segment's merchandise revenue is from the sale of polyester, which is composed of raw material products and petrochemical products. Rent-a-car operating segment's merchandise revenue is composed of sales of used cars that were rented for a certain period of time. Global and rent-a-car operating segment's merchandise revenue recognized for the reporting period ending December 31, 2023 amounted to ₩ 1,507,548 million and ₩ 611,863 million, respectively, and accounted for approximately 31% of total sales.

As described in Note 2.15 to the consolidated financial statements, Global operating segment's revenue from the sale of merchandises is recognized when the goods purchased from the supplier are delivered to the customer and control of the goods is transferred. Rent-a-car operating segment's revenue from the sale of used cars is recognized when the used cars are delivered to the customer and control of the goods is transferred



. We have identified the appropriateness of merchandise sales cutoff near the period end as a key audit matter considering the possibility of error in identifying performance obligation and the point of time of such performance obligation is satisfied and the risk of misstatement in revenue from various contract terms.

The primary procedures we performed to address this key audit matter included the following:

- Testing the design and operating effectiveness of controls over merchandise sales transactions in the Global and Rent-a-car operating segment
- Assessing the accounting policies in related to revenue recognition of Global and Rent-a-car operating segment.
- Selected samples of merchandise sales occurred during a certain period before and after the reporting period end and tested the appropriateness of cut-off of revenue recognized by inspecting external evidence.

Impairment assessment of goodwill and brand-related assets : SK Magic Co., Ltd.

As described in Note 3.(1), the Group annually performs impairment tests for intangible assets with indefinite useful lives, such as goodwill and brand-related assets, by comparing the respective recoverable amounts and carrying amounts regardless of whether there are any indications of impairment. If the carrying value of the asset fall short of its recoverable amount, and impairment loss is recognized.

As described in Note 12 to the consolidated financial statements, the carrying value of SK Magic Co., Ltd.'s goodwill and brand-related assets as of December 31, 2023 are ₩ 227,893 million and ₩ 210,119 million, respectively, and are significant to the consolidated financial statements. Estimating the recoverable amount involves management's estimate and judgment, such as estimated future cash flows and discount rates, and there are significant uncertainties in those estimates and judgment. Therefore, we identified the impairment assessment of SK Magic Co., Ltd.'s goodwill and brand-related assets as a key audit matter.

The primary procedures we performed to address this key audit matter included the following:

- Testing the design and operating effectiveness of controls over impairment assessment for goodwill and brand-related assets.
- We evaluated the competence, experience and expertise of the external valuation experts employed by the Group and evaluated the objectivity and independence of such experts.
- We involved our own internal valuation specialists to assess the adequacy of valuation method and assumptions used.
- We compared the financial forecasts used in the recoverable amount measurement with the business plan approved by management.

Other Matters

The consolidated financial statements of the Group as of and for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 15, 2023.

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

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

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



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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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



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

The engagement partner on the audit resulting in this independent auditors' report is Joo-Young, Lee.

KPMG Samjong Accounting Corp.

Seoul, Korea
March 11, 2024

This report is effective as of March 11, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

SK Networks Co., Ltd. and its subsidiaries

Consolidated Financial Statements

for the years ended December 31, 2023 and 2022

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

Ho-Jeong, Lee

Chief Executive Officers

SK Networks Co., Ltd.

SK Networks Co., Ltd. and its subsidiaries
Consolidated statements of financial position
as of December 31, 2023 and 2022

(Korean won in millions)

	Notes	2023	2022
Assets			
Current assets:			
Cash and cash equivalents	5, 30	₩ 337,251	₩ 355,941
Short-term financial instruments	5, 31	351,628	489,069
Trade receivables, net	5, 6, 27, 31	551,922	636,230
Current derivative financial assets	5, 18, 31	422	968
Current portion of finance lease receivables	5, 6, 15, 31	236,036	188,806
Current other financial assets, net	5, 6, 27, 31	22,024	63,324
Other current assets	7	118,587	140,421
Inventories, net	8	586,005	698,650
Assets held for sale	28, 29	167,579	129,800
Total current assets		2,371,454	2,703,209
Non-current assets:			
Long-term financial instruments	5	50	50
Long-term trade receivables, net	5, 6, 31	2,381	2,380
Long-term investment securities	5, 9, 31	309,048	295,456
Investments in associates and joint ventures	5, 10	160,024	126,571
Non-current derivative financial assets	5, 18, 31	25	253
Finance lease receivables	5, 6, 15, 31	548,088	497,864
Other non-current financial assets	5, 6, 27, 31	48,219	49,365
Property, plant and equipment, net	11, 21	3,796,934	3,666,121
Goodwill and intangible assets, net	12, 13	869,639	824,992
Investment properties, net	14	121,625	128,588
Right-of-use assets	15	690,565	997,343
Deferred tax assets	25	113,123	82,195
Other non-current assets	7, 19	79,184	124,872
Total non-current assets		6,738,905	6,796,050
Total assets		₩ 9,110,359	₩ 9,499,259

(Continued)

SK Networks Co., Ltd. and its subsidiaries
Consolidated statements of financial position
as of December 31, 2023 and 2022 (cont'd)

(Korean won in millions)

	Notes	2023	2022
Liabilities			
Current liabilities:			
Trade payables	5, 27, 31	₩ 891,273	₩ 1,061,937
Short-term borrowings	5, 16, 30, 31	746,507	924,929
Current portion of long-term liabilities	5, 16, 30, 31	1,470,690	608,351
Current derivative financial liabilities	5, 18, 31	3,370	24,524
Current portion of lease liabilities	5, 15, 30, 31	275,390	444,322
Other current financial liabilities	5, 27, 31	264,361	321,163
Current tax liabilities	25	9,344	13,821
Current provisions	20	8,803	7,930
Other current liabilities	17	208,854	122,076
Liabilities directly associated with assets classified as held for sale	28, 29	29,801	38,760
Total current liabilities		<u>3,908,393</u>	<u>3,567,813</u>
Non-current liabilities:			
Borrowings and bonds	5, 16, 27, 30, 31	2,252,594	2,477,386
Non-current derivative financial liabilities	5, 18, 31	300	-
Lease liabilities	5, 15, 30, 31	417,414	584,536
Other non-current financial liabilities	5, 27, 31	240,360	299,390
Deferred tax liabilities	25	80,725	69,621
Net defined benefit liabilities	19	20,936	14,729
Non-current provisions	20	4,744	6,139
Other non-current liabilities	17, 19	29,052	28,933
Total non-current liabilities		<u>3,046,125</u>	<u>3,480,734</u>
Total liabilities		<u>6,954,518</u>	<u>7,048,547</u>
Equity			
Equity attributable to owners of the parent:			
Capital stock	22		
Common stock		620,469	620,469
Preferred stock		28,185	28,185
		<u>648,654</u>	<u>648,654</u>
Additional paid-in capital	22	581,629	571,537
Retained earnings	22	858,288	982,696
Other components of equity	22	39,608	51,507
		<u>2,128,179</u>	<u>2,254,394</u>
Non-controlling interests		27,662	196,318
Total equity		<u>2,155,841</u>	<u>2,450,712</u>
Total liabilities and equity		<u>₩ 9,110,359</u>	<u>₩ 9,499,259</u>

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

SK Networks Co., Ltd. and its subsidiaries
Consolidated statements of comprehensive income (loss)
for the years ended December 31, 2023 and 2022

(Korean won in millions, except for earnings per share)

	Notes	2023	2022
Sales	4, 24, 27	₩ 9,133,867	₩ 9,426,160
Cost of sales	8, 24, 27	7,901,658	8,280,248
Gross profit		1,232,209	1,145,912
Selling and administrative expenses	19, 24, 27	994,926	968,360
Operating profit		237,283	177,552
Finance income	5, 18, 24	136,926	253,228
Finance costs	5, 18, 24	292,689	342,149
Other income	5, 24	35,334	66,088
Other expenses	5, 24	37,411	46,286
Loss on investments in associates and joint ventures, net	10	(8,699)	(3,323)
Profit before income tax from continuing operations		70,744	105,110
Income tax expense from continuing operations	25	9,353	8,515
Profit from continuing operations		61,391	96,595
Loss for the year from discontinued operations	28	(55,932)	(5,830)
Profit for the year		₩ 5,459	₩ 90,765
Attributable to:			
Owners of the parent		(711)	86,440
Non-controlling interests		6,170	4,325
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss in subsequent periods:			
Reeasurement of net defined benefit liabilities	19	(28,853)	26,351
Loss on valuation of financial assets at fair value through OCI	5, 9	(13,323)	(36,061)
Gain on translation of foreign operations		29	22
		(42,147)	(9,688)
Items that may be reclassified to profit or loss in subsequent periods:			
Equity adjustments in equity method	10	651	836
Gain (Loss) on valuation of derivative financial instruments	5, 18	(997)	789
Gain on translation of foreign operations		1,570	2,521
		1,224	4,146
Other comprehensive loss, net of tax		(40,923)	(5,542)
Total comprehensive income (loss)		₩ (35,464)	₩ 85,223
Attributable to:			
Owners of the parent		(41,643)	79,403
Non-controlling interests		6,179	5,820
		₩ (35,464)	₩ 85,223
Earnings (Loss) per share (in won):	26		
Basic earnings(loss) per share attributable to ordinary share		₩ (4)	₩ 395
Basic earnings from continuing operations per share attributable to ordinary share		262	288
Diluted earnings (loss) per share attributable to ordinary share		(4)	395
Diluted earnings per share from continuing operations per share attributable to ordinary share		262	288

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

SK Networks Co., Ltd. and its subsidiaries
Consolidated statements of changes in equity
for the years ended December 31, 2023 and 2022
(Korean won in millions)

	Capital stock	Additional paid-in capital	Retained earnings	Other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
As of January 1, 2022	₩ 648,654	₩ 568,955	₩ 897,345	₩ 83,543	₩ 2,198,497	₩ 190,498	₩ 2,388,995
Total comprehensive income (loss)							
Profit for the year	-	-	86,440	-	86,440	4,325	90,765
Remeasurement of net defined benefit liabilities	-	-	24,999	-	24,999	1,352	26,351
Gain (Loss) on valuation of financial assets at fair value through OCI	-	-	-	(36,063)	(36,063)	2	(36,061)
Equity adjustments in equity method	-	-	-	836	836	-	836
Gain on valuation of derivative financial instruments	-	-	-	670	670	119	789
Gain on translation of foreign operations	-	-	-	2,521	2,521	22	2,543
Total comprehensive income (loss) for the year	-	-	111,439	(32,036)	79,403	5,820	85,223
Transactions with owners of the Parent, recognized directly to equity:							
Dividends	-	-	(26,237)	-	(26,237)	-	(26,237)
Disposal of treasury stocks	-	1,348	-	-	1,348	-	1,348
Stock compensation costs	-	1,234	-	-	1,234	-	1,234
Others	-	-	149	-	149	-	149
Total transactions with owners of the Parent	-	2,582	(26,088)	-	(23,506)	-	(23,506)
As of December 31, 2022	₩ 648,654	₩ 571,537	₩ 982,696	₩ 51,507	₩ 2,254,394	₩ 196,318	₩ 2,450,712
As of January 1, 2023	₩ 648,654	₩ 571,537	₩ 982,696	₩ 51,507	₩ 2,254,394	₩ 196,318	₩ 2,450,712
Total comprehensive income (loss)							
Profit (Loss) for the year	-	-	(711)	-	(711)	6,170	5,459
Remeasurement of net defined benefit liabilities	-	-	(29,033)	-	(29,033)	180	(28,853)
Loss on valuation of financial assets at fair value through OCI	-	-	-	(13,226)	(13,226)	(97)	(13,323)
Equity adjustments in equity method	-	-	-	651	651	-	651
Loss on valuation of derivative financial instruments	-	-	-	(894)	(894)	(103)	(997)
Gain on translation of foreign operations	-	-	-	1,570	1,570	29	1,599
Total comprehensive income (loss) for the year	-	-	(29,744)	(11,899)	(41,643)	6,179	(35,464)
Transactions with owners of the Parent, recognized directly to equity:							
Dividends	-	-	(26,249)	-	(26,249)	(1,637)	(27,886)
Purchase of treasury shares	-	(100,430)	-	-	(100,430)	-	(100,430)
Disposal of treasury stocks	-	1,700	-	-	1,700	-	1,700
Cancellation of treasury shares	-	68,363	(68,363)	-	-	-	-
Stock compensation costs	-	915	-	-	915	-	915
Changes in the scope of consolidation	-	-	-	-	-	2,718	2,718
Transactions with non-controlling interests	-	39,290	-	-	39,290	(175,138)	(135,848)
Others	-	254	(52)	-	202	(778)	(576)
Total transactions with owners of the Parent	-	10,092	(94,664)	-	(84,572)	(174,835)	(259,407)
As of December 31, 2023	₩ 648,654	₩ 581,629	₩ 858,288	₩ 39,608	₩ 2,128,179	₩ 27,662	₩ 2,155,841

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

SK Networks Co., Ltd. and its subsidiaries
Consolidated statements of cash flows
for the years ended December 31, 2023 and 2022
(Korean won in millions)

	Notes	2023	2022
Operating activities:			
Profit for the year	₩	5,459	₩ 90,765
Non-cash adjustments to reconcile profit for the year to net cash flows provided by operating activities	30	1,101,889	1,001,965
Changes in operating assets and liabilities	30	(793,889)	(1,263,203)
Interest received		13,944	25,210
Interest paid		(184,975)	(130,921)
Dividends received		1,182	1,873
Income taxes paid		(16,141)	(43,042)
Net cash flows provided by (used in) operating activities	₩	127,469	₩ (317,353)
Investing activities:			
Decrease (Increase) in short-term financial instruments, net		138,975	(484,155)
Decrease (Increase) in long-term financial instruments, net		-	(44)
Decrease (Increase) in derivative financial assets, net		(12,848)	8,373
Increase in short-term loans, net		172	4,637
Proceeds from disposal of long-term investment securities		1,641	2,146
Acquisition of long-term investment securities		(25,816)	(86,250)
Proceeds from acquisition of investments in associates and joint ventures		(43,885)	(109,240)
Proceeds from disposal of property, plant and equipment		31,880	90,232
Acquisition of property, plant and equipment		(102,260)	(138,029)
Proceeds from disposal of intangible assets		4,369	3,873
Acquisition of intangible assets		(30,084)	(14,853)
Proceeds from disposal of investment properties		8,148	550
Decrease (Increase) in gurantee deposits, net		951	4,308
Proceed from disposal of Non-current assets classified as held for sale		8,673	-
Business division transferred out		-	9,000
Increase (Decrease) in cash due to changes in scope of consolidation		(93,177)	138
Cash flows from other investing activities		110	2,955
Net cash flows used in investing activities	₩	(113,151)	₩ (706,359)
Financing activities:			
Increase (Decrease) in short-term borrowings, net	₩	(178,390)	₩ 36,183
Repayment of current portion of long-term borrowings and bonds		(586,623)	(842,277)
Increase in long-term borrowings		433,770	454,936
Issuance of bonds		786,628	682,256
Dividends paid		(27,886)	(26,237)
Decrease in lease liabilities		(213,377)	(299,346)
Disposition of treasury shares		-	1,348
Purchase of treasury shares		(100,430)	-
Adjustments for increase (decrease) in withholdings Banks		(11,199)	-
Transactions with non-controlling interests		(135,849)	-
Cash flows from other financing activities		202	-
Net cash flows provided by (used in) financing activities	₩	(33,154)	₩ 6,863
Net decrease in cash and cash equivalents		(18,836)	(1,016,849)
Cash and cash equivalents at the beginning of the year		355,941	1,372,990
Effects of exchange rate changes on cash and cash equivalents		146	(200)
Cash and cash equivalents at the end of the year	₩	337,251	₩ 355,941

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

SK Networks Co., Ltd.
Notes to the consolidated financial statements
December 31, 2023 and 2022

1. Corporate information

1.1 Parent Company

SK Networks Co., Ltd. (the "Parent Company") was established on April 8, 1953 and on March 24, 1956, SK Networks Co., Ltd. was registered as Sunkyong Textile Co., Ltd. for business purposes. The Parent Company, originally Sunkyong Textile Co., Ltd, changed its name several times, most recently to SK Networks Co., Ltd. The Parent Company is also engaged in the business of general trading, information and telecommunications, rental service business and energy sales.

The Parent Company was designated as a general trading company on November 22, 1976, and its shares were listed on the Korean Stock Exchange on June 30, 1977. The Parent Company merged SK Distribution Co., Ltd. and SK Energy Sales Co., Ltd. on December 31, 1999 and July 31, 2000, respectively.

As of December 31, 2023, the Parent Company has its headquarters in Suwon, Gyeonggi Province and has several overseas subsidiaries and branches in China and others.

As of December 31, 2023, the Parent Company's capital stock is ₩ 648,654 million. The major shareholders of the Parent Company are SK Holdings Co., Ltd. (41.2%), National Pension Service (6.6%), and other shareholders.

The consolidated financial statements comprise the Parent Company and its subsidiaries (together referred to as "the Group") and the Group's interests in associates.

1.2 Consolidated subsidiaries

Consolidated subsidiaries as of December 31, 2023 and 2022 are as follows:

Subsidiary name	Location	Principal business activity	Settlement date	The largest shareholder	Equity ownership (%)	
					2023	2022
SK Networks Service Co., Ltd.	Korea	Communications equipment Manufacturing, selling and rental services of electronic products	December 31	SK Networks Co., Ltd.	86.50	86.50
SK Magic Co., Ltd.	Korea	Vehicle rental business	December 31	SK Networks Co., Ltd.	100.00	100.00
SK RENT A CAR CO.,LTD.	Korea	Wholesale and commodity brokerage	December 31	SK Networks Co., Ltd.	93.59	72.95
MINTIT Co., Ltd.	Korea	Holding Group	December 31	SK Networks Co., Ltd.	100.00	100.00
SK Networks (China) Holdings Co., Ltd. (*1)	China	Steel production	December 31	SK Networks Co., Ltd.	100.00	100.00
POSK (Pinghu) Steel Processing Center Co., Ltd.	China	Trading	December 31	SK Networks Co., Ltd.	80.00	80.00
SK Networks (Shanghai) Co., Ltd.	China	Trading	December 31	SK Networks Co., Ltd.	100.00	100.00
SK Networks Hong Kong Ltd.	Hong Kong	Trading	December 31	SK Networks Co., Ltd.	100.00	100.00
SK Networks Japan Co., Ltd.	Japan	Trading	December 31	SK Networks Co., Ltd.	100.00	100.00
SK Networks Deutschland GmbH	Germany	Overseas resources development	December 31	SK Networks Co., Ltd.	100.00	100.00
SK Networks Resources Australia (Wyong) Pty Ltd. (*1)	Australia	Overseas resources development	December 31	SK Networks Co., Ltd.	100.00	100.00
SK Networks Resources Pty. Ltd. (*1)	Australia	Overseas resources development	December 31	SK Networks Co., Ltd.	100.00	100.00
SK Networks Trading Malaysia Sdn. Bhd.	Malaysia	Trading	December 31	SK Networks Co., Ltd.	-	100.00
SK BRASIL LTDA	Brazil	Trading	December 31	SK Networks Co., Ltd.	56.00	56.00
SK Networks America Inc.	America	Trading	December 31	SK Networks Co., Ltd.	100.00	100.00
Networks Tejarat Pars	Iran	Trading	December 31	SK Networks Co., Ltd.	100.00	100.00

SK Networks Co., Ltd.
Notes to the consolidated financial statements
December 31, 2023 and 2022

1.2 Consolidated subsidiaries (cont'd)

Subsidiary name	Location	Principal business activity	Settlement date	The largest shareholder	Equity ownership (%)	
					2023	2022
Hico Capital LLC	America	Finance, investment	December 31	SK Networks Co., Ltd.	100.00	100.00
CARTINI Co., Ltd.	Korea	E-commerce retail	December 31	SK Networks Co., Ltd.	100.00	100.00
SK Magic Service Co., Ltd.	Korea	Repairing services of electronic products	December 31	SK Magic Co., Ltd.	100.00	100.00
SK magic Retails Malaysia Sdn. Bhd	Malaysia	Selling and rental services of products	December 31	SK Magic Co., Ltd.	100.00	100.00
SK Magic Vietnam company limited	Vietnam	Selling and rental services of products	December 31	SK Magic Co., Ltd.	100.00	100.00
SK Rent-a-car Service Co., Ltd.	Korea	Business support services	December 31	SK Rent A Car Co.,Ltd	100.00	100.00
MINTIT VINA	Vietnam	Wholesale and commodity brokerage	December 31	MINTIT Co., Ltd.	100.00	100.00
SK Networks Dandong Energy Co., Ltd. (*1)	China	Wholesale and retail of petroleum	December 31	SK Networks (China) Holdings Co., Ltd.	100.00	100.00
Shenyang SK Bus Terminal Co., Ltd. (*1)	China	Transportation	December 31	SK Networks (China) Holdings Co., Ltd.	75.00	75.00
SK Networks (Xiamen) Steel Processing Center	China	Steel production Services, wholesale and retail	December 31	SK Networks. Hong Kong Ltd.	100.00	100.00
En-core Co., Ltd.	Korea	retail	December 31	SK Networks Co., Ltd.	88.47	-

(*1) Assets and liabilities of the subsidiaries are classified as non-current assets held for sale and liabilities held for sale as the management decided to sell them before the year ended December 31, 2022.

1.3 Changes in consolidated subsidiaries

Details of subsidiaries which have been included or excluded in the consolidated financial statements for the year ended December 31, 2023 are as follows:

Description	Subsidiary	Details
Excluded	SK Networks Trading Malaysia Sdn Bhd.	Liquidation
Newly included	En-core Co., Ltd.	Acquisition

1.4 Condensed financial information of significant consolidated subsidiaries

Summarized financial information of consolidated subsidiaries as of and for the year ended December 31, 2023 and 2022 is as follows (Korean won in millions):

Subsidiary	2023						Total comprehensive income (loss)
	Assets	Liabilities	Equity	Revenue	Net income (loss)		
SK Networks Service Co., Ltd.	₩ 179,614	₩ 87,758	₩ 91,856	₩ 487,734	₩ 9,503	₩ 6,668	
SK Magic Co., Ltd.	1,387,555	996,993	390,562	751,868	(4,378)	(12,860)	
SK Rent A Car Co.,Ltd.	3,530,016	3,003,724	526,292	1,403,801	23,440	14,577	
MINTIT Co, Ltd.	65,553	25,432	40,121	179,503	(1,355)	(1,540)	

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1.4 Condensed financial information of significant consolidated subsidiaries (cont'd)

2023								
Subsidiary	Assets	Liabilities	Equity	Revenue	Net income (loss)	Total comprehensive income (loss)		
SK Networks (China) Holdings Co., Ltd.	₩ 129,311	₩ 8,486	₩ 120,825	₩ -	₩ 1,580	₩ 1,337		
POSK (Pinghu) Steel Processing Center Co., Ltd.	9,479	4,016	5,463	9,055	(4,341)	(4,294)		
SK Networks (Shanghai) Co., Ltd.	12,879	437	12,442	95,923	(361)	(895)		
SK Networks Hong Kong Ltd.	31,452	7,750	23,702	123,825	(1,758)	(1,538)		
SK Networks Japan Co., Ltd.	3,156	373	2,783	-	(755)	(895)		
SK Networks Deutschland GmbH	918	657	261	-	(64)	(47)		
SK Networks Resources Australia (Wyong) Pty. Ltd.	17,695	7,332	10,363	-	(5,589)	(4,366)		
SK Networks Resources Pty Ltd.	1,137	218	919	-	(1,564)	(1,525)		
SK Networks America Inc.	76	46	30	-	(1)	(767)		
Hico Capital LLC	119,912	218	119,694	-	(3,723)	(14,788)		
CARTINI Co., Ltd.	6,748	2,690	4,058	17,591	(6,710)	(6,710)		
SK Magic Service Co., Ltd.	28,827	27,893	934	80,828	676	(1,093)		
SK magic Retails Malaysia Sdn. Bhd.	131,850	50,431	81,419	95,991	(7,837)	(10,045)		
SK Rent-a-Car Service Co., Ltd.	12,832	7,904	4,928	30,437	901	628		
MINTIT VINA SK Networks (Dandong) Energy Co., Ltd.	1,762	-	1,762	3,701	(344)	(354)		
Shenyang SK Bus Terminal Co., Ltd.	11,331	878	10,453	-	(15,113)	(14,920)		
SK Networks (Xiamen) Steel Processing Center Co., Ltd.	54,446	61,244	(6,798)	3,992	(3,720)	(3,641)		
En-core Co., Ltd.	39,444	21,954	17,490	70,757	64	12		
	30,322	16,852	13,470	6,359	(209)	(209)		

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1.4 Condensed financial information of significant consolidated subsidiaries (cont'd)

2022							Total comprehensive income (loss)
Subsidiary	Assets	Liabilities	Equity	Revenue	Net income (loss)		
SK Networks Service Co., Ltd.	₩ 237,533	₩ 136,145	₩ 101,388	₩ 475,669	₩ 8,336	₩	14,004
SK Magic Co., Ltd.	1,344,768	921,294	423,474	1,027,378	45,546	₩	57,902
SK Rent A Car Co., Ltd.	3,341,659	2,823,132	518,527	1,247,544	21,214	₩	23,906
MINTIT Co., Ltd.	95,461	53,800	41,661	170,360	(892)	₩	(722)
SK Networks (China) Holdings Co., Ltd.	128,035	8,547	119,488	-	1,491	₩	(266)
POSK (Pinghu) Steel Processing Center Co., Ltd.	20,859	11,102	9,757	30,272	(3,794)	₩	(3,948)
SK Networks (Shanghai) Co., Ltd.	25,604	165	25,439	28,000	308	₩	(376)
SK Networks Hong Kong Ltd.	44,364	19,124	25,240	217,816	132	₩	467
SK Networks Japan Co., Ltd.	3,968	290	3,678	824	(599)	₩	(925)
SK Networks Deutschland GmbH	934	625	309	-	(1,409)	₩	(1,391)
SK Networks Resources Australia (Wyong) Pty. Ltd.	53,039	25,381	27,658	72,719	29,322	₩	28,854
SK Networks Resources Pty Ltd.	3,131	686	2,445	-	(18)	₩	(19)
SK Networks America Inc.	5,069	-	5,069	-	(742)	₩	(304)
Hico Capital LLC	120,454	419	120,035	-	2,330	₩	6,058
CARTINI Co., Ltd.	12,876	2,363	10,513	13,577	(5,491)	₩	(5,494)
SK Magic Service Co., Ltd.	35,255	33,227	2,028	78,967	678	₩	944
SK magic Retails Malaysia Sdn. Bhd.	90,497	26,373	64,124	63,455	(7,460)	₩	(7,301)
SK Rent-a-Car Service Co., Ltd.	8,933	4,634	4,299	25,529	525	₩	452
MINTIT VINA SK Networks (Dandong) Energy Co., Ltd.	2,264	148	2,116	2,926	(688)	₩	(587)
Shenyang SK Bus Terminal Co., Ltd.	25,765	393	25,372	-	(297)	₩	(963)
SK Networks (Xiamen) Steel Processing Center Co., Ltd.	55,460	58,616	(3,156)	3,079	(4,519)	₩	(4,310)
	32,062	14,576	17,486	82,726	552	₩	(71)

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1.5 Disclosure of significant non-controlling interests in subsidiaries

Information about significant non-controlling interest in subsidiaries as of and for the year ended December 31, 2023 is as follows (Korean won in millions):

	SK Rent A Car Co.,Ltd.	
Percentage of the non-controlling ownership		4.52%
Current assets	₩	301,536
Non-current assets		3,228,480
Current liabilities		1,331,135
Non-current liabilities		1,672,589
Net assets		526,292
Book value of non-controlling interest		23,788
Sales		1,403,801
Net income		23,440
Other comprehensive income		14,577
Net income of non-controlling interest		7,010
Total comprehensive income of the non-controlling interest		6,352
Net cash flows from operating activities		(29,147)
Net cash flows from investing activities		(35,522)
Net cash flows from financing activities		122,836
Net increase (decrease) in cash and cash equivalents		58,167
Dividends paid to the non-controlling interest		(1,637)

1.6 Details of changes in the parent company's ownership interest in the subsidiary without loss of control

	SK Rent A Car Co.,Ltd.	SK Networks Service Co., Ltd.
Percentage of ownership before transaction	75.96%	₩ 86.50%
Percentage of ownership after transaction	95.48%	100%
Reason for change in ownership	Acquisition by tender offer	Acquisition by purchase of treasury stock
Ownership interest (Korean won in millions)	₩ 119,649	₩ 16,200

1.7 Description of nature and extent to which protective rights of non-controlling interests can significantly restrict entity's ability to access or use assets and settle liabilities of the Group

There are no significant restrictions due to the protective rights of non-controlling interest that can significantly restrict the entity's ability to access or use assets and settle liabilities of the Group.

2. Summary of material accounting policies

2.1 Basis of preparation of consolidated financial statements

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

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

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

The accompanying consolidated financial statements were approved at the Parent Company's Board of Directors meeting held on February 13, 2024 to be submitted for final approval at the general shareholders' meeting.

2.1.1 New and amended standards and interpretations

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

Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policy information (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements). The amendments do not have a significant impact on the consolidated financial statements.

Korean IFRS 1001 Presentation of Financial Statements - Disclosure of gain or loss on valuation of financial liabilities subject to adjustment of exercise price

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed. The amendments do not have a significant impact on the consolidated financial statements.

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

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments do not have a significant impact on the consolidated financial statements.

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

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments do not have a significant impact on the consolidated financial statements.

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

New Standard: Korean IFRS 1117 Insurance Contract

Korean IFRS 1117 Insurance Contracts replaces Korean IFRS 1104 Insurance Contracts. This Standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an

accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (Refunds due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. This standard does not have a significant impact on the Group's financial statements.

Korean IFRS 1012 Income Taxes - International Tax Reform – Pillar Two Model Rules

The amendments provide a temporary relief from the accounting for deferred taxes arising from legislation enacted to implement the Pillar Two model rules, which aim to reform international corporate taxation for multinational enterprises, and require disclosure of related current tax effects, etc.

The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Since the Pillar Two legislation is scheduled to be effective from January 1, 2024, the Group has no current tax expense related to Pillar Two. The Group is in review for the impact of implement the Pillar Two model rules.

2.1.2. New standards and interpretations not yet adopted by the Group

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

Amendments to Korean IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. The amendments should be applied for annual periods beginning on or after January 1, 2024. The Group is in review for the impact of these amendments on the consolidated financial statements.

Amendments to Korean IFRS 1007 Statement of Cash Flows, Korean IFRS 1107 Financial Instruments: Disclosures – Supplier finance arrangements

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments should be applied for annual periods beginning on or after January 1, 2024. The Group is in review for the impact of these amendments on the consolidated financial statements.

Amendments to Korean IFRS 1116 Leases - Lease Liability in a Sale and Leaseback

When subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments should be applied for annual periods beginning on or after January 1, 2024. The Group is in review for the impact of these amendments on the consolidated financial statements.

2.1.2. New standards and interpretations not yet adopted by the Group (cont'd)

Amendments to Korean IFRS 1001 Presentation of Financial Statements – Disclosure of Cryptographic Assets

The amendments require for an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. The amendments should be applied for annual periods beginning on or after January 1, 2024. The Group is in review for the impact of these amendments on the consolidated financial statements.

The Group is currently assessing the impact of the standards and amendments above on the consolidated financial statements.

2.2 Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group and its subsidiaries. Control is achieved where the Group 1) has the power over the investee, 2) is exposed, or has rights, to variable returns from its involvement with the investee, and 3) has the ability to use its power to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

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

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary. Profit or loss and each component of OCI are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

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

When the Group loses control of a subsidiary, a gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in OCI and accumulated in equity, the amounts previously recognized in OCI and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e., reclassified to profit or loss or transferred directly to retained earnings).

2.3 Business combination

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

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

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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

2.4 Financial assets

2.4.1 Measurement

The Group measures the financial asset at fair value at initial recognition, and if it is not financial assets at fair value through profit or loss, the transaction costs directly related to the acquisition of the financial asset shall be added to the fair value. The transaction costs of financial assets at fair value through profit or loss are recognized as expenses in profit or loss.

2.4.2 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and lease receivables, the Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

2.4.3 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received.

2.5 Financial liabilities

2.5.1 Financial liabilities

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

2.5.2 Financial guarantee liabilities

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

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

- The amount of the loss allowance determined in accordance with KIFRS 1109 (see financial assets above) and
- The amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out above.

2.5.3 Derecognition of financial liabilities

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

2.6 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.7 Derivative instruments and hedge accounting

In order to manage interest rate risk and foreign currency risk, the Group has entered into a number of derivative contracts including currency forwards and interest rate swaps. Derivatives are measured at fair value at the date of initial recognition and are subsequently remeasured to fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in finance income (costs) based on the nature of transactions.

2.7.1 Fair value hedge

The Group recognizes the changes in the fair value of derivatives that are designated as hedging instruments and meet the application of fair value hedge accounting as soon as it is recognized in profit or loss and the fair value change of hedged item. Changes in the fair value of the hedging instrument and changes in the fair value of the hedged item attributable to the hedged risk are recognized in the line items related to hedged items in the consolidated statement of comprehensive income.

Fair value hedge accounting is discontinued when the Group reverses the designation of a hedging relationship, when the hedging instrument expires, is sold, terminated or exercised or when it no longer meets the requirements for fair value hedge accounting. The carrying amount of the hedged item attributable to the hedged risk is amortized to profit or loss as of the date the hedge accounting is discontinued.

2.7.2 Cash flow hedging

The effective portion of changes in the fair value of derivatives that are designated as hedging instruments and meet the requirements for cash flow hedge accounting is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Gains and losses related to the ineffective portion of the hedge are recognized in profit or loss and are recognized in the consolidated statement of comprehensive income.

Cash flow hedge accounting is discontinued if the Group reverses the designation of a hedging relationship, if the hedging instrument expires, is sold, terminated or exercised or if it no longer meets the requirements for cash flow hedge accounting. Gains or losses on valuation of equity instruments that are recognized in other comprehensive income at the time of termination of cash flow hedge accounting are recognized in equity and reclassified to profit or loss if the transaction is ultimately recognized in profit or loss. However, if the anticipated transaction is no longer expected to occur, the cumulative gain or loss previously recognized in equity is reclassified to profit or loss.

2.8 Cash and cash equivalents

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

2.9 Inventories

Inventories are stated at the lower of cost and net realizable value. The Group estimates inventories at the acquisition cost determined by the gross average method (except for some products and goods in transit of the rent-a-car and global segments). Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.10 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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2.10 Investments in associates and joint ventures(cont'd)

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as 'Share of profit of an associate and a joint venture' in the statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

2.11 Property, plant and equipment

Property, plant and equipment, except for land, is depreciated using the straight-line method over the estimated useful life of the following assets, net of their residual value.

	<u>Useful life (years)</u>
Buildings	20-60
Structures	4-40
Storage tanks	20-40
Machinery and equipment	3-40
Vehicles	4-10
Rental property	3-5
Furniture and fixture	4-6
Other property, plant and equipment	2-10

The depreciation method, residual value and useful life of the tangible assets are reviewed at the end of each reporting period, and changes in accounting estimates are accounted for as changes in accounting estimates. During the current period, the Group has changed its estimation on residual value considering accumulated historical experience related to the use of rental assets, as well as sales policies, sales plans and usage plans. However, the amount of items affected by changed estimation is not disclosed as the impact on the future period cannot be estimated in practice.

2.12 Intangible assets

Intangible assets that are acquired individually are stated at cost, and intangible assets acquired as a business combination are recorded at their fair value at the date of acquisition. Accumulated depreciation and accumulated impairment losses are recognized directly. Intangible assets, except for development costs, are recognized in profit or loss as expense items when incurred.

Intangible assets are classified into intangible assets with finite useful life and intangible assets with indefinite useful life. Intangible assets with finite useful life, such as development costs, industrial property rights and other intangible assets, if the amortization and indications of the damage are identified, the Group reviews the possibility of impairment. In addition, the useful life and amortization method are reviewed at the end of each reporting period. If changes in the expected useful life or changes in the consumption pattern of economic benefits are required, the changes are accounted for as changes in estimates. Amortization of intangible assets is recognized in profit or loss as an expense item consistent with the function of the intangible asset.

Intangible assets are amortized using the straight-line method over the following estimated useful life:

	<u>Useful life (years)</u>
Development costs (including software)	4-10
Industrial property rights	5-10
Other intangible assets	4-20

2.12 Intangible assets(cont'd)

Intangible assets with indefinite useful life, such as membership rights, are not amortized but are tested annually, either individually or as part of a cash-generating unit. In addition, the Group reviews whether it is appropriate to apply the indefinite useful life to the intangible assets each year and, if not, changes the intangible assets to finite useful life.

2.13 Investment property

Investment property is measured initially at cost including transaction costs incurred. Acquisition cost is recorded as the carrying amount less accumulated depreciation and accumulated impairment losses.

Land investment property is not depreciated. Depreciation of investment property with the exception of land is computed using the straight-line method over 20 to 40 years, depending on the economic useful life.

The depreciation method, residual value and useful life of investment property are reviewed at the end of each reporting period and, if it is deemed appropriate to change them, they are accounted for as changes in accounting estimates.

2.14 Leases

2.14.1 Group as a lessee

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

➤ Right-of-use assets

The cost of right-of-use assets include the recognized lease liabilities, the initial direct costs and the lease payments deducted any lease incentives when commencement date or the before. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and estimated useful life of the assets are as follows:

Description	Useful life (years)	Description	Useful life (years)
Real Estate	20 – 40	Vehicles	3 – 5

Depreciation is calculated using the estimated useful life of the underlying asset if the ownership of the underlying assets is transferred at the end of the lease term or the Group's exercise of purchase option is reflected to the cost of right-of-use assets. Meanwhile, the Group review an impairment of right-of-use assets.

➤ Lease liabilities

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of real estate, vehicles, and so forth (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered 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.

2.14.2 Group as a lessor

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

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

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

2.15 Revenue Recognition

When the goods or services are transferred to the customer, the Group estimates the fair value of the consideration expected to be paid in exchange for the goods or services as consideration for the change in value, such as returns and discounts.

2.15.1 Sales of goods

The Group is engaged in the business of purchasing and selling energy, chemical, and automobile related goods. Revenue from the sale of goods is recognized when the goods are delivered to the customer and control of the goods is transferred. Revenue is measured based on the consideration set by the contract with the customer and excludes the amount collected on behalf of the third party.

2.15.2 Provision of services

The Group provides hotel services, vehicle maintenance and other services. Revenue from the provision of services is recognized when the customer fulfills the obligation to perform. Revenue is measured based on the consideration set by the contract with the customer and excludes the amount collected on behalf of the third party.

On the other hand, in the case of the provision of other services, the Group recognizes the transaction price allocated to the performance obligation as revenue over the period in which the service is provided, as the Group has the obligation to provide related services to the customer during the contract period.

2.15.3 Interest income

Interest income on all financial instruments measured at amortized cost and available-for-sale financial assets is recognized using the effective interest rate method. The effective interest rate is the rate at which the present value of expected future cash outflows and inflows in an expected life of the financial instrument or, where appropriate, is exactly equal to the net carrying amount of the financial asset or financial liability. Included in financial revenues.

2.15.4 Commission income

If the Group acts as an agent on behalf, the Group recognizes the net commission amount as revenue.

2.15.5 Rental income

Lease revenue arising from the lease of an investment property is recognized on a straight-line basis over the lease term.

2.15.6 Dividend income

Dividend income is recognized when the right to receive dividends is established.

2.15.7 Contract assets and liabilities

A contract asset is the right to receive payment for the goods or services transferred to the customer. If the Group transfer the goods or services to the customer before the customer pays or the payment is due, the assets the Group have the right to receive for the consideration and whose conditions are beyond the time limit are the contractual assets.

Contract liability is the Group's obligation to transfer goods or services to the customer in accordance with the consideration the Group has already received from the customer (or the consideration paid). If the customer pays the price before the goods or services are transferred to the customer, the contract liability is recognized at the time the payment is made or the due date. Contract liabilities are recognized as income when the Group fulfills its obligation to perform the contract.

2.16 Employee benefits

2.16.1 Retirement benefits: defined benefit plans

The salary costs of a defined benefit plan are determined for each plan using the projected unit credit method.

2.17 Provisions and contingent liabilities

2.17.1 Provision for sales warranty

Provision is recognized when products or goods are sold, and the Group estimates the future loss of economic benefits that will arise during the warranty period based on the results of past warranty experience and the weighted average percentage of each result.

2.17.2 Provision for restoration

The recoverable amount of the restoration obligation is recognized in accordance with the Group 's published environmental policy and appropriate legal requirements when the obligation arises.

If there is a potential obligation to confirm the existence of an event in the past but there is an uncertain future event or if there is a current obligation as a result of a past event or transaction but the possibility of the outflow of resources is not very high, If the amount cannot be estimated reliably, it is presented as contingent liability.

3. Significant accounting judgments, estimates and assumptions

In applying the Group's accounting policies, management must make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily identifiable from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The amendments to the accounting estimates are recognized in the period in which the amendment is made if such amendments affect only that period, and in the period in which amendments are made and in the future periods if they affect both the current and future periods.

The following items are key sources of significant assumptions and other estimated uncertainties related to transactions at the end of the reporting period, which have significant risk factors that could cause significant adjustments to the carrying amounts of assets and liabilities in the next financial year.

3.1 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. Goodwill and intangible assets with indefinite useful life are tested for impairment annually, or when circumstances indicate that the carrying value may be impaired, and other non-financial assets are tested for impairment when circumstances indicate that its carrying amount may not be recoverable. In determining a value in use, management estimates future cash flows to be derived from the asset or CGU, and applies the appropriate discount rate to those future cash flows.

3.2 Valuation of fair value of financial assets

Investments and other securities are measured at fair value after initial recognition. Gains or losses arising from changes in fair value are reflected in accumulated other comprehensive income and expense. If there is no available market price in the active market, the market price is used as the fair value. If there is no such market price, the valuation technique that requires management's judgment on the future expected cash flow and discount rate to estimate fair value.

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

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

3.4 Measurement and useful life of property, plant and equipment and intangible assets

If the Group acquires property and equipment or intangible assets from business combination, it is required to estimate the fair value of these assets at the acquisition date. For estimating the useful life of tangible and intangible assets, significant management judgment is required.

3.5 Defined benefit plan

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

3.6 Deferred tax assets

Recognition and measurement of deferred tax assets and liabilities requires significant management judgment. Especially, when determining if deferred tax assets will be realizable or not in the future, it involves significant management assumptions and judgment of the Group's future performance.

3.7 Leases – estimating the incremental borrowing rate

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

The Group should measure the incremental borrowing interest rate using observable inputs and, where possible, prepare a specific entity-specific estimate.

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4. Segment information

The Group has seven reportable segments, as described below, which represent the Group's strategic business units. The Group restated segment information of the prior year to conform with the changes in reportable segments and accounting policies in 2023.

- ① Global: steel, energy, chemical products' international and domestic trading
- ② IM: Import, export, and domestic sales of products related to information communication equipment
- ③ Rent-a-car: car rental services and sales of used cars
- ④ Speedmate: auto parts distribution
- ⑤ SK Magic: manufacturing, selling, and rental services of gas devices, electric, electronic products
- ⑥ Others: hotel business and others

4.1 Business segment information

Business segment information for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

Segment	2023			
	Total sales	Internal sales	Net sales (*)	Net income (loss)
Global	₩ 1,574,277	₩ (123,223)	₩ 1,451,054	₩ (862)
IM	4,555,698	(19,750)	4,535,948	15,762
Rent-a-car	1,726,851	(46,463)	1,680,388	61,703
Speedmate	383,915	(27,098)	356,817	(2,107)
SK Magic(*)	928,687	(91,057)	837,630	43,838
Others(*)	280,519	(8,489)	272,030	(75,366)
Consolidation adjustments	(316,080)	316,080	-	18,423
	₩ 9,133,867	₩ -	₩ 9,133,867	₩ 61,391

Segment	2023			
	Total assets (*)	Total liabilities (*)	Depreciation	Amortization
Global	₩ 246,117	₩ 192,982	₩ 396	₩ 46
IM	971,484	831,836	14,896	4,527
Rent-a-car	4,257,296	3,688,713	592,308	9,826
Speedmate	141,099	134,447	14,089	2,922
SK Magic	2,158,232	1,665,317	114,117	11,316
Others(*)	2,675,870	567,226	44,030	2,939
Consolidation adjustments	(1,339,739)	(126,003)	(4,279)	2,542
	₩ 9,110,359	₩ 6,954,518	₩ 775,557	₩ 34,118

(*) The amount includes non-current assets held for sale and liabilities directly associated with non-current assets held for sale.

Segment	2022			
	Total sales	Internal sales	Net sales (*)	Profit (loss) for the year
Global	₩ 1,979,521	₩ (168,279)	₩ 1,811,242	₩ (3,218)
IM	4,550,083	(24,619)	4,525,464	22,257
Rent-a-car	1,665,510	(50,290)	1,615,220	61,273
Speedmate	483,913	(69,957)	413,956	10,112
SK Magic	929,513	(93,165)	836,348	66,926
Others(*)	228,812	(4,882)	223,930	(30,869)
Consolidation adjustments	(411,192)	411,192	-	(29,886)
	₩ 9,426,160	₩ -	₩ 9,426,160	₩ 96,595

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4.1 Business segment information (cont'd)

Segment	2022			
	Total assets (*)	Total liabilities (*)	Depreciation (*)	Amortization (*)
Global	₩ 247,584	₩ 187,181	₩ 1,365	₩ 54
IM	1,131,536	969,805	17,436	2,412
Rent-a-car	4,186,818	3,624,456	607,529	8,548
Speedmate	167,536	156,479	17,348	1,837
SK Magic	2,080,520	1,590,894	129,351	5,775
Others(*)	2,892,382	632,354	45,445	4,668
Consolidation adjustments	(1,207,117)	(112,622)	982	3,723
	₩ 9,499,259	₩ 7,048,547	₩ 819,456	₩ 27,017

(*) The amount includes non-current assets held for sale and liabilities directly associated with non-current assets held for sale.

There were no sales from a single customer representing 10% or more of the Group's total sales other than from related parties as detailed in Note 27.

4.2 Geographic segments information

The financial information of the Group by geographic segments for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023				
	Total sales	Internal sales	Net sales	Profit (loss) for the year	Non-current assets(*)
Domestic	₩ 9,046,703	₩ (312,512)	₩ 8,734,191	₩ 62,087	₩ 4,736,395
China	303,553	(3,568)	299,985	(6,396)	47,751
Others	99,691	-	99,691	(12,723)	6,076
Consolidation adjustments	(316,080)	316,080	-	18,423	688,541
	₩ 9,133,867	₩ -	₩ 9,133,867	₩ 61,391	₩ 5,478,763

(*) Excludes financial assets, deferred tax assets and investments in associates and joint ventures.

	2022				
	Total sales	Internal sales	Net sales	Profit (loss) for the year	Non-current assets(*)
Domestic	₩ 9,411,333	₩ (408,852)	₩ 9,002,481	₩ 137,869	₩ 4,917,621
China	358,814	(1,611)	357,203	(2,802)	8,160
Europe	-	-	-	(1,427)	2,815
Others	67,205	(729)	66,476	(7,159)	5,833
Consolidation adjustments	(411,192)	411,192	-	(29,886)	682,615
	₩ 9,426,160	₩ -	₩ 9,426,160	₩ 96,595	₩ 5,617,044

(*) Excludes financial assets, deferred tax assets and investments in associates and joint ventures.

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5. Financial instruments categories (cont'd)

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

	2023				
	Measured at FVTPL	Measured at amortized cost	Designated as hedge item	Other	Total
Current liabilities:					
Trade payables	₩ 112,904	₩ 778,369	₩ -	₩ -	₩ 891,273
Short- term borrowings	-	746,507	-	-	746,507
Current portion of long-term liabilities	-	1,470,690	-	-	1,470,690
Current Derivative financial liabilities	3,200	-	170	-	3,370
Current portion of lease liabilities	-	-	-	275,390	275,390
Other payables	1,230	128,183	-	-	129,413
Accrued expenses	-	24,907	-	-	24,907
Deposit received	-	110,041	-	-	110,041
	<u>117,334</u>	<u>3,258,697</u>	<u>170</u>	<u>275,390</u>	<u>3,651,591</u>
Non-current liabilities:					
Borrowings and bonds	-	2,252,594	-	-	2,252,594
Derivative financial liabilities	-	-	300	-	300
Lease liabilities	-	-	-	417,414	417,414
Long term other payables	-	168	-	-	168
Deposits received	-	240,192	-	-	240,192
	<u>-</u>	<u>2,492,954</u>	<u>300</u>	<u>417,414</u>	<u>2,910,668</u>
	<u>₩ 117,334</u>	<u>₩ 5,751,651</u>	<u>₩ 470</u>	<u>₩ 692,804</u>	<u>₩ 6,562,259</u>
	2022				
	Measured at FVTPL	Measured at amortized cost	Other	Total	
Current liabilities:					
Trade payables	₩ -	₩ 1,061,937	₩ -	₩ -	₩ 1,061,937
Short- term borrowings	-	924,929	-	-	924,929
Current portion of long-term liabilities	-	608,351	-	-	608,351
Derivative financial liabilities	24,524	-	-	-	24,524
Current portion of lease liabilities	-	-	444,322	-	444,322
Other payables	-	206,804	-	-	206,804
Accrued expenses	-	51,903	-	-	51,903
Deposit received	-	62,456	-	-	62,456
	<u>24,524</u>	<u>2,916,380</u>	<u>444,322</u>		<u>3,385,226</u>
Non-current liabilities:					
Borrowings and bonds	-	2,477,386	-	-	2,477,386
Lease liabilities	-	-	584,536	-	584,536
Long term other payables	-	344	-	-	344
Deposits received	-	299,046	-	-	299,046
	<u>-</u>	<u>2,776,776</u>	<u>584,536</u>		<u>3,361,312</u>
	<u>₩ 24,524</u>	<u>₩ 5,693,156</u>	<u>₩ 1,028,858</u>		<u>₩ 6,746,538</u>

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5. Financial instruments categories (cont'd)

Details of gain and loss by category of financial instruments for the year ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023							
	Financial assets				Financial liabilities			
	Measured at FVTPL	Measured at FVOCI	Measured at amortized cost	Designated as hedge item	Measured at FVTPL	Measured at amortized costs	Designated as hedge item	Other
Financial assets at fair value through profit or loss								
Interest income (expenses)	₩ -	₩ -	₩ 8,149	₩ -	₩ -	₩ (156,311)	₩ -	₩ (22,650)
Gain (loss) from derivatives	56,928	-	-	-	(45,948)	-	-	-
Gain (loss) from foreign exchange	-	-	4,253	-	-	(11,647)	-	-
Gain (loss) related to investment securities, financial instruments	11,463	-	-	-	-	-	-	-
Other Gain (loss) from financial instruments	14	1,382	(30,258)	-	-	-	-	-
Financial assets at fair value through other comprehensive income								
Gain (loss) related to investment securities, financial instruments	-	(18,526)	-	-	-	-	-	-
Gain (loss) from derivatives	-	-	-	(813)	-	-	(448)	-
	<u>₩ 68,405</u>	<u>₩ (17,144)</u>	<u>₩ (17,856)</u>	<u>₩ (813)</u>	<u>₩ (45,948)</u>	<u>₩ (167,958)</u>	<u>₩ (448)</u>	<u>₩ (22,650)</u>
	2022							
	Financial assets				Financial liabilities			
	Measured at FVTPL	Measured at FVOCI	Measured at amortized cost	Designated as hedge item	Measured at FVTPL	Measured at amortized costs	Designated as hedge item	Other
Financial assets at fair value through profit or loss								
Interest income (expenses)	₩ -	₩ -	₩ 29,947	₩ -	₩ -	₩ (87,152)	₩ (35,703)	₩ (122,855)
Gain (loss) from derivatives	151,964	-	-	-	(108,445)	-	-	(108,445)
Gain (loss) from foreign exchange	-	-	1,936	-	-	(46,137)	-	(46,137)
Gain (loss) related to investment securities, financial instruments	5,268	-	(8,150)	-	-	-	-	-
Other Gain (loss) from financial instruments	62	1,811	(25,693)	-	-	-	-	-
Financial assets at fair value through other comprehensive income								
Gain (loss) related to investment securities, financial instruments	-	(48,522)	-	-	-	-	-	-
Gain (loss) from derivatives	-	-	-	1,005	-	-	-	-
	<u>₩ 157,294</u>	<u>₩ (46,711)</u>	<u>₩ (1,960)</u>	<u>₩ 1,005</u>	<u>₩ (108,445)</u>	<u>₩ (133,289)</u>	<u>₩ (35,703)</u>	<u>₩ (277,437)</u>

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5. Financial instruments categories (cont'd)

5.1 Division by fair value hierarchy

Carrying amount and fair value of financial assets and liabilities as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds	₩ 2,735,458	₩ 2,637,674	₩ 2,283,097	₩ 2,200,876
Borrowings	1,734,333	1,695,900	1,727,569	1,701,431

The fair value of bonds payable and borrowings were measured as the present value of the contractual future cash flows discounted at the market interest rate with consideration to residual market risk (3.86%~5.15%).

As the carrying value of other financial assets and other financial liabilities are reasonable approximations to fair values, their fair values have not been disclosed.

The Group classifies the financial instruments measured at fair value in the consolidated statements of financial position into the following fair value hierarchy according to the input variables used in the fair value measurement.

	Significance of input
Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair values of financial instruments by fair value hierarchy as of December 31, 2023 and 2022 are as follows: (Korean won in millions):

	2023				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets:					
Fair value through profit or loss:	₩ 703,974	₩ -	₩ 432,840	₩ 271,134	₩ 703,974
Fair value through other comprehensive income:	167,061	21,360	-	145,701	167,061
Derivative financial assets	447	-	447	-	447
Financial liabilities:					
Fair value through profit or loss:	114,134	-	114,134	-	114,134
Derivative financial liabilities	3,670	-	3,670	-	3,670
	2022				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets:					
Fair value through profit or loss:	₩ 655,362	₩ -	₩ 495,878	₩ 159,484	₩ 655,362
Fair value through other comprehensive income:	181,341	23,031	-	158,310	181,341
Derivative financial assets	1,221	-	1,221	-	1,221
Financial liabilities:					
Derivative financial liabilities	24,524	-	24,524	-	24,524

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

During the years ended December 31, 2023 and 2022, there were no transfers between different levels of fair value measurement hierarchy.

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5.1 Division by fair value hierarchy (cont'd)

Change in financial instruments classified as Level III for the year end of December 31, 2023 and 2022 is as follows (Korean won in millions):

		2023													
		As of January 1	Gain recognised in profit or loss	Loss recognised in other comprehensi -ve income	Acquisitions	Disposals	Changes in scope of consolidation	Other	As of December 31						
Financial assets:															
Fair value through profit or loss:	₩	159,484	₩	9,451	₩	-	₩	50,767	₩	(591)	318	₩	51,705	₩	271,134
Fair value through other comprehensive income:		158,310		-		(16,876)		2,614		-			1,653		145,701
		2022													
		As of January 1	Gain (loss) recognised in profit or loss	Gain (loss) recognised in other comprehensive income	Acquisitions	Disposals	Other	As of December 31							
Financial assets:															
Fair value through profit or loss:	₩	134,230	₩	3,435	₩	-	₩	28,349	₩	-	₩	(6,530)	₩	159,484	
Fair value through other comprehensive income:		144,972		-		(45,024)		58,362		-		-		158,310	

Valuation techniques and input variables used in measuring fair value of financial instruments and fair value of financial instruments using fair value measurements that are classified as Level 2 or Level 3 at the end of the current and previous years are as follows.

5.1.1 Currency currencies and currency swaps

The fair value of currency swaps and currency swaps is measured principally based on the prevailing exchange rates announced by the market at the end of the period for the periods in which they are consistent with the remaining period of the currency swaps and currency swaps.

If the forward exchange rate of the period consistent with the remaining period of the currency swaps and currency swaps is not disclosed in the market, the forward exchange rate is applied to the forward exchange rate for each period presented in the market, the Group measured the fair value of currency forward and currency swaps.

5.1.2 Interest rate swaps

Fair value of interest rate swap was measured, in principle, by the posted "interest rate of swap" of the period corresponding to the remaining maturity of the evaluation subject as of December 31, 2023. If the posted "interest rate of swap" of the period corresponding to the remaining maturity of the evaluation subject does not exist, the interest rate swap was measured by the estimated "interest rate of swap" of the period similar to the remaining maturity by the interpolation.

5.1.3 Debt securities

Fair value of debt securities was measured by future cash flows discounted at the market rate that reflects similar credit rating to debt issuer.

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5.1 Division by fair value hierarchy (cont'd)

5.1.4 Unlisted equity

The fair value of investments in non-listed companies was measured using the discounted cash flow model and certain assumptions which were not based on observable market prices or rates, such as for sales growth, pre-tax profit margin, and weighted average cost of capital, were used for estimating the future cash flow. The weighted average cost of capital for discounting the future cash flows was calculated applying the Capital Asset Pricing Model ("CAPM"). As the Group determined that the effect of the above mentioned assumptions and estimates for measuring the fair value of investments in non-listed companies was significant, the fair value measurement of investments in non-listed companies was classified as Level 3 in the fair value hierarchy.

There were no changes in the valuation techniques used to measure the fair value of financial instruments classified as level 2 and level 3 during the year ended December 31, 2023.

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

Accounts	Contractor	2023	2022	Description
Short-term financial instruments	Hana Bank	-	4,523	Escrow account
Short-term financial instruments	Shinhan Bank	₩ 89	₩ -	Attachment on receivables
Long-term investment instruments	Hana Bank, etc.	51	51	Collateral for bank overdraft
Long-term financial securities	IBK Industrial Bank	2,500	1,500	Charitable trust fund

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6. Trade and other receivables

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

	2023		
	Costs	Loss allowance	Carrying amount
Trade receivables	₩ 678,422	₩ (126,500)	₩ 551,922
Short-term loans	172	(113)	59
Other accounts receivable	31,682	(16,682)	15,000
Accrued income	1,777	(1,309)	468
Guarantee deposits	6,497	-	6,497
Current portion of finance lease receivables	254,604	(18,568)	236,036
Long-term trade receivables	13,792	(11,411)	2,381
Long-term loans	33,161	(33,161)	-
Long-term other accounts receivable	36,284	(36,284)	-
Long-term guarantee deposits	48,224	(5)	48,219
Finance lease receivables	578,168	(30,080)	548,088
	<u>₩ 1,682,783</u>	<u>₩ (274,113)</u>	<u>₩ 1,408,670</u>
	2022		
	Costs	Loss allowance	Carrying amount
Trade receivables	₩ 759,154	₩ (122,924)	₩ 636,230
Short-term loans	709	(8)	701
Other accounts receivable	65,564	(17,512)	48,052
Accrued income	8,581	(1,309)	7,272
Guarantee deposits	7,299	-	7,299
Current portion of finance lease receivables	201,832	(13,026)	188,806
Long-term trade receivables	11,193	(8,813)	2,380
Long-term loans	33,209	(33,161)	48
Long-term other accounts receivable	37,188	(37,188)	-
Long-term guarantee deposits	49,317	-	49,317
Finance lease receivables	517,600	(19,736)	497,864
	<u>₩ 1,691,646</u>	<u>₩ (253,677)</u>	<u>₩ 1,437,969</u>

Details of transferred financial assets that are not derecognised in their entirety as of December 31, 2023 and 2022, and their relationship with the related liabilities, are as follows (Korean won in millions):

	2023	2022
Fair value of transferred financial assets that are not derecognised in their entirety	₩ 87,394	₩ 45,369
Fair value of associated financial liabilities	(87,394)	(45,369)
Net fair value of transferred financial assets (associated financial liabilities) that are not derecognised in their entirety	-	-
Assets that entity continues to recognise	87,394	45,369
Associated liabilities that entity continues to recognise	(87,394)	(45,369)

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6. Trade and other receivables (cont'd)

Changes in the allowance for doubtful accounts during the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023				Ending balance (*2)
	Beginning balance	Impairment (Reversal)	Abandonment	Others (*1)	
Trade receivables	₩ 164,498	₩ 25,956	₩ (4,608)	₩ 713	₩ 186,559
Other financial assets (*3)	89,179	456	(2,200)	119	87,554
	<u>₩ 253,677</u>	<u>₩ 26,412</u>	<u>₩ (6,808)</u>	<u>₩ 832</u>	<u>₩ 274,113</u>

(*1) Others consist of amounts classified as held for sale, currency fluctuations, and the effects of business combinations.

(*2) Loss allowance on trade and other receivables are measured at expected credit losses in accordance with KIFRS 1109, practical expedient method.

(*3) Other financial assets consist of loans, other accounts receivable, accrued income and guarantee deposits.

	2022				Ending balance (*2)
	Beginning balance	Impairment (Reversal)	Abandonment	Others (*1)	
Trade receivables	₩ 141,334	₩ 19,573	₩ (643)	₩ 4,235	₩ 164,499
Other financial assets (*3)	87,632	6,120	(470)	(4,104)	89,178
	<u>₩ 228,966</u>	<u>₩ 25,693</u>	<u>₩ (1,113)</u>	<u>₩ 131</u>	<u>₩ 253,677</u>

(*1) Others consist of amounts classified as held for sale, currency fluctuations, and the effects of business combinations.

(*2) Loss allowance on trade and other receivables are measured at expected credit losses in accordance with KIFRS 1109, practical expedient method.

(*3) Other financial assets consist of loans, other accounts receivable, accrued income and guarantee deposits.

The aging analysis of trade receivables and other financial assets as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023						Total
	Neither past due nor impaired	Within 30 days	Past due but not impaired (*2)			Impaired	
			31-90 days	91-180 days	Over 180 days		
Trade receivables	₩ 1,249,583	₩ 27,939	₩ 23,193	₩ 12,488	₩ 26,163	₩ 185,620	₩ 1,524,986
Other financial assets (*1)	41,198	259	565	765	27,676	87,334	157,797
	<u>₩ 1,290,781</u>	<u>₩ 28,198</u>	<u>₩ 23,758</u>	<u>₩ 13,253</u>	<u>₩ 53,839</u>	<u>₩ 272,954</u>	<u>₩ 1,682,783</u>

(*1) Other financial assets consist of loans, other accounts receivable, accrued income and guarantee deposits.

(*2) The loss provision recognized by collective assessment of receivables past due but not impaired is KRW 1,159 million as of December 31, 2023.

	2022						Total
	Neither past due nor impaired	Within 30 days	Past due but not impaired			Impaired	
			31-90 days	91-180 days	Over 180 days		
Trade receivables	₩ 1,184,802	₩ 12,584	₩ 110,290	₩ 9,519	₩ 8,085	₩ 164,499	₩ 1,489,779
Other financial assets (*1)	93,853	1,034	2,230	649	14,923	89,178	201,867
	<u>₩ 1,278,655</u>	<u>₩ 13,618</u>	<u>₩ 112,520</u>	<u>₩ 10,168</u>	<u>₩ 23,008</u>	<u>₩ 253,677</u>	<u>₩ 1,691,646</u>

(*1) Other financial assets consist of loans, other accounts receivable and guarantee deposits.

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7. Other current assets

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

	2023		2022	
Other current assets :				
Advanced payments	₩	9,974	₩	14,818
Prepaid expenses		106,593		125,566
Current portion of contract assets		35		37
Prepaid value added tax		801		-
Others		1,184		-
	₩	<u>118,587</u>	₩	<u>140,421</u>
Other non-current assets :				
Long-term advanced payments	₩	6	₩	-
Long-term prepaid expenses		39,756		48,335
Defined benefit assets		38,625		75,345
Others		797		1,192
	₩	<u>79,184</u>	₩	<u>124,872</u>

8. Inventory

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

	2023		
	Costs	Valuation allowance	Carrying amount
Merchandise	₩ 520,685	₩ (8,650)	₩ 512,035
Finished goods	17,497	(797)	16,700
Semi-finished goods	4,857	-	4,857
Work-in progress	37	-	37
Raw materials	28,969	(1,156)	27,813
Goods-in-transit	24,046	-	24,046
Supplies	540	(23)	517
	₩ <u>596,631</u>	₩ <u>(10,626)</u>	₩ <u>586,005</u>
	2022		
	Costs	Valuation allowance	Carrying amount
Merchandise	₩ 597,866	₩ (10,488)	₩ 587,378
Finished goods	38,090	(1,722)	36,368
Semi-finished goods	4,101	-	4,101
Work-in progress	21	-	21
Raw materials	41,863	(1,749)	40,114
Goods-in-transit	30,466	-	30,466
Supplies	219	(17)	202
	₩ <u>712,626</u>	₩ <u>(13,976)</u>	₩ <u>698,650</u>

The Group recognized the reversal of inventory impairment loss for the years ended December 31, 2023 and 2022 as follows (Korean won in millions):

	2023	2022
Reversal of inventory impairment loss(*1)	₩ (3,451)	₩ (3,711)

(*1) Loss from discontinued operations recognized in relation to inventory assets is ₩717 million in 2023 (2022 : ₩788 million).

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9. Investment securities

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

	2023			
	Equity securities		Debt securities	
	Marketable	Non-marketable	Marketable	Non-marketable
Measured at FVTPL	₩ -	₩ -	₩ -	₩ 141,987
Measured at FVOCI	21,360	145,700	-	-
	₩ 21,360	₩ 145,700	₩ -	₩ 141,987
	2022			
	Equity securities		Debt securities	
	Marketable	Non-marketable	Marketable	Non-marketable
Measured at FVTPL	₩ -	₩ -	₩ -	₩ 114,115
Measured at FVOCI	23,031	158,310	-	-
	₩ 23,031	₩ 158,310	₩ -	₩ 114,115

The Group applied the irrevocable option designated as other comprehensive income-fair value measurement at the initial adoption date for equity instruments held for strategic investment, not for short-term trading.

Fair value of investments in equity instruments designated at fair value through other comprehensive income as of December 31, 2023 and 2022 are summarized as follows (Korean won in millions):

	2023	2022
	Carrying amount	Carrying amount
Paradise Company Limited	2,784	3,679
Koramco Life Infra Reit CO., LTD	18,576	19,331
Dongbu Corporation Co., Ltd(*)	-	21
Kurly Co. Ltd.	33,257	32,413
Paradise Global CO., LTD	24,612	21,212
Humane	23,209	22,811
Standard Cognition	14,054	31,682
SK Technology Innovation Company	10,240	6,671
Sabanto	5,158	5,069
Carang Co., Ltd	2,755	5,459
Others	6,627	7,647
	₩ 167,060	₩ 181,341

(*) The investment was disposed of entirely during the current period.

Changes in investments in equity instruments designated as measured at fair value through other comprehensive income and others for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023	2022
Beginning balance	₩ 181,341	₩ 169,477
Acquisition	2,614	59,409
Disposals	(22)	(17)
Valuation (profit or loss)	-	-
Valuation (other comprehensive loss)	(18,526)	(48,522)
Others(*)	1,653	994
Ending balance	₩ 167,060	₩ 181,341

(*) Others include effects of changes in foreign exchange rates.

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9. Investment securities (cont'd)

Dividends recognized for investments in equity instruments designated as measured at fair value through other comprehensive income and others for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023	2022
Dividends recognized for investments in equity instruments designated at fair value through other comprehensive income, held at end of reporting period	₩ 1,382	₩ 1,811

10. Investments in associates and joint ventures

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

	Location	Principal business activity	2023		2022		Closing month
			Equity ownership	Carrying amount	Equity ownership	Carrying amount	
SK MENA Investment BV	Netherlands	Investment company	21.79%	₩ 10,062	21.79%	₩ 9,668	December
SK Latin America Investment S.A.	Spain	Investment company	21.79%	9,251	21.79%	8,788	December
Ever ON Co., Ltd. (*1,2,4)	Korea	Charging Service company	9.62%	13,753	14.50%	9,433	December
Blockodysey Inc. (*2,4)	Korea	Information Service company	10.97%	2,555	11.11%	10,393	December
SVA Venture fund II	Korea	Investment company	31.75%	10,083	31.75%	10,311	December
SK Electlink Co., Ltd. (old, SSCharger Co., Ltd.)(*3)	Korea	Charging Service company	52.82%	81,096	52.82%	72,839	December
Kindred HM1	USA	Investment company	50.00%	5,224	50.00%	5,139	December
BMSMILE Co., Ltd. (*1,2)	Korea	Single ingredient and other feed manufacturing	10.82%	28,000	-	-	December
				₩ 160,024		₩ 126,571	

(*1) Although the Group owns redeemable convertible preference shares and ownership percentage is less than 20%, the Group has significant influence through rights to appoint directors, thus the classification as associates. However, it is determined to be substantially limited in its access to the returns from ownership interest of the associate, and the investment is classified as a financial asset measured at fair value in accordance with Korean IFRS 1109.

(*2) Although the Group's ownership percentage is less than 20%, the entity above is classified as associate since the Group has significant influence over the entities.

(*3) The Group's ownership percentage exceeds 50%, but the entity above is classified as associate since the Group cannot exercise control over the entity.

(*4) Ownership percentage decreased due to unequal capital increase during the year ended December 31, 2023.

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10. Investments in associates and joint ventures (cont'd)

Changes in carrying amount of investments in associates for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023							Ending balance
	Beginning balance	Acquisitions	Disposals	Share of profit (loss) to an associate	Changes in equity adjustments	Impairment	Others	
SK MENA Investment BV.	₩ 9,668	₩ -	₩ -	₩ 228	₩ 166	₩ -	₩ -	₩ 10,062
SK Latin America Investment S.A.	8,788	-	-	(27)	490	-	-	9,251
Ever ON Co., Ltd>(*1)	9,433	-	-	-	-	-	4,320	13,753
Blockodysey Inc.	10,393	-	(122)	(1,039)	(5)	(6,672)	-	2,555
SVA Venture fund II	10,311	-	-	(228)	-	-	-	10,083
SK Electlink Co., Ltd. (old, SSCharger Co., Ltd.)	72,839	15,846	-	(7,589)	-	-	-	81,096
Kindred HM1	5,139	40	-	(44)	-	-	89	5,224
BMSMILE Co., Ltd.	-	28,000	-	-	-	-	-	28,000
	₩ 126,571	₩ 43,886	₩ (122)	₩ (8,699)	₩ 651	₩ (6,672)	₩ 4,409	₩ 160,024

(*1) It was determined to be substantially limited in its access to the returns from ownership interest of the associate, and the investment is classified as a financial asset measured at fair value in accordance with Korean IFRS 1109. Of this amount, ₩4,320 million was recognized as gain on valuation of financial assets at fair value through profit or loss.

	2022					Ending balance
	Beginning balance	Acquisitions	Share of profit (loss) to an associate	Changes in equity adjustments		
SK MENA Investment BV.	₩ 10,330	₩ -	₩ (1,401)	₩ 739	₩ -	₩ 9,668
SK Latin America Investment S.A.	9,488	-	(797)	97	-	8,788
Ever ON Co., Ltd.	-	9,999	(566)	-	-	9,433
Blockodysey Inc.	-	10,835	(442)	-	-	10,393
SVA Venture fund II	-	10,428	(117)	-	-	10,311
SSCharger Co., Ltd.	-	72,839	-	-	-	72,839
Kindred HM1	-	5,139	-	-	-	5,139
	₩ 19,818	₩ 109,240	₩ (3,323)	₩ 836	₩ -	₩ 126,571

The following table illustrates the condensed summarized financial information of the Group's investment as at and for the years ended December 31, 2023 and 2022 (Korean won in millions):

	2023							Net income (loss)
	Current assets	Non-current assets	Current Liabilities	Non-current liabilities	Equity	Sales		
SK MENA Investment BV.	₩ 3,289	₩ 42,321	₩ 24	₩ -	₩ 45,586	₩ -	₩ -	₩ 1,047
SK Latin America Investment S.A.	811	40,787	-	-	41,598	-	-	(121)
Ever ON Co., Ltd (*1)	37,527	52,155	20,015	12,985	56,682	31,476	-	(6,267)
Blockodysey Inc.	12,834	2,390	350	14	14,860	1,592	-	(8,472)
SVA Venture fund II	320	31,497	183	-	31,634	-	-	(718)
SK Electlink Co., Ltd. (old, SSCharger Co., Ltd.)	93,110	76,686	68,379	3,825	97,592	37,049	-	(13,973)
Kindred HM1	54	10,315	-	-	10,369	-	-	(92)
BMSMILE CO., Ltd. (*1)	62,271	18,466	32,904	387	47,446	103,517	-	1,193
	₩ 210,216	₩ 274,617	₩ 121,855	₩ 17,211	₩ 345,767	₩ 173,634	₩ -	₩ (27,403)

(*1) The entity was acquired during the year ended December 31, 2023, and the financial performance includes the amounts recorded before the acquisition.

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10. Investments in associates and joint ventures (cont'd)

	2022						
	Current assets	Non-current assets	Current Liabilities	Non-current liabilities	Equity	Sales	Net income (loss)
SK MENA Investment BV.	₩ 3,117	₩ 40,690	₩ 18	₩ -	₩ 43,789	₩ -	₩ (6,426)
SK Latin America Investment S.A.	939	38,577	-	-	39,516	-	(3,661)
Ever ON Co., Ltd (*1)	13,507	21,517	12,973	12,195	9,856	14,685	(3,425)
Blockodyssey Inc.	19,035	5,530	250	-	24,315	2,427	(5,120)
SVA Venture fund II	1,038	31,497	183	-	32,352	-	(493)
SSCharger Co., Ltd.	86,327	13,145	18,003	201	81,268	6,328	(1,536)
Kindred HM1	139	10,138	-	-	10,277	-	(3)
	<u>₩ 124,102</u>	<u>₩ 161,094</u>	<u>₩ 31,427</u>	<u>₩ 12,396</u>	<u>₩ 241,373</u>	<u>₩ 23,440</u>	<u>₩ (20,664)</u>

(*1) The entity was acquired during the year ended December 31, 2022, and the financial performance includes the amounts recorded before the acquisition.

Details of reconciliation from net assets of associates to carrying value of investments in associates as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023					
	Net assets	Ownership percentage	The Group's interest in net asset	Goodwill	Others	Book value
SK MENA Investment BV.	₩ 45,586	21.79%	₩ 9,935	₩ 108	₩ 19	₩ 10,062
SK Latin America Investment S.A.	41,598	21.79%	9,065	188	(2)	9,251
Blockodyssey Inc.	14,860	10.97%	1,630	1,020	(95)	2,555
SVA Venture fund II	31,634	31.75%	10,043	40	-	10,083
SK Electlink Co., Ltd. (old, SSCharger Co., Ltd.)	97,592	52.82%	51,548	27,817	1,731	81,096
Kindred HM1	10,369	50.00%	5,186	-	38	5,224
	<u>₩ 241,639</u>		<u>87,407</u>	<u>₩ 29,173</u>	<u>₩ 1,691</u>	<u>₩ 118,271</u>

	2022					
	Net assets	Ownership percentage	The Group's interest in net asset	Goodwill	Others	Book value
SK MENA Investment BV.	₩ 43,789	21.79%	₩ 9,542	₩ 108	₩ 18	₩ 9,668
SK Latin America Investment S.A.	39,516	21.79%	8,611	188	(11)	8,788
Blockodyssey Inc.	24,315	14.50%	3,526	7,692	(825)	10,393
SVA Venture fund II	32,352	31.75%	10,272	40	(1)	10,311
SSCharger Co., Ltd.	81,268	52.82%	42,926	25,324	4,589	72,839
Kindred HM1	10,277	50.00%	5,139	-	-	5,139
	<u>₩ 231,517</u>		<u>₩ 80,016</u>	<u>₩ 33,352</u>	<u>₩ 3,770</u>	<u>₩ 117,138</u>

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11. Property, plant and equipment

The acquisition costs and net carrying amount of property, plant and equipment as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023			2022		
	Acquisition costs	Accumulated depreciation(*)	Carrying amount	Acquisition costs	Accumulated depreciation(*)	Carrying amount
Land	₩ 681,348	₩ -	₩ 681,348	₩ 692,103	₩ -	₩ 692,103
Buildings	568,572	(241,712)	326,860	568,237	(226,960)	341,277
Structures	43,327	(27,956)	15,371	42,134	(26,668)	15,466
Storage tanks	693	(260)	433	741	(242)	499
Machinery and equipment	99,925	(61,571)	38,354	102,011	(59,425)	42,586
Vehicles	3,358	(1,685)	1,673	2,371	(1,910)	461
Rental property	3,548,268	(967,636)	2,580,632	3,237,335	(849,725)	2,387,610
Furniture and fixtures	243,513	(194,017)	49,496	273,828	(201,436)	72,392
Others	170,422	(103,560)	66,862	163,187	(88,372)	74,815
Construction-in-progress	35,905	-	35,905	38,912	-	38,912
	<u>₩ 5,395,331</u>	<u>₩ (1,598,397)</u>	<u>₩ 3,796,934</u>	<u>₩ 5,120,859</u>	<u>₩ (1,454,738)</u>	<u>₩ 3,666,121</u>

(*) Consists of accumulated depreciation and accumulated impairment loss.

Changes in net carrying amount of property, plant and equipment for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023								
	Beginning balance	Increase through business combinations (*1)	Acquisitions	Disposals	Depreciations	Impairment	Decrease through classified as held for sale (*2)	Others (*3)	Ending balance
Land	₩ 692,103	₩ -	₩ -	₩ (10,551)	₩ -	₩ -	₩ -	₩ (204)	₩ 681,348
Buildings	341,277	-	4,739	(8,372)	(16,939)	-	-	6,155	326,860
Structures	15,466	-	2,134	(1,664)	(1,525)	-	-	960	15,371
Storage tanks	499	-	-	(19)	(47)	-	-	-	433
Machinery and equipment	42,586	-	3,723	(658)	(6,855)	-	(6,665)	6,223	38,354
Vehicles	461	29	1,444	(44)	(217)	-	-	-	1,673
Rental property	2,387,610	-	1,027,847	(18,791)	(523,389)	(5,329)	-	(287,316)	2,580,632
Furniture and fixtures	72,392	382	9,743	(1,248)	(30,210)	(499)	(7,257)	6,193	49,496
Others	74,815	695	917	(838)	(19,497)	2,070	-	8,700	66,862
Construction-in-progress	38,912	-	46,241	(715)	-	(312)	-	(48,221)	35,905
	<u>₩ 3,666,121</u>	<u>₩ 1,106</u>	<u>₩ 1,096,788</u>	<u>₩ (42,900)</u>	<u>₩ (598,679)</u>	<u>₩ (4,070)</u>	<u>₩ (13,922)</u>	<u>₩ (307,510)</u>	<u>₩ 3,796,934</u>

(*1) Increased due to the acquisition of En-core Co., Ltd. during the year ended December 31, 2023 (see note 32).

(*2) Decreased due to the classification of SK Magic's Consumer Electronics Business Segment as a discontinued operation during the year ended December 31, 2023 (see note 28).

(*3) Others include transfers from construction-in-progress to property, plant and equipment, transfers to intangible assets, transfers to inventories, transfers to Investment properties, and effects of changes in foreign exchange rates.

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11. Property, plant and equipment(cont'd)

	2022										
	Beginning balance	Acquisitions	Disposals	Depreciations	sale of business units(*1)	Impairment	Others (*2)	Ending balance			
Land	₩ 748,568	₩ 1,862	₩ (43,803)	₩ -	₩ -	₩ -	₩ (14,524)	₩ 692,103			
Buildings	348,414	7,140	(5,673)	(15,592)	-	-	6,988	341,277			
Structures	13,404	3,531	(173)	(1,455)	-	-	159	15,466			
Storage tanks	418	125	-	(44)	-	-	-	499			
Machinery and equipment	43,081	2,540	(218)	(6,530)	-	-	3,713	42,586			
Vehicles	523	155	-	(217)	-	-	-	461			
Rental property	1,941,932	1,120,874	(20,895)	(463,770)	-	(8,690)	(181,841)	2,387,610			
Furniture and fixtures	93,965	15,548	(2,207)	(34,091)	-	(976)	153	72,392			
Others	80,663	2,285	(65)	(18,916)	-	477	10,371	74,815			
Construction-in-progress	43,505	64,298	(1,295)	-	(51)	-	(67,545)	38,912			
	₩ 3,314,473	₩ 1,218,358	₩ (74,329)	₩ (540,615)	₩ (51)	₩ (9,189)	₩ (242,526)	₩ 3,666,121			

(*1) Decreased due to the partial sale of Speedmate business units during the year ended December 31, 2022 (see note 33).

(*2) Others include transfers from construction-in-progress to property, plant and equipment, transfers to intangible assets, transfers to inventories, transfers to Investment properties, and effects of changes in foreign exchange rates.

Prior to the year ended December 31, 2022, in addition to the impairment of individual assets, there was indication of impairment for the hotel division due to the impact of COVID-19. Some cash-generating units were impaired as a result of impairment testing. The main assumptions used in calculating recoverable amount reflect management's evaluation of future trends, which were determined taking into account external and internal information (past historical information). The main assumptions used in the impairment testing are summarized as follows (Korean won in millions):

	Amount	Permanent growth ratio	Discount rate (*1)
Value in use	₩ 84,381	1%	8.47%

(*1) Estimated based on weighted average cost of capital.

As a result of the impairment assessment for the year ended December 31, 2023, the recoverable value exceeds the carrying amount and the Group recognized ₩ 2,070 million as reversal of impairment losses accordingly, considering the limit of the reversal of impairment losses.

Capitalized borrowing cost and the capitalization rate of borrowing costs as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023	2022
Capitalized borrowing cost	₩ 345	₩ 167
Capitalization rate of borrowing cost	2.51%~4.11%	2.64%

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12. Goodwill

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

	2023			2022		
	Acquisition costs	Accumulated impairment losses	Book value	Acquisition costs	Accumulated impairment losses	Book value
SK Magic Co., Ltd.	₩ 227,893	₩ -	₩ 227,893	₩ 253,004	₩ -	₩ 253,004
SK RENT A CAR CO.,LTD.	183,519	-	183,519	183,519	-	183,519
MINTIT Co., Ltd.	6,336	-	6,336	6,336	-	6,336
En-core Co., Ltd.	75,615	-	75,615	-	-	-
Other	308	-	308	1,208	(900)	308
	<u>₩ 493,671</u>	<u>₩ -</u>	<u>₩ 493,671</u>	<u>₩ 444,067</u>	<u>₩ (900)</u>	<u>₩ 443,167</u>

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

	2023			
	Beginning balance	Acquisition	Decrease through classified as held for sale	Ending balance
SK Magic Co., Ltd.	₩ 253,004	₩ -	₩ (25,111)	₩ 227,893
SK RENT A CAR CO.,LTD.	183,519	-	-	183,519
MINTIT Co., Ltd.	6,336	-	-	6,336
En-core Co., Ltd.	-	75,615	-	75,615
Other	308	-	-	308
	<u>₩ 443,167</u>	<u>₩ 75,615</u>	<u>₩ (25,111)</u>	<u>₩ 493,671</u>

	2022		
	Beginning balance	Impairment loss recognised in profit or loss	Ending balance
SK Magic Co., Ltd.	₩ 253,004	₩ -	₩ 253,004
SK RENT A CAR CO.,LTD.	183,519	-	183,519
MINTIT Co., Ltd.	6,336	-	6,336
Other	1,208	(900)	308
	<u>₩ 444,067</u>	<u>₩ (900)</u>	<u>₩ 443,167</u>

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12. Goodwill (cont'd)

The Group estimated the recoverable amount to assess the impairment of goodwill and intangible assets related to the brand with indefinite useful life. The main assumptions used in the calculation of recoverable amounts reflect management's assessment of future trends in each reporting segment. This decision was based on external information and internal information (historical information). The major assumptions used in impairment testing on goodwill and intangible assets related to brand of SK Magic Co., Ltd. and goodwill of SK Rent A Car Co.,Ltd. for the year ended December 31, 2023 are summarized as follows (Korean won in millions):

Segment	Account	Recoverable amount	Book Value	Perpetual growth rate	Discount rate (*1)
	Goodwill	Value in use	₩ 227,893	1.00%	8.80%
	Intangible assets related to the brand	Value in use	210,119	1.00%	10.80%
SK Magic Co., Ltd. SK RENT A CAR CO.,LTD.	goodwill	Value in use	183,519	1.00%	14.29%
MINTIT Co., Ltd.	goodwill	Value in use	6,336	1.00%	13.70%

(*1) The discount rate used in determining the recoverable amount of each reporting segment was estimated based on the weighted average cost of capital and cost of equity.

As a result of reviewing the impairment of goodwill and brand related to intangible assets, there is no impairment loss recognized for the year ended December 31, 2023 because the carrying amount does not exceed the recoverable value.

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13. Intangible assets other than goodwill

Intangible assets other than goodwill as of December 31, 2023 and 2022 consists of the followings (Korean won in millions):

	2023			2022		
	Acquisition costs	Accumulated amortization(*1)	Carrying amount	Acquisition costs	Accumulated amortization(*1)	Carrying amount
Development cost	₩ 125,173	₩ (96,255)	₩ 28,918	₩ 117,512	₩ (88,741)	₩ 28,771
Industrial property rights	999	(566)	433	790	(519)	271
Memberships	23,080	(58)	23,022	23,408	(17)	23,391
Customer Relationship	54,209	(28,286)	25,923	62,782	(30,505)	32,277
Brand names						
Relationship	210,122	-	210,122	210,119	-	210,119
Others	162,723	(75,174)	87,549	142,260	(55,264)	86,996
	<u>₩ 576,306</u>	<u>₩ (200,339)</u>	<u>₩ 375,967</u>	<u>₩ 556,871</u>	<u>₩ (175,046)</u>	<u>₩ 381,825</u>

(*1) Consists of accumulated depreciation and accumulated impairment loss.

Changes in intangible assets other than goodwill for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023									
	Beginning balance	Increase through business combinations (*2)	Acquisitions	Disposals	Amortizations	Impairment	Transfer(*3)	Decrease through classified as held for sale (*4)	Others (*5)	Ending balance
Development cost	₩ 28,771	₩ -	₩ -	₩ -	₩ (11,517)	₩ -	₩ 14,091	₩ (2,411)	₩ (16)	₩ 28,918
Industrial property rights	271	1	240	(5)	(74)	-	-	-	-	433
Memberships (*1)	23,391	-	1,307	(1,641)	-	(27)	-	-	(8)	23,022
Intangible assets related to customer	32,277	5,415	-	-	(4,859)	-	-	(6,912)	2	25,923
Intangible assets related to brand (*1)	210,119	4	-	-	-	-	-	-	(1)	210,122
Others	86,996	5,023	12,630	(557)	(20,197)	(1,825)	6,413	(22)	(912)	87,549
	<u>₩ 381,825</u>	<u>₩ 10,443</u>	<u>₩ 14,177</u>	<u>₩ (2,203)</u>	<u>₩ (36,647)</u>	<u>₩ (1,852)</u>	<u>₩ 20,504</u>	<u>₩ (9,345)</u>	<u>₩ (935)</u>	<u>₩ 375,967</u>

(*1) The Group classifies membership and brand-related intangible assets as intangible assets with indefinite useful life and these assets are not amortized.

(*2) Increased due to the acquisition of En-core Co., Ltd. during the year ended December 31, 2023 (see note 32).

(*3) Transfers include transfers from property, plant and equipment.

(*4) Decreased due to the classification of SK Magic's Consumer Electronics Business Segment as a discontinued operation during the year ended December 31, 2023 (see note 28).

(*5) Others include transfers effects of changes in foreign exchange rates.

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13. Intangible assets other than goodwill (cont'd)

	2022							
	Beginning balance	Acquisitions	Disposals	Amortization	Impairment	Transfer (*2)	Others (*3)	Ending balance
Development cost	₩ 33,187	₩ 360	₩ (586)	₩ (11,030)	₩ (2)	6,491	₩ 351	₩ 28,771
Industrial property rights	206	124	(6)	(53)	-	-	-	271
Memberships(*1)	25,244	797	(2,635)	-	-	-	(15)	23,391
Intangible assets related to customer	36,999	-	-	(4,722)	-	-	-	32,277
Intangible assets related to brand(*1)	210,119	-	-	-	-	-	-	210,119
Others	30,237	28,883	(202)	(13,662)	(499)	42,645	(406)	86,996
	<u>₩ 335,992</u>	<u>₩ 30,164</u>	<u>₩ (3,429)</u>	<u>₩ (29,467)</u>	<u>₩ (501)</u>	<u>49,136</u>	<u>₩ (70)</u>	<u>₩ 381,825</u>

(*1) The Group classifies membership and brand-related intangible assets as intangible assets with indefinite useful life and these assets are not amortized.

(*2) Transfer include transfers from property, plant and equipment.

(*3) Others include transfers effects of changes in foreign exchange rates and sale of business units.

The Group participates as a government council on the Clayton blockchain mainnet to acquire the cryptocurrency KLAY, and participates as a validator on the XPLA blockchain mainnet to acquire the cryptocurrency XPLA. These assets are recognized as other intangible assets, and the carrying amount is KRW 30 million (2022: KRW 372 million). As of the end of the reporting period, the Group has 0 KLAY and 101,431 XPLA (2022: 6,398,066 KLAY and 11,791 XPLA).

Research and Development costs incurred for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023	2022
Research and Development costs incurred	₩ 2,815	₩ 2,550

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14. Investment properties

The acquisition costs and net carrying amount of Investment properties as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023			2022		
	Acquisition costs	Accumulated depreciation	Carrying amount	Acquisition costs	Accumulated depreciation	Carrying amount
Land	₩ 115,187	₩ -	₩ 115,187	₩ 119,529	₩ -	₩ 119,529
Buildings	17,570	(11,132)	6,438	20,037	(10,978)	9,059
	<u>₩ 132,757</u>	<u>₩ (11,132)</u>	<u>₩ 121,625</u>	<u>₩ 139,566</u>	<u>₩ (10,978)</u>	<u>₩ 128,588</u>

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

	2023				
	Beginning balance	Disposals	Depreciation	Transfer (*)	Ending balance
Land	₩ 119,530	₩ (4,601)	₩ -	₩ 258	₩ 115,187
Buildings	9,058	(2,349)	(478)	207	6,438
	<u>₩ 128,588</u>	<u>₩ (6,950)</u>	<u>₩ (478)</u>	<u>₩ 465</u>	<u>₩ 121,625</u>

(*) It consists of tangible assets and transferred amounts.

	2022				
	Beginning balance	Disposals	Depreciation	Transfer (*)	Ending balance
Land	₩ 105,837	₩ (831)	₩ -	₩ 14,524	₩ 119,530
Buildings	13,896	-	(374)	(4,464)	9,058
	<u>₩ 119,733</u>	<u>₩ (831)</u>	<u>₩ (374)</u>	<u>₩ 10,060</u>	<u>₩ 128,588</u>

(*) It consists of tangible assets and transferred amounts.

Details of gains and losses related to investment property for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023	2022
Rental income from investment property	₩ 1,938	₩ 2,516
Operating expense	(478)	(374)
	<u>₩ 1,460</u>	<u>₩ 2,142</u>

The fair value of investment property as of December 31, 2023 is ₩124,011 million.

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15. Right-of-use assets and lease liabilities

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

	2023				2022		
	Acquisition costs	Accumulated depreciation	Accumulated impairment losses	Book value	Acquisition costs	Accumulated depreciation	Book value
Real estates	₩ 252,671	₩ (95,153)	₩ -	₩ 157,518	₩ 248,000	₩ (84,431)	₩ 163,569
Vehicles	1,033,990	(500,643)	(300)	533,047	1,473,905	(640,131)	833,774
	₩ 1,286,661	₩ (595,796)	₩ (300)	₩ 690,565	₩ 1,721,905	₩ (724,562)	₩ 997,343

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

	2023				
	Beginning balance	Acquisition	Depreciation	Others (*)	Ending balance
Real estates	₩ 163,569	₩ 35,431	₩ (44,050)	₩ 2,568	₩ 157,518
Vehicles	833,774	112,299	(136,334)	(276,692)	533,047
	₩ 997,343	₩ 147,730	₩ (180,384)	₩ (274,124)	₩ 690,565

(*) Consists of early termination, net foreign exchange difference, and includes ₩4,971 million in right-of-use asset, which increased upon the acquisition of En-core Co., Ltd. during the year ended December 31, 2023 (see note 32).

	2022				
	Beginning balance	Acquisition	Depreciation	Others (*)	Ending balance
Real estates	₩ 191,331	₩ 27,011	₩ (45,418)	₩ (9,355)	₩ 163,569
Vehicles	1,119,796	212,586	(236,894)	(261,714)	833,774
	₩ 1,311,127	₩ 239,597	₩ (282,312)	₩ (271,069)	₩ 997,343

(*) It consists of early termination and net foreign exchange differences.

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

	2023	2022
Beginning balance	₩ 1,028,858	₩ 1,366,425
Increase	145,030	238,110
Interest expense	22,650	35,703
Repayment	(236,027)	(335,049)
Others (*)	(267,707)	(276,331)
Ending balance	₩ 692,804	₩ 1,028,858
Current portion lease liabilities	₩ 275,390	₩ 444,322
Non-current portion lease liabilities	417,414	584,536

(*) Consists of early termination and net foreign exchange difference, and includes ₩4,513 million in lease liabilities, which increased upon the acquisition of En-core Co., Ltd. during the year ended December 31, 2023 (see note 32).

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

Related gains and losses of leases for lessee for the years ended December 31, 2023 and 2022 are as follows
(Korean won in millions):

	2023	2022
Depreciation of right-of-use assets	₩ (180,384)	₩ (282,312)
Interest expense on lease liabilities	(22,650)	(35,703)
Expense relating to short-term leases for which recognition exemption has been used	(2,450)	(6,480)
Expense relating to leases of low-value assets for which recognition exemption has been used	(1,183)	(1,510)
Expense relating to variable lease payments not included in measurement of lease liabilities	(68)	(811)
Amount recognised in profit or loss for reporting period to reflect changes in lease payments that arise from rent concessions occurring as direct consequence of covid-19 pandemic to which lessee applied practical expedient in paragraph 46A of IFRS 16	-	891
Income from subleasing right-of-use assets	247,200	397,416
Profits(losses) of right-of-use assets	(155)	1,960
	<u>₩ 40,310</u>	<u>₩ 73,451</u>

Total cash outflow due to leases for lessee for the years ended December 31, 2023 and 2022 are as follows
(Korean won in millions):

	2023	2022
Cash outflow for leases	₩ 239,728	₩ 343,850

In relation to the Group's operating lease contracts, the expected future lease revenues as of December 31, 2023 and 2022 are as follows (Korean won in millions):

Year	2023	2022
Not later than one year	₩ 1,195,330	₩ 1,247,450
Later than one year and not later than two years	889,497	930,420
Later than two years and not later than three years	561,525	609,584
Later than three years and not later than four years	271,097	296,040
Later than four years and not later than five years	78,366	91,552
Later than five years	7,191	8,495
	<u>₩ 3,003,006</u>	<u>₩ 3,183,541</u>

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

Gross investment in leases and present value of minimum lease payments for finance leases as of December 31, 2023 are as follows (Korean won in millions):

Year	Gross investment in the lease	Present value of minimum lease payments
Not later than one year	₩ 278,887	₩ 254,604
Later than one year and not later than two years	232,174	215,320
Later than two years and not later than three years	178,532	167,806
Later than three years and not later than four years	125,279	119,507
Later than four years and not later than five years	59,752	57,581
Later than five years	18,785	17,954
	<u>₩ 893,409</u>	<u>₩ 832,772</u>

Gross investment in leases and present value of minimum lease payments for finance leases as of December 31, 2022 are as follows (Korean won in millions):

Year	Gross investment in the lease	Present value of minimum lease payments
Not later than one year	₩ 216,868	₩ 201,832
Later than one year and not later than two years	198,198	188,109
Later than two years and not later than three years	159,434	153,395
Later than three years and not later than four years	106,635	103,603
Later than four years and not later than five years	59,598	58,121
Later than five years	14,678	14,372
	<u>₩ 755,411</u>	<u>₩ 719,432</u>

Details of unrealized interest income for financial lease contracts as of the end of the current period and the prior period are as follows. (Korean won in millions):

	2023	2022
Undiscounted finance lease payments to be received	₩ 893,409	₩ 755,411
Unearned finance income relating to finance lease payments receivable	(60,636)	(35,979)
Net investment in finance lease	<u>₩ 832,772</u>	<u>₩ 719,432</u>

The amount of recognized interest income related to net investment in the lease in 2023 is ₩ 20,030 million (2022: ₩ 17,970 million).

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16. Borrowings and bonds

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

	2023		2022	
	Current	Non-current	Current	Non-current
Short-term borrowings	₩ 746,507	₩ -	₩ 924,929	₩ -
Bonds and long-term borrowings:				
Long-term borrowings	295,574	692,252	250,583	552,057
Bonds	1,175,116	1,560,342	357,768	1,925,329
	<u>1,470,690</u>	<u>2,252,594</u>	<u>608,351</u>	<u>2,477,386</u>
	<u>₩ 2,217,197</u>	<u>₩ 2,252,594</u>	<u>₩ 1,533,280</u>	<u>₩ 2,477,386</u>

Short term borrowings (including current portion) as of December 31, 2023 and 2022 are summarized as follows (Korean won in millions):

Portion	Lender or issuer	Borrowings, original currency	Yearly interest rate (%)	2023	2022
Commercial paper	KIWOOM Securities Co.,Ltd. etc	KRW	4.68 ~ 4.99	₩ 300,000	₩ 453,000
	Korea Development Bank etc	KRW	3.60 ~ 5.56	233,097	261,556
Banker's usance	KEB Hana Bank etc KB Kookmin Bank NH Bank	USD	Term SOFR + 0.55 ~ 1.20	126,016	165,004
		KRW	-	-	586
		USD	Term SOFR + 0.70	27,442	-
		USD	Term SOFR + 0.75	53,956	32,415
		EUR		5,370	7,123
Discounts of notes receivable	KEB Hana Bank SHINHAN BANK Woori Bank	JPY		626	885
		HKD	-	-	728
		USD	-	-	45
		USD	-	-	3,587
				<u>₩ 746,507</u>	<u>₩ 924,929</u>

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

Portion	Lender or issuer	Borrowings, original currency	Yearly interest rate (%)	2023	2022
General borrowings	Korea Engergy Agency	KRW	1.46 ~ 6.79	₩ 316,483	₩ 390,912
Auto loan	Hyundai capital	KRW	2.70	18,348	31,248
Installment finance	KB Kookmin Card	KRW	1.70 ~ 6.14	652,995	355,480
Borrowings for facility investment	Korea Development Bank	KRW	-	-	25,000
				<u>₩ 987,826</u>	<u>802,640</u>
	Less: current portion of borrowings			<u>(295,574)</u>	<u>(250,583)</u>
				<u>₩ 692,252</u>	<u>₩ 552,057</u>

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16. Borrowings and bonds (cont'd)

Bonds (including current portion) as of December 31, 2023 and 2022 are summarized as follows (Korean won in millions):

Issuance number	Issue date	Maturity date	Yearly interest rate	2023	2022
181-2nd	2018-04-18	2023-04-18	-	-	140,000
182-2nd	2019-04-19	2024-04-19	2.09%	200,000	200,000
182-3rd	2019-04-19	2026-04-19	2.28%	110,000	110,000
183-1st	2021-04-19	2024-04-19	1.54%	170,000	170,000
183-2nd	2021-04-19	2026-04-19	1.97%	150,000	150,000
183-3rd	2021-04-19	2028-04-19	2.23%	80,000	80,000
184-1st	2022-04-18	2025-04-18	3.90%	230,000	230,000
184-2nd	2022-04-18	2027-04-18	4.07%	30,000	30,000
185-1st	2023-04-17	2025-04-17	4.05%	30,000	-
185-2nd	2023-04-17	2026-04-17	4.08%	100,000	-
185-3rd	2023-04-17	2028-04-17	4.30%	110,000	-
4th Unguaranteed bond	2020-03-05	2023-03-03	-	-	120,000
5th Unguaranteed bond	2021-03-08	2024-03-08	1.52%	150,000	150,000
6th Unguaranteed bond	2022-03-03	2025-03-04	3.16%	150,000	150,000
7th Unguaranteed bond	2022-11-25	2023-11-24	-	-	10,000
8th Unguaranteed bond	2022-12-07	2023-12-07	-	-	10,000
9th Unguaranteed bond	2022-12-08	2023-12-08	-	-	13,000
10th Unguaranteed bond	2023-01-13	2024-01-12	6.50%	20,000	-
11-1st Unguaranteed bond	2023-03-03	2024-09-03	4.70%	145,000	-
11-2nd Unguaranteed bond	2023-03-03	2025-03-04	4.66%	45,000	-
12th Unguaranteed bond	2023-11-03	2025-11-03	5.42%	100,000	-
45-1st Unguaranteed bond	2021-02-04	2025-02-04	1.45%	202,000	202,000
45-2nd Unguaranteed bond	2021-02-04	2026-02-04	1.88%	98,000	98,000
46-1st Unguaranteed bond	2021-09-14	2023-09-14	-	-	60,000
46-2nd Unguaranteed bond	2021-09-14	2024-09-14	2.06%	90,000	90,000
47 Unguaranteed bond	2022-04-28	2025-04-28	3.67%	50,000	50,000
48 Unguaranteed bond	2022-05-26	2025-05-22	3.87%	50,000	50,000
49 Unguaranteed bond	2022-09-07	2024-09-06	5.20%	50,000	50,000
50-1st Unguaranteed bond	2022-10-20	2024-04-19	6.11%	30,000	30,000
50-2nd Unguaranteed bond	2022-10-20	2024-10-18	6.29%	70,000	70,000
51 Unguaranteed bond	2022-10-21	2024-10-21	7.00%	10,000	10,000
52 Unguaranteed bond	2022-10-28	2024-10-28	6.95%	10,000	10,000
53 Unguaranteed bond	2022-11-30	2023-11-30	-	-	5,000
54 Unguaranteed bond	2023-01-13	2025-01-13	6.50%	20,000	-
55-1st Unguaranteed bond	2023-02-10	2024-08-09	4.37%	29,000	-
55-2nd Unguaranteed bond	2023-02-10	2025-02-10	4.48%	131,000	-
55-3rd Unguaranteed bond	2023-02-10	2026-02-10	4.58%	80,000	-
				<u>2,740,000</u>	<u>2,288,000</u>
Less: present value discount				(4,542)	(4,903)
Less: current portion				<u>(1,175,116)</u>	<u>(357,768)</u>
				<u>₩ 1,560,342</u>	<u>₩ 1,925,329</u>

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17. Other liabilities

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

	<u>2023</u>	<u>2022</u>
Other current liabilities		
Short-term advances from customers	₩ 18,781	₩ 25,086
Short-term income received in advance	11,316	10,604
Short-term withholdings	11,886	14,818
Current contract liabilities	56,145	43,381
Current value added tax payables	28,180	4,793
Current refund liability	25,762	23,394
Short-term other payables	21,593	-
Short-term accrued Expenses	35,191	-
	<u>₩ 208,854</u>	<u>₩ 122,076</u>
Other non-current liabilities		
Long-term income received in advance	₩ -	₩ 24,401
Non-current contract liabilities	20,801	-
Adjustments for share-based payments	1,797	-
Non-current provisions for employee benefits	6,454	4,532
	<u>₩ 29,052</u>	<u>₩ 28,933</u>

The amount of contract liabilities recognized as revenue during the year ended December 31, 2023 is ₩47,460 million (2022: ₩34,124 million).

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18. Derivative instruments

Derivative instruments held for sale or hedge as of December 31, 2023 are summarized as follows:

Purpose	Hedging item	Contract description
For trading	Foreign currency forwards	A foreign currency contract to buy or sell a foreign currency at a fixed rate for delivery on a specified future date or period.
Cash flow hedges	Interest rate swaps	Contracts to avoid cash flow risk on variable interest rate borrowings and bonds.

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

	2023			
	Assets		Liabilities	
	Current	Non-current	Current	Non-current
For trading :				
Foreign currency forwards	₩ 205	₩ -	₩ 3,200	₩ -
	205	-	3,200	-
Cash flow hedges :				
Interest rate swap	217	25	170	300
	217	25	170	300
	₩ 422	₩ 25	₩ 3,370	₩ 300

	2022			
	Assets		Liabilities	
	Current	Non-current	Current	Non-current
For trading :				
Foreign currency forwards	₩ 188	₩ -	₩ 24,524	₩ -
	188	-	24,524	-
Cash flow hedges :				
Interest rate swap	780	253	-	-
	780	253	-	-
	₩ 968	₩ 253	₩ 24,524	₩ -

Details of derivative financial instruments as of December 31, 2023 and 2022 are as follows (Foreign currencies in thousands, Korean won in millions):

Hedging item	Number of contracts	Contract date	Maturity date	2023				
				Contract exchange rate / interest rate (in won)	Buy		Sell	
					Currency	Amount	Currency	Amount
				1,268.00 ~				
	59	2023-07-27 etc.	2024-01-02 etc.	1,339.10	USD	156,269	KRW	203,672
	2	2023-09-18 etc.	2024-02-29 etc.	7.1043 ~ 7.2191	USD	6,855	CNY	49,397
	23	2023-12-01 etc.	2024-01-03 etc.	1.0788 ~ 1.1136	EUR	2,485	USD	2,723
Foreign currency forwards	1	2023-12-27	2024-02-29	7.1117	CNY	792	USD	111
Interest rate swaps	1	2020-03-31	2025-04-01	2.29%	KRW	12,000	KRW	12,000
	1	2022-08-12	2025-08-12	4.77%	KRW	24,000	KRW	24,000
	1	2023-09-25	2026-09-28	5.12%	KRW	30,000	KRW	30,000

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18. Derivative instruments (cont'd)

Hedging item	Number of contracts	Contract date	Maturity date	2022		Buy		Sell	
				Contract exchange rate / interest rate (in won)	Currency	Amount	Currency	Amount	
	14	2022-11-14 etc.	2023-01-31 etc.	1.0358 ~ 1.0650	USD	1,952	EUR	1,848	
	82	2022-07-26 etc.	2023-01-10 etc.	1,298.65 ~ 1,440.00	USD	236,038	KRW	298,117	
Foreign currency forwards	1	2022-11-14	2023-01-31	138.54	USD	193	JPY	26,764	
	22	2022-12-02 etc.	2023-01-31 etc.	1.0578 ~ 1.0695	EUR	2,201	USD	2,345	
	1	2022-11-18	2023-01-31	138.33	JPY	26,764	USD	193	
	3	2022-12-29 etc.	2023-01-03 etc.	1,260.00 ~ 1,265.02	KRW	22,132	USD	17,548	
Interest rate swaps	1	2019-01-02	2023-07-03	2.75%	KRW	100,000	KRW	100,000	
	1	2020-03-31	2025-04-01	2.29%	KRW	20,000	KRW	20,000	

Details of gain and loss on valuation of derivatives (before tax effect) for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023					
	Profit or loss				Other comprehensive income	
	Gains on valuation	Losses on valuation	Gains on transaction	Losses on transaction	Gains on valuation	Losses on valuation
For trading :						
Foreign currency forwards	₩ 743	₩ (3,235)	₩ 56,185	₩ (42,713)	₩ -	₩ -
	743	(3,235)	56,185	(42,713)	-	-
Cash flow hedges :						
Interest rate swap	-	-	-	-	-	(1,261)
	-	-	-	-	-	(1,261)
	₩ 743	₩ (3,235)	₩ 56,185	₩ (42,713)	₩ -	₩ (1,261)
	743	(3,235)	56,185	(42,713)	-	(1,261)
	2022					
	Profit or loss				Other comprehensive income	
	Gains on valuation	Losses on valuation	Gains on transaction	Losses on transaction	Gains on valuation	Losses on valuation
For trading :						
Foreign currency forwards	₩ 833	₩ (24,535)	₩ 151,131	₩ (83,910)	₩ -	₩ -
	833	(24,535)	151,131	(83,910)	-	-
Cash flow hedges :						
Interest rate swap	-	-	-	-	1,005	-
	-	-	-	-	1,005	-
	₩ 833	₩ (24,535)	₩ 151,131	₩ (83,910)	₩ 1,005	₩ -
	833	(24,535)	151,131	(83,910)	1,005	-

Details of the amount reclassified from other comprehensive income to profit or loss in relation to cash flow hedge accounting for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023	2022
Reclassification adjustments regarding cash flow hedges to profit or loss, net of tax	₩ 170	₩ -

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19. Net defined benefit liabilities

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

	2023	2022
Present value of defined benefit obligations	₩ 228,051	₩ 185,769
Fair value of plan assets	(245,740)	(246,385)
Net defined benefit assets(*1)	(38,625)	(75,345)
Net defined benefit liabilities	20,936	14,729

(*1) Some subsidiaries of the Group obtained ₩38,625 million and ₩75,345 million of excess reserves as of December 31, 2023 and 2022. Because the Group has neither an enforceable legal right to use such excess reserves for a settlement of defined benefit obligations of another plan in the Group nor an intention to settle such obligations likewise, these assets are not set off and presented as other non-current assets.

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

	2023		
	Present value of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 185,769	₩ (246,385)	₩ (60,616)
Retirement benefits:			
Current service costs	21,637	-	21,637
Net interest expenses (income)	9,795	(12,419)	(2,624)
	₩ 31,432	₩ (12,419)	₩ 19,193
Remeasurements:			
Return on plan assets (excluding amounts included in interest expense)	₩ -	₩ 985	₩ 985
Changes in demographic assumptions	(2,157)	-	(2,157)
Changes in financial assumptions	23,838	-	23,838
Experience adjustments	14,467	-	14,467
	36,148	985	37,133
Contributions	₩ -	₩ (18,153)	₩ (18,153)
Benefits paid	(34,879)	27,850	(7,029)
Business combination	9,448	(1,555)	7,893
Others	133	3,937	4,070
Ending balance	₩ 228,051	₩ (245,740)	₩ (17,689)
	2022		
	Present value of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 211,735	₩ (176,544)	₩ 35,191
Retirement benefits:			
Current service costs	25,220	-	25,220
Net interest expenses (income)	6,975	(5,985)	990
	₩ 32,195	₩ (5,985)	₩ 26,210
Remeasurements			
Return on plan assets (excluding amounts included in interest expense)	₩ -	₩ 2,681	₩ 2,681
Changes in demographic assumptions	(506)	-	(506)
Changes in financial assumptions	(37,191)	-	(37,191)
Experience adjustments	190	-	190
	₩ (37,507)	₩ 2,681	₩ (34,826)
Contributions by employer directly to plan assets	₩ -	₩ (80,448)	₩ (80,448)
Benefits paid	(15,514)	13,483	(2,031)
Others	(5,140)	428	(4,712)
Ending balance	₩ 185,769	₩ (246,385)	₩ (60,616)

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Notes to the consolidated financial statements
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19. Net defined benefit liabilities (cont'd)

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

	2023	2022
Cash and cash equivalents	₩ 198,655	₩ 221,271
Other assets	47,085	25,114
	<u>₩ 245,740</u>	<u>₩ 246,385</u>

Principal actuarial assumptions as of December 31, 2023 and 2022 are as follows:

	2023	2022
Discount rates	4.01% ~ 5.20%	5.14% ~ 5.76%
Future salary increasing rates	3.27% ~ 8.04%	2.50% ~ 5.60%

The sensitivity analysis for the significant actuarial assumptions as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023		
	Effect on defined benefit obligations		
	Sensitivity	Increase	Decrease
Discount rates	0.50% point	₩ (7,884)	₩ 8,396
Future salary increasing rates	0.50% point	8,533	(8,079)

	2022		
	Effect on defined benefit obligations		
	Sensitivity	Increase	Decrease
Discount rates	0.50% point	₩ (6,412)	₩ 6,879
Future salary increasing rates	0.50% point	7,089	(6,662)

A reasonable estimates of user contributions expected to be paid in the future in relation to a defined benefit plan as of December 31, 2023 and 2022 are ₩22,507 million and ₩18,827 million.

The weight average durations of defined benefit obligations as of December 31, 2023 and 2022 are 5.21~8.81 and 5.55~10.13 years.

The expenses related to the defined contribution obligations for the years ended December 31, 2023 and 2022 are ₩2,476 million and ₩2,512 million.

As of December 31, 2023, ₩6,454 million of long-term employee benefits liabilities (2022: ₩4,532 million) is classified as other non-current liabilities in the consolidated statement of financial position.

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20. Provisions

For products sold, the Group estimates the best approximation of future loss of economic benefits that will arise during the warranty period based on the past experience and records the amount as provision for sales warranty. The Group also records the best estimates of payment required to settle the obligation resulting from legal disputes, for which an unfavorable outcome is probable, as other provisions.

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

		2023							
		Beginning balance	Increase	Utilized	Reversal	Others	Ending balance	Current	Non-current
Provision for product-warranty	₩	2,436	₩ 879	₩ -	₩ -	₩ -	₩ 3,315	₩ 3,268	₩ 47
Others		11,633	7,062	(6,782)	(2,607)	926	10,232	5,535	4,697
	₩	14,069	₩ 7,941	₩ (6,782)	₩ (2,607)	₩ 926	₩ 13,547	₩ 8,803	₩ 4,744

		2022							
		Beginning balance	Increase	Utilized	Reversal	Others	Ending balance	Current	Non-current
Provision for product-warranty	₩	2,227	₩ 209	₩ -	₩ -	₩ -	₩ 2,436	₩ 2,436	₩ -
Others		11,039	10,519	(5,773)	(1,801)	(2,351)	11,633	5,494	6,139
	₩	13,266	₩ 10,728	₩ (5,773)	₩ (1,801)	₩ (2,351)	₩ 14,069	₩ 7,930	₩ 6,139

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21. Commitments and contingencies

Details of the agreements with the financial institutions as of December 31, 2023 are as follows (Korean won in millions and foreign currency in thousands):

Provider	Currency	Description	Agreement limit	Unused amount
	KRW	KRW Limit loan, etc.	209,900	146,700
Hana Bank	USD	Foreign currency comprehensive credit line, etc.	205,500	144,960
	KRW	KRW Limit loan, etc.	50,000	45,400
NH Bank	USD	Foreign currency loan	20,000	15,114
	KRW	KRW Limit loan, etc.	30,000	30,000
Standard Chartered Bank Korea Limited	USD	Foreign currency comprehensive credit line, etc.	40,000	40,000
	KRW	KRW Limit loan, etc.	91,000	91,000
Shinhan Bank	USD	Foreign currency purchase(export),etc.	173,000	106,272
	KRW	Trade finance KRW limit loan	90,000	90,000
		Comprehensive Foreign Exchange Integration Limit	100,000	100,000
KB Kookmin Bank	USD	General loan, etc.	22,400	22,400
Woori Bank	USD	Trade finance limit loan.	130,000	125,481
Industrial and Commercial Bank of China Limited.	KRW	KRW Limit loan	30,000	30,000
Bank of China	USD	Comprehensive trade finance limit	35,000	35,000
Bank of communication	KRW	KRW Limit loan etc.	30,000	30,000
	KRW	Loan limit agreement	5,000	5,000
Industrial Bank of Korea	USD	Comprehensive Export-Import Finance	102,500	102,500
Mizuho Bank, Ltd.	USD	Trade finance limit loan, etc.	60,000	60,000
DGB Daegu Bank	KRW	General loan	20,000	20,000
Korea Development Bank	USD	Trade finance limit loan.	40,000	34,778
Suhyup Bank	KRW	General loan	10,000	10,000
J.P.Morgan of Korea	USD	USANCE	5,000	5,000
Deutsche Bank	USD	The sale of export bonds	100,000	100,000
Hyundai capital	KRW	Autoron	220,000	101,626
KB Kookmin Card	KRW	installment financing	640,000	214,491
Woori Card	KRW	installment financing	149,111	-
Hana capital	KRW	Operating lease	70,000	27,607
Woori Financial Capital	KRW	Operating lease	59,562	-
Sinhan Card	KRW	Operating lease	400,000	381,327
Lotte Capital	KRW	Operating lease	170,000	89,093
Lotte Card	KRW	installment financing	100,000	41,613
Samsung Card	KRW	Operating lease	108,236	-

The pledged notes and checks as of December 31, 2023 are as follows (Korean won in millions):

	Quantity	Face value (Korean won in millions)	Description
Notes	2	792	General loans
Check	2	Blank checks	Financing for overseas resources development

The Group is involved in 260 litigations as a plaintiff with claims aggregating to ₩6,869 million as of December 31, 2023. No provision was recorded in connection with the litigations where the Group is a plaintiff as management cannot reasonably predict as of year-end whether an unfavorable outcome is probable or not.

Material litigations pending in which the Group as the defendant as of December 31, 2023 are as follows (Korean won in millions):

Defendant	Plaintiff	Contents of Litigation case	Amount of litigation	Progress status
SK RENT A CAR CO., LTD.	Legal person and other entities	Return of unjust enrichment and etc.	₩ 676	Currently in the first instance of the trial

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21. Commitments and contingencies (cont'd)

Including the above, the Group is involved in 24 litigations as a defendant with claims aggregating to ₩1,708 million as of December 31, 2023. No provision was recorded in connection with the litigations where the Group is a defendant as management cannot reasonably predict as of year-end whether an unfavorable outcome is probable or not.

The following assets were pledged as collateral for the Group's borrowings and bonds payable as of December 31, 2023 and 2022 (Korean won in millions):

2023						
Collateral provider	Accounts	Currency	Carrying amount	Collateral value	Secured party	
SK Networks Co., Ltd	Property, plant and equipment	KRW	287,700	390,718	Korea Development Bank	
SK Magic Co., Ltd	Property, plant and equipment	KRW	95,423	96,000	Korea Development Bank, Hana Bank	
		KRW	9,822	9,390	KB Kookmin Bank	
	KRW	46,610	70,401	Korea Development Bank		
	KRW	34,665	34,665	Sinhan Bank		
	Property, plant and equipment	KRW	33,116	33,116	Bank of China	
		KRW	86,970	86,970	S Tiger Mobil and Others	
	Debt instrument	KRW	215	-	Korea Software Financial Cooperative	
SK RENT A CAR Co.,Ltd	Financial assets at amortized cost(*1,2)	KRW	-	300	Shinbo 2022 5th Liquidation Specialized Company	
		KRW	-	300	Shinbo 2022 5th Liquidation Specialized Company	

(*1) In relation to the 47th and 48th unguaranteed bonds, the Group establish a pledge right for KRW 600 million of financial assets at amortized cost held by the Group for the purpose of securing the principal and interest repayment obligations of the bonds.

(*2) In consideration of the recoverability of financial assets at amortized cost, impairment loss on financial assets at amortized cost were recognized during the year ended December 31, 2022.

2022						
Collateral provider	Accounts	Currency	Carrying amount	Collateral value	Secured party	
SK Networks Co., Ltd	Property, plant and equipment	KRW	294,503	390,526	Korea Development Bank	
SK Magic Co., Ltd	Property, plant and equipment	KRW	95,165	96,000	Korea Development Bank, Hana Bank	
		KRW	9,864	9,390	KB Kookmin Bank	
	KRW	92,273	94,421	Korea Development Bank		
	KRW	12,408	1,300	Sinhan Card		
	Property, plant and equipment	KRW	51,362	51,362	Bank of China	
		KRW	137,071	131,403	S Tiger Mobil and Others	
	SK RENT A CAR Co.,Ltd	Financial assets at amortized cost(*1,2)	KRW	-	300	Shinbo 2022 5th Liquidation Specialized Company
KRW			-	300	Shinbo 2022 5th Liquidation Specialized Company	

(*1) In relation to the 47th and 48th unguaranteed bonds, the Group establish a pledge right for KRW 600 million of financial assets at amortized cost held by the Group for the purpose of securing the principal and interest repayment obligations of the bonds.

(*2) In consideration of the recoverability of financial assets at amortized cost, impairment loss on financial assets at amortized cost were recognized during the year ended December 31, 2022.

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21. Commitments and contingencies (cont'd)

Guarantees provided by third parties on behalf of the Group as of December 31, 2023 are as follows (Korean won in millions):

Trading partner	Currency	Guarantee amount	Guarantor
Lenovo KOREA LLC	KRW	1,200	Hana Bank
Dongdaemoon Hotel PFV. Co., Ltd,etc.	KRW	57,103	Seoul Guarantee Insurance Company and other

The Group is in a factoring contract with SK Telecom Co., Ltd as of December 31, 2023.

Upon the issuance of public bonds, the Group has signed a contract with the underwriting company and is required to comply with debt covenants such as maintenance of debt ratios, restriction of collateralization, restriction of asset sales and restriction of changes to the governance structure.

The Group has obligations under the investment contract to make additional contributions toward funds including SBVA Future Innovation III. The remaining balance of obligations to be contributed by capital call is KRW 2,535 million and USD 21,445 thousand.

The Group is restricted from selling its ownership in subsidiary POSK (Pinghu) Steel Processing Center Co., Ltd. under certain conditions.

The Group has agreements related to its investments in associate SK Electlink regarding rights of first refusal, tag-along and drag-along rights.

Under certain conditions, the Group is restricted from selling its ownership in its associates SK MENA Investment B.V., SK Latin America Investment S.A., SVA Venture Fund II, SK Electlink and investments in funds Kurly Inc., Port One Holdings, Prostar Asia-Pacific Energy Infrastructure SK Fund L.P., Hashed Venture Fund II, and IPI Partners II.

The Group is obligated to comply with other shareholders' drag-along rights in investments including MycoWorks, Standard Cognition, Humane, Source.ag according to shareholders' agreements.

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22. Equity

Details of capital stock as of December 31, 2023 and 2022 are summarized as follows (Korean won in millions, except number of shares and par value):

	2023		
	Common stocks (*1)	Preferred stocks without voting rights	Cumulative redeemable preferred stocks (*2)
Number of shares authorized (in shares)		1,500,000,000	
Par value per share (in won)	₩ 2,500	₩ 2,500	₩ -
Number of shares issued (in shares)	235,778,265	113,648	-
Capital stock	₩ 620,469	₩ 284	₩ 27,901

(*1) The capital share differs from the total face value of the issued shares due to the retirement of treasury stocks.

(*2) Redeemable preferred stocks paid-in capital exists, but no redeemable preferred stocks exist as of December 31, 2023, as all redeemable preferred stocks were retired by charging unappropriated retained earnings.

	2022		
	Common stocks (*1)	Preferred stocks without voting rights	Cumulative redeemable preferred stocks (*2)
Number of shares authorized (in shares)		1,500,000,000	
Par value per share (in won)	₩ 2,500	₩ 2,500	₩ -
Number of shares issued (in shares)	248,187,647	113,648	-
Capital stock	₩ 620,469	₩ 284	₩ 27,901

(*1) The capital stock differs from the total face value of the issued shares due to the retirement of treasury stocks.

(*2) Redeemable preferred stocks paid-in capital exists, but no redeemable preferred stocks exist as of December 31, 2022, as all redeemable preferred stocks were retired by charging unappropriated retained earnings.

Change in the number of outstanding shares for the years ended December 31, 2023 and 2022, are as follows (in shares):

	2023	
	Common stocks	Preferred stocks without voting rights
Beginning of period	248,187,647	113,648
Cancellation of treasury shares	(12,409,382)	-
Ending of period	235,778,265	113,648

	2022	
	Common stocks	Preferred stocks without voting rights
Beginning of period	248,187,647	113,648
Ending of period	248,187,647	113,648

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22. Equity (cont'd)

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

	2023		2022	
Share premium	₩	89,053	₩	89,053
Other capital surplus		687,331		647,787
Treasury shares		(198,045)		(167,738)
Stock options		3,821		2,906
Losses sale treasury stock		(532)		(472)
	₩	581,628	₩	571,536

Changes in the carrying amount of additional paid-in capital for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023					
	Share premium	Other capital surplus	Treasury shares	Stock options	Losses sale treasury stock	Total
Beginning balance	₩ 89,053	₩ 647,787	₩ (167,738)	₩ 2,906	₩ (472)	₩ 571,536
Purchase of treasury shares	-	-	(100,430)	-	-	(100,430)
Disposal of treasury stocks	-	-	1,760	-	(60)	1,700
Cancellation of treasury shares	-	-	68,363	-	-	68,363
Stock compensation costs	-	-	-	915	-	915
Allocation of non-controlling interests	-	39,290	-	-	-	39,290
Others	-	254	-	-	-	254
Ending balance	₩ 89,053	₩ 687,331	₩ (198,045)	₩ 3,821	₩ (533)	₩ 581,628

	2022					
	Share premium	Other capital surplus	Treasury shares	Stock options	Losses sale treasury stock	Total
Beginning balance	₩ 89,053	₩ 647,787	₩ (169,558)	₩ 1,671	₩ -	₩ 568,953
Disposal of treasury stocks	-	-	1,820	-	(472)	1,348
Stock compensation costs	-	-	-	1,235	-	1,235
Ending balance	₩ 89,053	₩ 647,787	₩ (167,738)	₩ 2,906	₩ (472)	₩ 571,536

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

	2023		2022	
Number of treasury shares (in shares)		36,802,643		29,570,538
Acquisition amount	₩	198,045	₩	167,738

Changes in treasury shares for the periods ended December 31, 2023 and 2022 are as follows (In shares):

	2023		2022	
Beginning		29,570,538		29,676,828
Acquisition		19,962,158		-
Disposal		(320,671)		(106,290)
Retirement		(12,409,382)		-
Ending		36,802,643		29,570,538

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22. Equity (cont'd)

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

	2023		2022	
Legal reserve				
Earned surplus reserve (*1)	₩	40,672	₩	38,047
Voluntary reserve				
Financial structure improvement reserve		80,616		80,617
Retained earnings before appropriations		736,999		864,032
	₩	858,287	₩	982,696

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

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

	2023			
	Common stocks		Preferred stocks without voting rights	
Number of shares issued (in shares)		235,778,265		113,648
Number of treasury shares (in shares)		33,365,630		25,045
Number of shares (in shares)		202,412,635		88,603
Dividend per share (Korean won)	₩	200	₩	225
Par value per share (Korean won)		2,500		2,500
Dividend rate per share		8.0%		9.0%
Dividends	₩	40,482	₩	20
	2022			
	Common stocks		Preferred stocks without voting rights	
Number of shares issued (in shares)		248,187,647		113,648
Number of treasury shares (in shares)		29,545,493		25,045
Number of shares (in shares)		218,642,154		88,603
Dividend per share (Korean won)	₩	120	₩	145
Par value per share (Korean won)		2,500		2,500
Dividend rate per share		4.8%		5.8%
Dividends	₩	26,237	₩	13

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

	2023		2022	
Gain on financial assets measured at FVOCI	₩	5,503	₩	18,728
Equity adjustments in equity method		1,269		617
Gain on translation of foreign operations		31,727		30,156
Gain on valuation of derivative financial instruments		292		1,185
Other components of stock holder's equity		817		817
	₩	39,608	₩	51,503

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22. Equity (cont'd)

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

	2023		2022	
Beginning balance	₩	16,931	₩	52,985
Gain and loss on the valuation of financial assets		2,586		(48,508)
Corporate tax relating to FVOCI, included in		(549)		12,454
Ending balance	₩	18,968	₩	16,931

Gains and losses on translation of foreign operations flow hedges included in other components of equity as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023		2022	
Beginning balance	₩	30,156	₩	27,637
Hedges of net investments in foreign operations, before tax		2,064		942
Income tax relating to exchange differences on translation of foreign operation		(464)		1,599
Allocation of non-controlling interests		(29)		(22)
Ending balance	₩	31,727	₩	30,156

Gains and losses of cash flow hedges included in other components of equity as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023		2022	
Beginning balance	₩	1,185	₩	515
Gains (losses) on cash flow hedges, before tax		(1,045)		1,005
Income tax relating to cash flow hedges included in other comprehensive income		219		(216)
Reclassification adjustments on cash flow hedges, before tax		(216)		-
Income tax relating to reclassification adjustments on cash flow hedges		46		-
Allocation of non-controlling interests		103		(119)
Ending balance	₩	292	₩	1,185

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23. Share-based payment arrangements

In accordance with the special resolution of the General Meeting of Shareholders and the resolution of the Board of Directors, the Parent company grants stock options to employees of the Parent company.

	1-2	1-3	2-1	2-2	3
Grant date	2018-03-30		2021-03-29		2023-03-29
Settlement method	Registered common stock				
Grand method	If the exercise price of the stock option is less than the fair value of the shares (the valuation based on the date the company receives the 'notice of events'), the company will pay the difference in cash or the amount equivalent to the difference Stocks can be issued.				
Number of shares granted (in shares) (*1),(*2)	371,948	371,948	1,039,692	103,437	286,885
Exercise Price (in won)	₩ 6,715	₩ 7,252	₩ 5,851	₩ 5,851	₩ -
Contractual life of options	2021.03.31~ 2024.03.30	2022.03.31~ 2025.03.30	2024.03.30~ 2028.03.29	2023.03.30~ 2026.03.29	2026.03.29
Vesting conditions	From grant date more than two years of service	From grant date more than three years of service	From grant date more than two years of service	From grant date more than two years of service	Service from 2023-01-01~ 2023-12-31

	1	2	3
Description of method of settlement		Cash-settlement	
Grant date	2021-03-29	2022-03-29	2023-03-29
Number of shares granted (in shares) (*1),(*2)	852,693	1,180,252	959,490
Exercise Price (in won)	₩ 5,655	₩ 4,754	₩ 4,494
Available period	2024-03-29	2025-03-29	2026-03-29
Vest condition	From grant date more than two years of service	From grant date more than two years of service	From grant date more than two years of service

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23. Share-based payment arrangements (cont'd)

The compensation costs recognized as a result of the grant of stock option rights and remaining compensation costs to be recognized after the end of the current and prior terms are as follows (Korean won in millions):

-	2023	2022
Total compensation cost	₩ 8,207	₩ 3,215
Recognized compensation cost the end of the period	6,760	2,906
Recognized compensation cost for the year end of the period	3,853	1,234
Compensation cost to recognize after the end of the period	1,447	309
Related liabilities	2,426	-

During the prior period, CARTINI Co., Ltd. granted stock options for CARTINI Co., Ltd. Stock to executives and employees, and compensation costs recognized due to the grant of the stock options are included.

Changes in grant quantity and weighted-average exercise price about Share-based payment arrangements in, 2023 and 2022 are as follows (per share, Korean won):

	2023	
	Number of shares granted	Weighted-average exercise price
Beginning balance	5,026,461	₩ 5,893
Granted	1,246,375	3,460
Forfeited	(656,666)	5,381
Expired	(391,525)	5,900
Others(*1)	(58,300)	5,789
Ending balance	5,166,345	5,154
Exercisable options	847,333	₩ 6,845

(*1) The number of shares exercisable were adjusted due to the retirement of treasury shares during the current period.

	2022	
	Number of shares granted	Weighted-average exercise price
Beginning balance	3,891,486	₩ 5,544
Granted	1,309,489	4,517
Forfeited	(174,514)	4,905
Ending balance	5,026,461	5,893
Exercisable options	1,174,575	₩ 6,390

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23. Share-based payment arrangements (cont'd)

The assumptions and variables used to estimate compensation cost are as follows.

Stock-settled stock-based compensation

	1-2		1-3		2-1		2-2		3	
Option Pricing model	Binomial model									
Risk-free interest rate	2.54%		2.56%		1.82%		1.56%		3.16%	
Expectancy duration (years)	6		7		7		5		3	
Expected volatility	15.40%		15.40%		28.00%		28.00%		35.17%	
Dividend yield	2.07%		2.07%		2.15%		2.15%		2.09%	
Exercise price (Korean won)	₩	6,380	₩	6,890	₩	5,559	₩	5,559	₩	-
Fair value per share (Korean won)	₩	631.87	₩	552.13	₩	1,422.14	₩	1,229.40	₩	9,654.37

Stock Appreciation Rights

	1		2		3	
Option Pricing model	Binomial model					
Risk-free interest rate	3.52%		3.37%		3.18%	
Expectancy duration (years)	3		3		3	
Expected volatility	29.00%		29.00%		29.00%	
Dividend yield	2.09%		2.09%		2.09%	
Exercise price (Korean won)	₩	5,655	₩	4,754	₩	4,494
Fair value per share (Korean won)	₩	386.77	₩	1,290.75	₩	1,605.49

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24. Profit (loss) from continuing operations

Information for each category of revenue recognized in contracts with customers for each reporting segment of the Group is as follows (Korean won in millions):

	2023							Consolidation adjustments	Total
	Global	IM	Rent-a-car	Speedmate	SK Magic	Others			
Gross turnover	₩ 1,574,277	₩ 4,555,698	₩ 1,726,850	₩ 383,915	₩ 928,687	₩ 280,520	₩ (316,080)	₩ 9,133,867	
1.Revenue recognized in the contract with the customer	1,572,607	4,552,794	642,299	383,450	437,813	246,604	(314,945)	7,520,622	
1)Classification by type of goods or service:									
Product (buy for sell) sales	1,507,548	4,383,654	611,863	288,535	6,717	132,722	(143,137)	6,787,902	
Product sales	61,434	333	-	-	27,544	2	(24,860)	64,453	
Service sales	2,914	168,807	30,436	94,915	402,233	113,880	(158,837)	654,348	
Other sales	711	-	-	-	1,319	-	11,889	13,919	
	<u>1,572,607</u>	<u>4,552,794</u>	<u>642,299</u>	<u>383,450</u>	<u>437,813</u>	<u>246,604</u>	<u>(314,945)</u>	<u>7,520,622</u>	
2)Classification by revenue recognition period:									
Recognition at a point in time	1,569,693	4,383,987	611,863	288,535	35,580	132,724	(156,108)	6,866,274	
Recognition over time	2,914	168,807	30,436	94,915	402,233	113,880	(158,837)	654,348	
	<u>1,572,607</u>	<u>4,552,794</u>	<u>642,299</u>	<u>383,450</u>	<u>437,813</u>	<u>246,604</u>	<u>(314,945)</u>	<u>7,520,622</u>	
2.Revenues from other sources(*)	1,670	2,904	1,084,551	465	490,874	33,916	(1,135)	1,613,245	

(*) Revenue from other sources include revenue related to leases in accordance with KIFRS 1116.

	2022							Consolidation adjustments	Total
	Global	IM	Rent-a-car	Speedmate	SK Magic	Others			
Gross turnover	₩ 1,979,521	₩ 4,550,083	₩ 1,665,510	₩ 483,913	₩ 929,513	₩ 228,812	₩ (411,192)	₩ 9,426,160	
1.Revenue recognized in the contract with the customer	1,977,627	4,547,607	561,242	483,368	212,269	202,348	(394,215)	7,590,246	
1)Classification by type of goods or service:									
Product (buy for sell) sales	1,878,475	4,385,465	535,713	394,829	63,231	106,635	(239,428)	7,124,920	
Product sales	93,567	-	-	-	15,216	-	(25,125)	83,658	
Service sales	4,152	162,142	25,529	88,539	124,503	95,713	(125,301)	375,277	
Other sales	1,433	-	-	-	9,319	-	(4,361)	6,391	
	<u>1,977,627</u>	<u>4,547,607</u>	<u>561,242</u>	<u>483,368</u>	<u>212,269</u>	<u>202,348</u>	<u>(394,215)</u>	<u>7,590,246</u>	
2)Classification by revenue recognition period:									
Recognition at a point in time	1,973,475	4,385,465	535,713	394,829	87,766	106,635	(268,914)	7,214,969	
Recognition over time	4,152	162,142	25,529	88,539	124,503	95,713	(125,301)	375,277	
	<u>1,977,627</u>	<u>4,547,607</u>	<u>561,242</u>	<u>483,368</u>	<u>212,269</u>	<u>202,348</u>	<u>(394,215)</u>	<u>7,590,246</u>	
2.Revenues from other sources(*)	1,894	2,476	1,104,268	545	717,244	26,464	(16,977)	1,835,914	

(*) Revenue from other sources include revenue related to leases in accordance with KIFRS 1116.

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24. Profit (loss) from continuing operations (cont'd)

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

	2023	2022
Salaries	₩ 251,437	₩ 245,229
Retirement benefits	16,995	46,459
Employee welfare	69,809	62,443
Travel	4,345	3,924
Communications	8,626	8,676
Utilities	14,555	12,749
Taxes and dues	20,050	18,345
Supplies	17,825	18,104
Rents	14,895	13,984
Depreciation	58,953	61,101
Amortization	32,359	26,068
Depreciation of right-of-use assets	43,675	44,886
Repairs	6,460	4,541
Vehicle maintenance	2,551	4,068
Insurance premium	12,030	10,211
Advertising	54,485	66,718
Training	7,583	8,684
Engineering service fee	163,250	125,204
Commissions	118,406	104,540
Freight	21,609	29,431
Bad debt expenses	23,786	10,752
Other bad debt expenses	443	14,557
Foreign branch office operations	22	311
Entertainment	5,068	4,680
Stock compensation costs	3,853	1,234
Others	21,856	21,461
	<u>₩ 994,926</u>	<u>₩ 968,360</u>

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

	2023	2022
Interest income	₩ 8,149	₩ 29,947
Gain on foreign currency transactions	40,429	42,822
Gain on foreign currency translation	8,969	22,956
Gain on disposal of financial assets at fair value through profit or loss	12	1,635
Gain on valuation of financial assets at fair value through profit or loss	22,440	3,904
Gain on valuation of derivative financial instruments	743	833
Gain on transactions of derivative financial instruments	56,184	151,131
	<u>₩ 136,926</u>	<u>₩ 253,228</u>

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24. Profit (loss) from continuing operations (cont'd)

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

	2023	2022
Interest expense	₩ 178,961	₩ 122,855
Loss on foreign currency transactions	50,035	100,190
Loss on foreign currency translation	6,758	9,788
Loss on financial assets at amortized cost	-	600
Loss on valuation of financial assets at fair value through profit or loss	10,989	271
Loss on valuation of derivative financial instruments	3,235	24,535
Loss on transactions of derivative financial instruments	42,711	83,910
	<u>₩ 292,689</u>	<u>₩ 342,149</u>

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

	2023	2022
Dividend income	₩ 1,397	₩ 1,873
Gain on disposal of property, plant and equipment	9,838	35,847
Reversal of impairment loss on property, plant and equipment	2,070	477
Gain on disposal of intangible assets	1,313	1,182
Gain on disposal of right-of-use assets	204	1,960
Gain on disposal of investment properties	1,297	120
Gains from business transfer (see note 33)	-	8,939
Others	19,215	15,690
	<u>₩ 35,334</u>	<u>₩ 66,088</u>

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

	2023	2022
Loss on disposal of trade receivables	₩ 6,015	₩ 7,550
Loss on disposal of property, plant and equipment	7,577	5,983
Impairment loss on property, plant and equipment	6,140	9,666
Loss on disposal of intangible assets	114	778
Impairment loss on intangible assets	1,852	1,401
Loss on disposal of investment properties	99	401
Loss on disposal of investments in associates and joint ventures	122	982
Depreciation of investment properties	478	374
Others	15,014	19,151
	<u>₩ 37,411</u>	<u>₩ 46,286</u>

Details of classification based on the nature of cost of sales and selling, general and administrative expenses for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023	2022
Changes in finished goods and work-in-progress	₩ 19,652	₩ (754)
Changes in merchandise	88,218	(267,024)
Purchase of merchandise	6,630,773	7,287,500
Salaries (including service costs for defined benefit plans and other employee benefits)	441,714	343,054
Depreciation and amortization	809,196	851,395
Freight	21,609	41,795
Advertising	54,485	79,508
Others	830,937	918,430
	<u>₩ 8,896,584</u>	<u>₩ 9,253,904</u>

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25. Income tax expense (benefit)

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

	2023	2022
Current income tax expense	₩ 9,493	₩ 36,201
Adjustments for current tax of prior periods	(898)	6,186
Current and deferred tax relating to items credited (charged) directly to equity	(98)	-
Income tax relating to components of other comprehensive income	13,283	3,137
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	(16,914)	(4,017)
Deferred income tax on losses carried forward for the current period	(4,314)	-
Tax benefit arising from previously unrecognised tax loss, tax credit or temporary difference of prior period used to reduce deferred tax expense	(4,730)	36,426
Deferred tax expense arising from write-down or reversal of write-down of deferred tax asset	-	(55,000)
Amount due to carryover of tax credit	(73)	-
Other components of income tax expense	36	-
Tax expense (benefit)	(4,215)	22,933
Tax expense (benefit) related to continuing business	₩ 9,353	₩ 8,515
Tax expense (benefit) related to discontinued operations	(13,568)	14,418

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

	2023	2022
Stock compensation costs	₩ (257)	₩ -
Gain (Loss) on sale treasury stock	159	-
	₩ (98)	₩ -

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

	2023	2022
Remeasurement loss on defined benefits plans	₩ 8,280	₩ (8,475)
Gain (Loss) on valuation of financial assets measured at FVOCI	5,203	12,461
Revaluation surplus reserve	-	(2,232)
Gain on translation of foreign operations	(464)	1,599
Gain (Loss) on valuation of derivative financial instruments	264	(216)
	₩ 13,283	₩ 3,137

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

	2023	2022
Profit before income tax expense from continuing operations	₩ 70,744	₩ 105,110
Loss before income tax expense from discontinued operations	(69,500)	8,588
Profit (Loss) before income tax expense	1,244	113,698
Income tax expense (benefit) at statutory tax rate	260	27,515
Adjustments :	-	-
Tax effect of revenues exempt from taxation	(5,273)	(97)
Tax effect of expense not deductible in determining taxable profit (tax loss)	3,214	2,099
Tax credit	(73)	-
Changes in deferred income tax unrecognized temporary differences	(2,529)	37,738
Adjustment Matters Related to Corporate Tax for the Previous Term	(898)	2,835
Tax effect of tax losses	(9,044)	(55,000)
Other tax effects for reconciliation between accounting profit and tax expense (benefit)	10,128	7,843
Income tax expense (benefit)	₩ (4,215)	₩ 22,933
Tax expense related to continuing business	9,353	8,515
Tax expense (income) related to discontinued operations	(13,568)	14,418
Average effective tax rate (*1)	-	20.17%

(*1) The average effective tax rate was not calculated due to the income tax benefit for the years ended December 31, 2023.

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25. Income tax expense (benefit) (cont'd)

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

	2023					
	Beginning Balance	Profit or Loss	Directly to Equity	Other comprehensive income	Changes in the scope of consolidation	Ending Balance
Financial assets at fair value through OCI	₩ 33,861	₩ 3,142	₩ -	₩ 5,203	₩ (63)	₩ 42,143
Bad debt expenses	31,957	20,871	-	-	378	53,206
Lease liabilities	464	1,388	-	-	-	1,852
Other Payables	1,447	(40)	-	-	-	1,407
Loss on foreign currency translation	(2,732)	1,981	-	-	-	(751)
Gain on foreign currency translation	(135)	28	-	-	(2)	(109)
Investments in subsidiaries and associates	-	5,260	-	-	-	5,260
Property, plant and equipment	(50,188)	(11,839)	-	-	(48)	(62,075)
Inventories	2,836	385	-	-	-	3,221
Provisions	7,121	901	-	-	58	8,080
Net defined benefit liabilities	(3,036)	(2,007)	-	8,280	144	3,381
Loss on valuation of derivative financial instruments	4,726	(4,166)	-	93	-	653
Gain on valuation of derivative financial instruments	-	-	-	171	-	171
Right-of-use assets	(453)	(1,447)	-	-	-	(1,900)
Others	(92,558)	(10,655)	(98)	(464)	(6,666)	(110,441)
Unused tax losses	79,264	9,044	-	-	(8)	88,300
	<u>₩ 12,574</u>	<u>₩ 12,846</u>	<u>₩ (98)</u>	<u>₩ 13,283</u>	<u>₩ (6,207)</u>	<u>₩ 32,398</u>
Deferred tax assets (*1)	82,195	-	-	-	-	113,123
Deferred tax liabilities (*1)	(69,621)	-	-	-	-	(80,725)

(*1) The Group offsets a deferred tax asset against a deferred tax liability of the same taxable entity if, and only if, they relate to income taxes levied by the same taxation authority and the entity has a legally enforceable right to offset current tax assets against current tax liabilities.

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25. Income tax expense (benefit) (cont'd)

	2022				
	Beginning Balance	Profit or Loss	Directly to Equity	Other comprehensive income	Ending Balance
Financial assets at fair value through OCI	₩ 40,831	₩ (19,431)	₩ -	₩ 12,461	₩ 33,861
Bad debt expenses	58,687	(26,730)	-	-	31,957
Lease liabilities	903	(439)	-	-	464
Other Payables	872	575	-	-	1,447
Loss on foreign currency translation	4,844	(7,576)	-	-	(2,732)
Gain on foreign currency translation	(94)	(41)	-	-	(135)
Property, plant and equipment	(82,082)	34,126	-	(2,232)	(50,188)
Inventories	4,440	(1,604)	-	-	2,836
Provisions	6,578	543	-	-	7,121
Net defined benefit liabilities	7,945	(2,506)	-	(8,475)	(3,036)
Loss on valuation of derivative financial instruments	(1,945)	6,887	-	(216)	4,726
Gain on valuation of derivative financial instruments	(15)	15	-	-	-
Right-of-use assets	(891)	438	-	-	(453)
Others	(98,895)	4,738	-	1,599	(92,558)
Unused tax losses	48,805	30,459	-	-	79,264
	₩ (10,017)	₩ 19,454	₩ -	₩ 3,137	₩ 12,574
Deferred tax assets (*1)	60,889	-	-	-	82,195
Deferred tax liabilities (*1)	(70,906)	-	-	-	(69,621)

(*1) The Group offsets a deferred tax asset against a deferred tax liability of the same taxable entity if, and only if, they relate to income taxes levied by the same taxation authority and the entity has a legally enforceable right to offset current tax assets against current tax liabilities.

Temporary differences to be deducted, tax loss carryforward and tax credits carryforward that are not recognized as deferred tax assets as of December 31, 2023 are as follows (Korean won in millions):

	2023
Temporary differences to be deducted	₩ 321,616
Tax loss carryforward	-
Tax credits carryforward	-
	₩ 321,616

The total amount of temporary differences related to subsidiaries, investment in branches and associates, joint ventures that are not recognized as deferred tax liabilities for the years ended December 31, 2023 are as follows (Korean won in millions):

	2023
Subsidiaries, investment in associates and joint ventures	₩ 23,844

The expected expiration schedule of tax loss carryforward and tax credits carryforward for which deferred tax assets are not recognized as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023		2022	
	Tax loss carryforward	Tax credits carryforward	Tax loss carryforward	Tax credits carryforward
1 year or less	₩ -	₩ -	₩ -	₩ -
1 year ~ 2 years	-	-	-	-
2 years ~ 3 years	-	-	-	-
More than 3 years	-	-	28,763	-
	₩ -	₩ -	₩ 28,763	₩ -

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26. Earnings (loss) per share

Basic earnings (loss) per share attributable to ordinary equity holders of the parent for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions except for shares):

	2023		2022
Profit for the year from continuing operations attributable to owners of the parent	₩ 54,291	₩	91,142
Loss for the year from discontinued operations attributable to owners of the parent	(55,002)		(4,702)
Less: dividends of preferred stock	20		13
Profit for the year from continuing operations attributable to ordinary equity holders of the parent	54,271		91,129
Loss for the year from discontinued operations attributable to ordinary equity holders of the parent	(55,002)		(4,702)
Weighted average number of ordinary shares outstanding(*1)	207,271,179		218,620,774
Basic earnings per share from continuing operations attributable to ordinary equity holders of the parent (in Korean won)	₩ 262	₩	417
Basic loss per share from discontinued operations attributable to ordinary equity holders of the parent (in Korean won)	(265)		(22)

(*1) The weighted-average number of ordinary share outstanding is calculated by considering changes in treasury shares during the period.

The calculation basis of weighted average number of ordinary share outstanding for the purpose of calculating EPS is as follows (shares):

	2023	2022
Weighted average number of issued share outstanding	238,974,106	248,187,647
Weighted average number of treasury share outstanding	(31,702,927)	(29,566,873)
Weighted average number of ordinary share outstanding	207,271,179	218,620,774

Diluted earnings per share attributable to ordinary equity holders of the parent for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions, except for shares):

	2023		2022
Profit for the year from continuing operations attributable to owners of the parent	₩ 54,291	₩	91,142
Loss for the year from discontinued operations attributable to owners of the parent	(55,002)		(4,702)
Less: dividends of preferred share	20		13
Profit for the year from continuing operations attributable to ordinary equity holders of the parent used in calculating diluted earnings per share	54,271		91,129
Loss for the year from discontinued operations attributable to ordinary equity holders or the parent used in calculating diluted earnings per share	(55,002)		(4,702)
Weighted average number of ordinary share outstanding used in calculating diluted earnings per share	207,566,754		218,620,774
Diluted earnings per share from continuing operations attributable to ordinary equity holders of the parent (Korean won)	₩ 262	₩	417
Diluted loss per share from discontinued operations attributable to ordinary equity holders of the parent (Korean won)	(265)		(22)

SK Networks Co., Ltd.
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26. Earnings (loss) per share (cont'd)

Basic earnings per ordinary share from discontinued operations for the years ended December 31, 2023 and 2022 are as follows (in shares):

	<u>2023</u>	<u>2022</u>
Weighted average number of shares issued	238,974,106	248,187,647
Weighted average number of treasury share	(31,702,927)	(29,566,873)
Adjustment: stock option	295,575	-
Weighted average number of ordinary share outstanding	<u>207,566,754</u>	<u>218,620,774</u>

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27. Related party transactions

The related parties of the Group for the year ended December 31, 2023 are as follows:

	Group
Ultimate parent	SK Inc.
Associates and joint ventures	SK MENA Investment BV, SK Latin America Investment S.A, Ever ON Co., Ltd, Blockodysey Inc., SVA Venture fund II, SK Elec Link Co. Ltd.(formerly, SSCharger Co. Ltd.), Kindred HM1, BM Smile Co., Ltd.
Others	SK Group affiliates etc. (*1)

(*1) Although these companies are not defined as related parties by paragraph 9 of KIFRS 1024, they were included as related parties in accordance with the Korean Securities and Futures Commission's resolution, which classifies Large-Scale Business Group affiliates designated by the Korea Fair Trade Commission to be related parties in substance by paragraph 10 of KIFRS 1024.

The Group belongs to the SK group as of the end of the current term, a large business group defined under the Monopoly Regulation and Fair Trade Act. As a result, the scope of related parties is also included in the case of companies belonging to large business groups other than the top-level parent, parent, subsidiary, and affiliates.

All transactions between the Group and subsidiaries are eliminated in the preparation of the consolidated financial statements of the Group.

Significant transactions in 2023 and 2022 between the Group and related parties other than subsidiaries are as follows. (Korean won in millions):

Relationship	Name	2023			
		Sales	Other sales	Purchases	Other purchases(*1)
Ultimate parent	SK Inc.	₩ 8,037	₩ -	₩ -	₩ 87,548
Others	SK Innovation Co., Ltd.	6,410	-	-	1,344
	SK Enmove Co. Ltd.	674	-	12,697	-
	SK Energy Co., Ltd.	3,062	-	-	618
	SK Geocentric Co., Ltd.	43,427	751	16,217	-
	SK Trading International Co. Ltd.	148	-	-	-
	SKC Ltd.	753	-	-	8
	SK picglobal Co., Ltd.	1,507	-	24,382	2
	SK Shieldus Co., Ltd.	13,199	1	4,932	5,365
	HAPPYNARAE Co., Ltd.	187	-	2,463	4,371
	SK Telecom Co., Ltd.	68,863	-	-	5,946
	SK Broadband Co., Ltd.	54,511	2	-	1,479
	PS&Marketing Corp.	937,308	1	159	-
	SK Hynix Inc.	16,412	-	-	-
	SK hystec Inc.	4,935	-	-	-
	Home & Service Co., Ltd.	5,027	-	-	4,887
	SK m&service Co., Ltd.	357	-	2,961	10,271
	SK ecoplant Co., Ltd.	3,914	2	-	-
	SK Chemicals Co., Ltd.	29,409	-	12,284	-
	Others	31,265	4	5,822	2,516

(*1) Others include ₩11,657 million of dividends paid by the Parent.

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27. Related party transactions (cont'd)

		2022			
Relationship	Name	Sales	Other sales	Purchases	Other purchases(*1)
Ultimate parent	SK Inc.	₩ 43,681	₩ -	₩ -	₩ 127,136
Others	SK Innovation Co., Ltd.	6,474	-	-	1,594
	SK Enmove Co. Ltd.	388	-	11,078	10
	SK Energy Co., Ltd.	3,613	-	58,152	551
	SK Geocentric Co., Ltd.	59,616	-	5,785	-
	SK Trading International Co. Ltd.	6,792	-	-	-
	SKC Ltd.	13,635	-	225	-
	SK picglobal Co., Ltd.	3,815	-	35,870	-
	SK Shieldus Co., Ltd.	11,833	-	9,292	3,408
	HAPPYNARAE Co., Ltd.	360	-	3,163	6,791
	SK Telecom Co., Ltd.	68,105	-	-	6,119
	SK Broadband Co., Ltd.	54,590	-	-	1,567
	PS&Marketing Corp.	864,599	-	129	-
	SK Hynix Inc.	13,068	-	-	-
	SK hystec Inc.	9,209	-	-	-
	Home & Service Co., Ltd.	4,622	-	-	5,193
	SK m&service Co., Ltd.	428	-	5,041	7,603
	SK ecoplant Co., Ltd.	6,646	-	-	13
	SK Chemicals Co., Ltd.	35,540	-	14,285	-
	SK O&S Co., Ltd.	4,750	-	-	78
	Others	22,503	-	6,004	5,347

(*1) Others include ₩11,657 million of dividends paid by the Parent.

SK Networks Co., Ltd.
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27. Related party transactions (cont'd)

All balances between the Group and subsidiaries are eliminated in the preparation of the consolidated financial statements of the Group. Balances as of December 31, 2023 and 2022 arising from such transactions between the Group and related parties other than subsidiaries are as follows (Korean won in millions):

Relationship	Name	2023							
		Receivables		Payables					
		Trade receivables	Others	Trade payables	Others				
Ultimate parent	SK Inc.	₩	973	₩	-	₩	-	₩	7,752
Others	SK Innovation Co., Ltd.		354		1		235		228
	SK Enmove Co. Ltd.		43		10		3,949		-
	SK Energy Co., Ltd.		228		255		-		55
	SK Geocentric Co., Ltd.		3,896		-		6,481		-
	SK Trading International Co. Ltd.		14		-		-		-
	SKC Ltd.		83		-		-		9
	SK picglobal Co., Ltd.		136		-		679		3
	SK Shieldus Co., Ltd.		3,004		5		824		1,623
	HAPPYNARAE Co., Ltd.		20		-		-		-
	SK Telecom Co., Ltd.		9,220		117		3,852		13,346
	SK Broadband Co., Ltd.		708		-		6		12
	PS&Marketing Corp.		64,237		-		11		-
	SK Hynix Inc.		1,477		4		-		-
	SK hystec Inc.		53		-		-		-
	Home & Service Co., Ltd.		383		-		54		-
	SK m&service Co., Ltd.		122		1		789		-
	SK ecoplant Co., Ltd.		421		-		-		-
	SK Chemicals Co., Ltd.		2,717		-		786		209
Others		3,792		30		202		164	

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27. Related party transactions (cont'd)

Relationship	Name	2022							
		Receivables		Payables					
		Trade receivables	Others	Trade payables	Others				
Ultimate parent	SK Inc.	₩	856	₩	-	₩	-	₩	39,710
Others	SK Innovation Co., Ltd.		354		4		329		231
	SK Enmove Co. Ltd.		34		10		3,378		-
	SK Energy Co., Ltd.		241		256		-		54
	SK Geocentric Co., Ltd.		4,724		-		459		-
	SK Trading International Co. Ltd.		16		-		-		-
	SKC Ltd.		145		-		-		-
	SK picglobal Co., Ltd.		325		-		870		-
	SK Shieldus Co., Ltd.		2,449		8		1,735		64
	HAPPYNARAE Co., Ltd.		12		-		-		-
	SK Telecom Co., Ltd.		8,878		145		464		34,953
	SK Broadband Co., Ltd.		941		-		7		1
	PS&Marketing Corp.		76,178		3		126		-
	SK Hynix Inc.		3,700		-		-		-
	SK hystec Inc.		858		3		-		-
	Home & Service Co., Ltd.		333		-		490		-
	SK m&service Co., Ltd.		35		1		1,204		75
	SK ecoplant Co., Ltd.		1,153		-		-		-
	SK Chemicals Co., Ltd.		2,060		-		688		-
	Others		1,984		3		75		250

Details of dividends paid to related parties during the 2023 and 2022 are as follows (Korean won in millions):

Relationship	Name	2023		2022	
Ultimate Parent	SK Inc.	₩	11,657	₩	11,657

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

Relationship	Name	2023		
		Amount	Transaction	
Associate	SK Elec Link Co. Ltd. (formerly, SSCharger Co. Ltd.)	₩	15,846	Cash contribution
Associate	Kindred HM1		40	Cash contribution
Associate	BM Smile Co., Ltd.		28,000	Acquisition

Relationship	Name	2022		
		Amount	Transaction	
Associate	Ever ON Co., Ltd	₩	9,999	Cash contribution
Associate	Blockodyyssey Inc.		10,835	Cash contribution
Associate	SVA Venture fund II		10,428	Cash contribution
Associate	SK Elec Link Co. Ltd. (formerly, SSCharger Co. Ltd.)		72,839	Cash contribution
Associate	Kindred HM1		5,139	Investment

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27. Related party transactions (cont'd)

The amount of guarantees provided to the related parties by the Group as of December 31, 2023 and 2022 are nil.

Key management personnel are standing directors who are responsible for the planning, operation and control of the business of the Group. Compensation for key management personnel recognized in expenses for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023	2022
Salaries	₩ 2,851	₩ 2,672
Retirement benefits	328	356
Compensation expense associated with stock option	1,889	-
	₩ 5,068	₩ 3,028

In connection with the prosecution's indictment on former CEO for embezzlement and breach of trust in March 2021, the Group received reimbursement of ₩330 million and ₩215 million from former CEO in December 2020 and January 2021, respectively. The amount of embezzlement and breach of trust recognized in the first trial judgment on January 27, 2022 is ₩1,158 million, and the amount to be paid and additional reimbursement of the above deposit may vary depending on the ongoing appeal judgment.

28. Discontinued operations

The Group has discontinued a non-core business activity and the Group decided to discontinue the operation of resource business.

In addition, the Group decided to discontinue operations along with classified to assets and liabilities held for sale of SK Magic Co., Ltd's Consumer Electronics Business Segment.

The Group has classified the assets and liabilities relating to the business that is expected to be sold as non-current assets and liabilities held-for-sale. The Group has recognized loss considering the recoverable amount as of December 31, 2022.

Income and expenses from the discontinued operation for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Sales	₩ 236,805	₩ 316,026
Cost of sales	(175,839)	(214,450)
Selling general administrative expenses	(108,472)	(89,173)
Finance income	1,533	919
Finance costs	(14,403)	(8,386)
Other gains	315	5,249
Other losses	(9,439)	(1,597)
Gain (loss) recognised on measurement to fair value less costs to sell or on disposal of assets or disposal groups constituting discontinued operation	(69,500)	8,588
Income tax benefit	(13,568)	14,418
Loss from discontinued operations	₩ (55,932)	₩ (5,830)
Attributable to owners of the parent	(55,002)	(4,700)
Attributable to non-controlling interests	(930)	(1,130)

Details of cash flows relating to discontinued operation for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023	2022
Cash flows from operating activities	₩ (27,453)	₩ 35,094
Cash flows from investing activities	6,846	(5,170)
Cash flows from financing activities	1,271	(20,874)
Increase in cash and cash equivalents	₩ (19,336)	₩ 9,050

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29. Non-current assets held for sale

Non-current assets held for sale and assets and liabilities related to non-current assets held for sale as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
China Business Division	₩ 72,766	₩ 20,680	₩ 74,772	₩ 12,693
Resources business	18,872	7,590	55,028	26,067
Consumer Electronics Business	75,941	1,531	-	-
	₩ 167,579	₩ 29,801	₩ 129,800	₩ 38,760

Details of non-current assets and non-current liabilities classified as held for sale related discontinued business as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023	2022
Assets		
Cash and cash equivalents	₩ 42,504	₩ 54,700
Short-term financial instruments	1,211	1,217
Trade receivables	195	6,685
Other financial assets (current)	426	1,364
Inventories	27,562	7
Other current assets	57	3,453
Other financial assets (non-current)	43	1,277
Property, plant and equipment	45,884	40,008
Intangible assets	34,457	5,072
Right-of-use assets	13,452	51
Other non-current assets	-	2,089
Deferred tax assets	1,788	13,877
	₩ 167,579	₩ 129,800
Liabilities		
Trade payables	₩ 16,501	₩ 3,010
Lease liabilities	-	3
Short-term borrowings	-	53
Other financial liabilities (current)	1,381	7,611
Other current liabilities	9,932	2,984
Current tax liabilities	-	6,402
Other financial liabilities (non-current)	3	11,875
Provisions	61	959
Other non-current liabilities	197	2,746
Deferred tax liabilities	1,726	3,117
	₩ 29,801	₩ 38,760

SK Networks Co., Ltd.
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30. Cash flow information

30.1 Details of Cash and cash equivalents (Korean won in millions)

	2023	2022
Cash	₩ 37,673	₩ 51,632
Bank balances	292,385	292,124
Short-term highly liquid investments classified as Cash and cash equivalents	7,193	12,185
	<u>₩ 337,251</u>	<u>₩ 355,941</u>

30.2 Adjustments to non-cash items (Korean won in millions)

	2023	2022
Income tax expense (benefit)	₩ (4,215)	₩ 22,934
Loss on foreign currency translation	6,750	9,788
Gain on foreign currency translation	(8,969)	(22,956)
Interest expenses	193,308	125,754
Interest income	(9,681)	(46,475)
Loss on valuation of derivative financial instruments	3,235	24,535
Gain on valuation of derivative financial instruments	(743)	(833)
Dividend income	(1,397)	(1,873)
Depreciation	600,117	540,615
Depreciation of right-of-use assets	180,445	282,312
Gain on disposal of right-of-use assets	(204)	(1,960)
Loss on disposal of right-of-use assets	359	-
Depreciation of investment properties	478	374
Amortization	36,647	29,467
Retirement benefits	19,013	26,210
Bad debt expenses	26,412	25,693
Reversal on valuation of inventories	(2,733)	(2,923)
Loss on disposal of property, plant and equipment	8,133	19,857
Gain on disposal of property, plant and equipment	(13,291)	(35,847)
Impairment loss on property, plant and equipment	29,033	9,189
Reversal on impairment of property, plant and equipment	(2,070)	-
Loss on disposal of intangible assets	114	778
Gain on disposal of intangible assets	(1,313)	(1,182)
Impairment loss on intangible assets	6,341	1,401
(Reversal of) Impairment loss on non-current assets held for sale	(20,887)	9,681
Gain on disposal of investment properties	(1,297)	(120)
Loss on disposal of investment properties	99	401
Loss on investment in associates	8,927	3,323
Gain on investment in associates	(228)	-
Loss on disposal of Investments in associates	122	982
Gain on disposal of financial assets at fair value through profit or loss	(12)	(1,635)
Loss on valuation of financial assets at fair value through profit or loss	10,989	271
Gain on valuation of financial assets at fair value through profit or loss	(22,440)	(3,904)
Impairment loss on financial assets at amortized cost	-	600
Gain on business transfer	-	(8,939)
Provisions	2,566	8,039
Stock compensation costs	3,853	1,234
Reversal of impairment on investment assets	4,542	(11,709)
Others	49,886	(1,117)
	<u>₩ 1,101,889</u>	<u>₩ 1,001,965</u>

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30.3 Changes in operating assets and liabilities (Korean won in millions)

	2023	2022
Trade receivables and lease receivables	₩ (29,066)	₩ (54,611)
Other accounts receivable	14,880	(5,043)
Accrued income	202	1,877
Prepaid value added tax	21,995	(10,149)
Advanced payments	4,335	5,719
Prepaid expenses	29,893	978
Inventories	377,668	(85,742)
Rental property	(995,892)	(1,079,625)
Trade payables	(166,409)	(52,890)
Advances received	(9,831)	2,295
Withholdings	(1,435)	1,786
Deposits received	-	61,634
Unearned income	(4,882)	1,208
Other accounts payable	(43,723)	24,751
Accrued expenses	6,693	2,339
Provisions	(6,900)	(5,773)
Other current liabilities	2,049	3,884
Other non-current liabilities	(4)	(3)
Plan assets	13,634	(66,965)
Payment of severance benefits retirement	(34,746)	(15,514)
Others	27,650	6,641
	<u>₩ (793,889)</u>	<u>₩ (1,263,203)</u>

30.4 Details of major transactions without cash inflows and outflows

Significant non-cash transactions for the years ended December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023	2022
Transfer from rental assets and others to inventories	₩ 286,751	₩ 181,841
Increase (Decrease) in other account payables related acquisition of property, plant and equipment and others	(17,326)	16,015
Decrease in other account receivables related to disposal of property, plant and equipment and others	507	47
Transfer from property, plant and equipment to investment properties	465	10,060
Increase in right-of-use assets	147,730	239,597
Replacement of the right to use assets and lease liabilities due to termination of the contract, etc.	271,405	182,882
Retirement of treasury stocks	68,363	-
Transfer from construction in progress	46,947	67,545

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30.5 Changes in major liabilities arising from financial activities

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

	2023				
	Beginning balance	Financing activities	Non-cash items		Ending balance
			Increase through new leases	Others(*)	
Short-term borrowings	₩ 924,929	₩ (178,390)	₩ -	₩ (32)	₩ 746,507
Current portion of long-term liabilities	608,351	(586,623)	-	1,448,962	1,470,690
Bonds	1,925,329	786,628	-	(1,151,615)	1,560,342
Long-term borrowings	552,057	433,770	-	(293,575)	692,252
Lease liabilities	1,028,858	(213,377)	145,030	(267,707)	692,804
Dividends payable	-	(27,886)	-	27,886	-

(*) Others include the amount of right-of-use assets recognized and transfers to current portions.

	2022				
	Beginning balance	Financing activities	Non-cash items		Ending balance
			Increase through new leases	Others(*)	
Short-term borrowings	₩ 935,363	₩ 36,183	₩ -	₩ (46,617)	₩ 924,929
Current portion of long-term liabilities	814,228	(842,277)	-	636,400	608,351
Bonds	1,565,615	682,256	-	(322,542)	1,925,329
Long-term borrowings	374,582	454,936	-	(277,461)	552,057
Lease liabilities	1,366,425	(299,346)	(38,221)	-	1,028,858
Dividends payable	-	(26,237)	-	26,237	-

(*) Others include the amount of right-of-use assets recognized and transfers to current portions.

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31. Financial risk management objectives and policies

The Group's principal financial liabilities comprise borrowings, bonds payable, trade and other accounts payable. The main purpose of these financial liabilities is to finance the Group's operations. Also the Group has various financial assets including trade accounts and notes receivable and other accounts receivable that are directly derived from its operations.

The Group is exposed to market risk, credit risk and liquidity risk and the Group's key management oversees the management of these risks. The Group's key management is responsible for the Group's financial risk-taking activities, and that such activities are governed by appropriate policies and procedures. There have been no significant changes in the objectives and policies of financial risk management since the end of the previous period.

31.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises risks such as foreign exchange risk, interest rate risk, and other price risks

31.1.1 Interest rate risk

Interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate due to fluctuations in market interest rates. The Group maintains an appropriate balance between fixed-rate borrowings and variable-rate borrowings to manage interest rate risk, and hedging activities are regularly evaluated to appropriately adjust the interest rate status and defined risk propensity, and the optimal hedging strategy is applied.

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

	2023	
	Interest rate type	Amount
Borrowings	Variable interest rate ₩	443,056
Cash equivalents	Variable interest rate	97,051
Short-term financial instruments	Variable interest rate	339,936
	2022	
	Interest rate type	Amount
Borrowings	Variable interest rate ₩	391,434
Cash equivalents	Variable interest rate	45,457
Short-term financial instruments	Variable interest rate	483,063

The effect on pre-tax net income of a 1% interest rate change, assuming all other variables remain constant, as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023		2022	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Profit before income tax	₩ (56)	₩ 56	₩ 1,370	₩ (1,370)

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31.1.2 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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating in other countries. the Group's manages its foreign currency risk periodically. Especially, the Group's entered into currency forward to hedge the risks from changes in foreign currency.

Significant monetary assets and liabilities denominated in foreign currencies as of December 31, 2023 and 2022 are as follows (Foreign currencies in thousands, Korean won in millions):

Classification	Currency unit	2023		2022	
		Equivalent Korean won	Foreign currency	Foreign currency	Equivalent Korean won
Foreign financial assets	USD	₩ 115,563	89,626	₩ 205,746	162,350
	EUR	6,743	4,727	8,987	6,651
	JPY	643	70,455	886	92,910
	CNY	21,198	117,217	16,956	93,452
	Others	580		70,689	
		₩ 144,727		₩ 303,264	
Foreign financial liabilities	USD	514,469	398,999	436,536	344,462
	EUR	9,999	7,009	10,857	8,035
	JPY	626	68,636	886	92,910
	CNY	16	90	22,806	125,694
	Others	124		4,284	
		₩ 525,234	₩	₩ 475,369	

The effects of a 10% fluctuation in foreign exchange rates on the Group's functional currency on profit for the years ended December 31, 2023 and 2022 are as follow (Korean won in millions):

	2023		2022	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
USD	₩ (39,891)	₩ 39,891	₩ (23,079)	₩ 23,079
EUR	(326)	326	(187)	187
JPY	2	(2)	-	-
CNY	2,118	(2,118)	(585)	585
Others	46	(46)	6,641	(6,641)

The above table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant as of the reporting date. There have been no changes in the sensitivity analysis from the previous year. The Group's financial assets and financial liabilities denominated in foreign currencies that are exposed to foreign currency risk can be offset by the foreign currency volatility effect on operating profit. Accordingly, foreign currency risk is determined to be properly managed.

31.1.3 Other price risk

Other price risk is the risk that the fair value or cash flows of instrument will fluctuate because of changes in market price other than interest rate risk and foreign currency risk. The group's marketable equity securities among available-for-sale financial assets are susceptible to market price risk as those are traded in an active market. The Group does not believe that the fluctuation in price of equity instruments other than those mentioned above has material impact on other comprehensive income.

31.2 Credit risk

Credit risk refers to the risk that the Group may incur financial loss due to the failure of the customer or counterparty to fulfill their contractual obligations regarding financial instruments.

SK Networks Co., Ltd.
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31.2.1 Trade and other accounts receivable

The Group enters into transactions only with customers that are credit worthy. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and credit quality may be adjusted to reflect the appropriate appetite of credit risk in accordance with the Group's risk management policies. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets.

An impairment analysis is performed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables is grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

31.2.2 Other financial assets

Credit risks associated with the Group's other assets which consist of short-term and long-term financial instruments arise from the default by the counterparties. Maximum exposure to credit risks will be the carrying amount of the other assets. The Group deposits its surplus funds in the financial institutions whose credit ratings are high and therefore credit risk related to financial institutions is considered low.

31.2.3 Exposure to credit risk

The maximum exposure to credit risk as of December 31, 2023 and 2022 is as follows (Korean won in millions):

	2023		2022
Financial assets at fair value through profit or loss	₩ 704,179	₩	655,550
Financial assets at fair value through OCI	-		181,341
Financial assets at amortized cost	1,577,365		1,741,782
Financial assets designated as hedge item	242		1,033
	<u>₩ 2,281,786</u>	₩	<u>2,579,706</u>

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31.3 Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings and bonds payable.

The maturity profile of the Group's borrowings and bonds payable among financial liabilities (including interest) as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023				
	~ 3 months	3 months ~ 1 year	1 year ~ 5 years	Over 5 years	Total
Bonds	₩ 243,598	₩ 1,010,624	₩ 1,627,231	₩ -	₩ 2,881,453
Borrowings	409,741	665,575	705,470	1,836	1,782,622
Trade payables	861,183	30,090	-	-	891,273
Derivative financial liabilities	3,214	156	300	-	3,670
Lease liabilities	28,394	250,352	396,697	66,946	742,389
Other financial liabilities	200,737	64,240	238,182	18,252	521,411
	₩ 1,746,867	₩ 2,021,037	₩ 2,967,880	₩ 87,034	₩ 6,822,818
	2022				
	~ 3 months	3 months ~ 1 year	1 year ~ 5 years	Over 5 years	Total
Bonds	₩ 14,230	₩ 402,506	₩ 1,919,366	₩ 80,894	₩ 2,416,996
Borrowings	659,203	547,413	565,247	1,836	1,773,699
Trade payables	1,003,737	58,200	-	-	1,061,937
Derivative financial liabilities	24,524	-	-	-	24,524
Lease liabilities	98,220	351,811	543,550	85,652	1,079,233
Other financial liabilities	293,929	27,234	290,712	8,678	620,553
	₩ 2,093,843	₩ 1,387,164	₩ 3,318,875	₩ 177,060	₩ 6,976,942

Approximately 49.6% of the Group's debt will mature in less than one year as of December 31, 2023 (2022: 38.23%) based on the carrying amount of bonds and borrowings reflected in the consolidated financial statements. The Group assessed the risk of financing as a controllable level in consideration of the scale of borrowings and cash and cash equivalent owned by the Group as of December 31, 2023.

31.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. No changes were made in the objectives, policies or processes for the year ended December 31, 2023.

Debt to equity ratio as of December 31, 2023 and 2022 are as follows (Korean won in millions):

	2023	2022
Debt	₩ 6,954,518	₩ 7,048,547
Equity	2,155,841	2,450,712
Debt-to-equity ratio	322.59%	287.61%

SK Networks Co., Ltd.
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32. Business combinations

As of December 31, 2023 detail of business combination is as follows.

	2023
Name of acquiree	EN-CORE CO., LTD.
Description of the acquiree	Services and wholesale and retail business
Date of acquisition	October 1, 2023
Shareholdings ratio(%) with acquired voting rights	88.47%
Main reason for business combination	Expansion of data management consulting and solutions
Description of the method of acquiring the acquirer's control over the acquiree	Cash contribution

Identifiable assets acquired and liabilities assumed due to merger as of December 31, 2023 is as follows (Korean won in millions):

	2023	
Assets		
Cash and cash equivalents	₩	3,295
Trade receivables and other receivables		4,823
Inventories		25
Other current assets		636
Other financial assets (current)		13,635
Property, plant and equipment		1,106
Intangible assets		10,443
Right-of-use assets		4,971
Deferred tax assets		2,045
Other non-current assets		856
	₩	41,835
Liabilities		
Trade payables and other payables	₩	347
Lease liabilities (current)		784
Other current liabilities		2,808
Lease liabilities (non-current)		3,729
Net defined benefit liabilities		7,893
Other non-current liabilities		262
Deferred tax liabilities		2,438
	₩	18,261
Fair value of identifiable net assets	₩	23,574

Goodwill arising from business combination as of December 31, 2023 is as follows (Korean won in millions):

	2023	
a. The total consideration transferred	₩	96,471
b. Fair value of proportionate share of acquired net assets:		
Fair value of the Identifiable assets:		23,574
Non-controlling Interests		(2,718)
	₩	20,856
c. Goodwill (c=a-b)	₩	75,615

SK Networks Co., Ltd.
Notes to the consolidated financial statements
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32. Business combinations (cont'd)

If the business combination occurred as of the beginning of the current period, the Group's expected profit and loss is as follows (Korean won in millions):

	2023	
Sales	₩	9,153,278
Profit from continuing operations		62,253

The acquiree's sales and loss after the acquisition date included in consolidated statements of comprehensive income are as follows (Korean won in millions):

	2023	
Sales	₩	6,357
Loss after the acquisition date		(209)

33. Transfer of business unit

During the year ended December 31, 2022, the Group sold part of Speedmate business units. Total amount of proceeds from disposal following the transfer of business units is ₩9,000 million and is reflected in cash flows from the investing activities in the statement of cash flow. The Group also recognized ₩8,939 million of the difference between the net amount of assets held by the business units sold and the disposal price as other non-operating income.

34. Introduction and impact of the global minimum tax

The Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shift (BEPS) addresses the tax challenges arising from the digitalization of the global economy. Global Minimum Tax (Pillar Two) were released and they apply to Multinational Enterprises (MNEs) with revenue in excess of EUR 750 million per their consolidated financial statements. The Group is in review for the impact of implement the Pillar Two model rules.

35. Events after reporting period

Parent company acquired 1,187,292 treasury stocks held by SK Rent A Car Co., Ltd. for ₩14,433 million according to the resolution of the board of directors on January 8, 2024, and completed the disposal as follows through a small-scale stock exchange with SK Rent A Car Co., Ltd.

	Details
Type and number of shares	3,415,875 common shares
Price of shares subject to disposal (in won)	₩6,291 per share
Total disposal value	₩21,489 million
Date of disposition	January 16, 2024
Purpose of disposal	Small stock exchange consideration
Method of disposal	Issuance of treasury stocks

As a result, parent company will hold a 100% stake in SK Rent A Car Co., Ltd., and SK Rent A Car Co., Ltd. has been converted into an unlisted stock company as of January 31, 2024.

SK Networks Co., Ltd.
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35. Events after reporting period (cont'd)

According to the resolution of the board of directors on February 13, 2024, parent company decided to incinerate its treasury stocks.

	<u>Details</u>
Types of stocks and methods of acquisition	Common shares (Treasury stocks consist of those acquired)
Number of shares	14,500,363 common shares
Amount of treasury stock retirement	₩77,388 million

Then, parent company has completed incinerated its treasury share as of March 5, 2024.

SK Magic Co., Ltd., a subsidiary, signed a memorandum of understanding (MOU) with Kyungdong Navien Co., Ltd. on January 3, 2024 regarding the estimated transfer price of ₩40,000 million for all operations related to the manufacture, sale, and distribution of gas stoves, electric ovens, inventory assets, and tangible and intangible assets.

Independent Auditor's Report on Internal Control over Financial Reporting for Consolidation Purposes

Based on a report originally issued in Korean

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

Opinion on Internal Control over Financial Reporting for Consolidation Purposes

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

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

We also have audited, in accordance with Korean Standards on Auditing (KSAs), the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as of December 31, 2023, the consolidated statements of comprehensive (loss, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policy information and other explanatory information, and our report dated March 11, 2024 expressed an unmodified opinion on those consolidated financial statements.

Basis for Opinion on Internal Control over Financial Reporting for Consolidation Purposes

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

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

The Group's management is responsible for designing, operating and maintaining effective internal control over financial reporting for consolidation purposes and for its assessment of the effectiveness of internal control over financial reporting for consolidation purposes, included in the accompanying ICFR for consolidation purpose operation status report by CEO.

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

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

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

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



Definition and Limitations of Internal Control over Financial Reporting for Consolidation Purposes

A group's internal control over financial reporting for consolidation purposes is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Korean International Financial Reporting Standards ("K-IFRS"). A group's internal control over financial reporting for consolidation purposes 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 Group; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with K-IFRS, and that receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the Group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

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

The engagement partner on the audit resulting in this independent auditors' report is Joo-Young, Lee.

KPMG Samjong Accounting Corp.

Seoul, Korea
March 11, 2024

This report is effective as of March 11, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the internal control over financial reporting. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

ICFR for Consolidation Purposes Operation Status Report by CEO

To the Shareholders, Board of Directors, and Audit Committee of SK Networks Co., Ltd.

We, as the CEO and the ICFR Officer of SK Networks Co., LTD. ("the Company"), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting("ICFR") for Consolidation Purposes for the year ended December 31, 2023.

The Design and operation of ICFR for Consolidation Purposes is the responsibility of the Company's Management, including the CEO and the ICFR Officer.

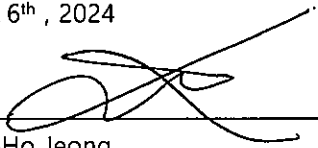
We, as the CEO and the ICFR Officer, assessed whether the Company's ICFR for Consolidation Purposes has been effectively designed and operated in order to prevent and detect errors or fraud that may result in a misstatement of the Consolidated financial statements to ensure preparation and disclosure of reliable financial statements.

We, as the CEO and the ICFR Officer, used the 'Conceptual Framework for designing and operating ICFR' as established by the Operating Committee of ICFR (the "ICFR Committee") as the standard for the design and operation of the Company's ICFR for Consolidation Purposes. In assessing the design and operation of the ICFR for Consolidation Purposes, we assessed ICFR for Consolidation Purposes based on the 'Best Practice Guideline for the Assessment and Reporting of ICFR as announced by the ICFR Committee.

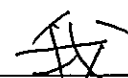
Based on the assessment, we concluded that the Company's ICFR for Consolidation Purposes is effectively designed and operated as of December 31, 2023, in all material respects, in accordance with the Conceptual Framework for Designing and Operating ICFR.

We, as the CEO and the ICFR Officer, confirm that this report does not contain or present any false statement or omit to state a fact necessary to be presented herein. We also confirm that this report does not contain or present any statement which might cause material misunderstanding to the readers, and we have reviewed and verified this report with due care.

Mar. 6th, 2024



LEE-Ho Jeong
President & Chief Executive Officer



So AH, Park
Internal Accounting Manager