SK hynix Inc. and Subsidiaries

Consolidated Financial Statements

December 31, 2025 and 2024

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KPMG SAMJONG

KPMG SAMJONG Accounting Corp.
152, Teheran-ro, Gangnam-gu, Seoul 06236
(Yeoksam-dong, Gangnam Finance Center 27th Floor)
Republic of Korea

Tel +82 (2) 2112 0100
Fax +82 (2) 2112 0101
www.kr.kpmg.com

Independent Auditors' Report

Based on a report originally issued in Korean

To the Shareholders and Board of Directors
SK hynix Inc.:

Opinion

We have audited the accompanying consolidated financial statements of SK hynix Inc. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position of the Group as of December 31, 2025 and 2024, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements comprising material accounting policies 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, 2025 and 2024 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

We also have audited, in accordance with the Korean Standards on Auditing, the Group's Internal Control over Financial Reporting for consolidation purposes as of December 31, 2025, based on criteria established in Conceptual Framework for Designing and Operating Internal Control over Financial Reporting issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea, and our report dated March 4, 2026, expressed an unmodified opinion on the effectiveness of the Group's internal control over financial reporting.

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing. 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 as of and for the year ended December 31, 2025. 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.

(i) Timing of commencement of depreciation for machinery

1) Reasons why the matter was determined to be a key audit matter

As described in Note2.11 and Note 12 to the consolidated financial statements, as of December 31, 2025, the Group's property, plant and equipment amount to ₩77,502,704 million, of which the machinery accounts for ₩39,560,170 million. The Group starts depreciating machinery when the acquisition and installation of the machinery is complete, and it is ready for its intended use. During the current year ended December 31, 2025, the Group commenced depreciation of machinery amounting to ₩17,618,705 million based on management's determination that the machinery is ready for its intended use.

The Group makes substantial annual investments in machinery to maintain and expand its production plants, and the resulting depreciation expense can have a significant impact on the consolidated financial statements. Accordingly, we identified the timing of commencement of depreciation as a key audit matter.

2) How our audit addressed the key audit matter

We performed the following audit procedures to address the key audit matter:

- Obtained an understanding of the Group's policy and process in relation to the determination of timing of commencement of depreciation for machinery.
- Evaluated the design and implementation and the operating effectiveness of the Group's internal controls related to:
  - a) Determining when the machinery is ready for its intended use and the commencement timing of depreciation, including the machinery transferred from construction-in-progress.
  - b) Identifying and reviewing the reasons for delays in transferring long-outstanding assets in construction-in-progress to property, plant and equipment.
- Tested sample transactions of machinery transferred from construction-in-progress (CIP) to main accounts and inspected supporting evidence such as internal inspection reports and installation completion documents to assess management's determination of when the assets were ready for intended use.
- Inquired of the reasons for the delay and inspected supporting evidence such as internal approvals of identified reasons for delays and expected transfer dates for selected samples of machinery in CIP at the year-end that had not been transferred by the expected transfer dates.

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

Management is responsible for the preparation and fair presentation of these 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 these 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 these consolidated financial statements as a whole are free from material misstatements, 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 Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then 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-Hun Yoon.

KPMG Samjong Accounting Corp.

Seoul, Korea
March 4, 2026

This report is effective as of March 4, 2026, 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 hynix Inc. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2025 and 2024

(In millions of Korean won)	Notes		2025		2024
Assets					
Current assets					
Cash and cash equivalents	5,6	₩	14,923,766	₩	11,205,117
Short-term financial instruments	5,6,7		14,679,719		2,382,010
Short-term investment assets	5,6		5,338,768		569,236
Trade receivables, net	5,6,8,31		18,199,078		13,019,006
Loans and other receivables, net	5,6,8,31		386,343		293,061
Other financial assets	5,6,7,21		195,259		45,309
Inventories, net	9		14,289,390		13,313,937
Current tax assets			67,715		57,467
Other current assets	10		1,378,035		1,393,744
			69,458,073		42,278,887
Non-current assets					
Investments in associates and joint ventures	11		1,320,927		1,940,663
Long-term investment assets	5,6		14,547,099		4,041,276
Loans and other receivables, net	5,6,8,31		420,036		444,286
Other financial assets	5,6,7,21		1,114,462		346,749
Property, plant and equipment, net	12,32		77,502,704		60,157,474
Right-of-use assets, net	13,31		2,336,457		2,486,871
Intangible assets, net	14		4,049,402		4,018,847
Investment property, net			188		200
Deferred tax assets	20,29		3,660,493		2,811,559
Employee benefit assets	19		1,552,888		1,154,255
Other non-current assets	10		144,930		174,142
			106,649,586		77,576,322
Total assets		₩	176,107,659	₩	119,855,209

See accompanying notes to the consolidated financial statements.

SK hynix Inc. and Subsidiaries
Consolidated Statements of Financial Position, Continued
December 31, 2025 and 2024

(In millions of Korean won)	Notes		2025		2024
Liabilities					
Current liabilities					
Trade payables	5,6,31	₩	2,848,455	₩	2,277,347
Other payables	5,6,31,32		6,434,144		6,967,013
Other non-trade payables	5,6,15,31		6,283,111		3,983,543
Borrowings	5,6,16,31,32		8,161,757		5,252,238
Other financial liabilities	5,6,21,31		4,913,879		1,741,587
Provisions	18		228,937		270,235
Current tax liabilities			7,023,813		3,083,950
Lease liabilities	5,6,13,31		547,296		588,355
Other current liabilities	17		937,607		801,176
			37,378,999		24,965,444
Non-current liabilities					
Long-term other payables	5,6		375,141		477,027
Other non-trade payables	5,6,15,31		19,970		51,897
Borrowings	5,6,16,32		14,086,148		17,431,495
Other financial liabilities	5,6,21		2,487		5,909
Defined benefit liabilities, net	19		66,144		68,090
Deferred tax liabilities	20		248,395		217,852
Lease liabilities	5,6,13,31		1,962,647		2,180,021
Other non-current liabilities	17		1,300,977		541,770
			18,061,909		20,974,061
Total liabilities			55,440,908		45,939,505
Equity					
Equity attributable to owners of the Parent Company					
Capital stock	22		3,657,652		3,657,652
Capital surplus	22		8,953,714		4,487,123
Other equity	22,34		(1,348,598)		(2,191,549)
Accumulated other comprehensive income	22		2,676,862		2,532,107
Retained earnings	23		106,576,548		65,418,061
Total equity attributable to owners of the Parent Company			120,516,178		73,903,394
Non-controlling interests			150,573		12,310
Total equity			120,666,751		73,915,704
Total liabilities and equity		₩	176,107,659	₩	119,855,209

See accompanying notes to the consolidated financial statements.

SK hynix Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years ended December 31, 2025 and 2024

(In millions of Korean won, except per share information)	Notes		2025		2024
Revenue	4,24,31	₩	97,146,675	₩	66,192,960
Cost of sales	26,31		38,455,885		34,364,814
Gross profit			58,690,790		31,828,146
Selling and administrative expenses	25,26		11,484,471		8,360,827
Operating profit			47,206,319		23,467,319
Finance income	5,27		16,373,480		4,855,082
Finance expenses	5,27		12,504,998		5,707,997
Share of loss of equity-accounted investees	11		(564,553)		(38,245)
Other income	28		333,277		1,476,579
Other expenses	28		377,973		167,388
Profit before income tax			50,465,552		23,885,350
Income tax expense	29		7,517,650		4,088,448
Profit for the year		₩	42,947,902	₩	19,796,902
Other comprehensive income (loss)					
Item that will never be reclassified to profit or loss:					
Remeasurements of defined benefit liability, net of tax	19		(79,633)		(273,610)
Items that are or may be reclassified to profit or loss:					
Foreign operations – foreign currency translation differences, net of tax			173,701		1,374,587
Gain on valuation of derivatives, net of tax	21		2,118		637
Equity-accounted investees – share of other comprehensive income (loss), net of tax	11		(26,740)		145,906
Other comprehensive income for the year, net of tax			69,446		1,247,520
Total comprehensive income for the year		₩	43,017,348	₩	21,044,422
Profit attributable to:					
Owners of the Parent Company		₩	42,919,287	₩	19,788,681
Non-controlling interests			28,615		8,221
Total comprehensive income attributable to:					
Owners of the Parent Company		₩	42,984,408	₩	21,033,123
Non-controlling interests			32,940		11,299
Earnings per share	30				
Basic earnings per share (in won)		₩	62,044	₩	28,732
Diluted earnings per share (in won)		₩	60,378	₩	28,419

See accompanying notes to the consolidated financial statements.

SK hynix Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
Years ended December 31, 2025 and 2024

(In millions of Korean won)		Attributable to owners of the Parent Company							
	Notes	Capital stock	Capital surplus	Other equity	Accumulated other comprehensive income (loss)	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2024		₩ 3,657,652	₩ 4,372,559	₩ (2,269,294)	₩ 1,014,055	₩ 46,729,313	₩ 53,504,285	₩ (533)	₩ 53,503,752
Comprehensive income (loss):									
Profit for the year		-	-	-	-	19,788,681	19,788,681	8,221	19,796,902
Remeasurements of defined benefit liabilities, net of tax	19	-	-	-	-	(273,610)	(273,610)	-	(273,610)
Other comprehensive income of associate, net of tax	11	-	-	-	145,906	-	145,906	-	145,906
Gain on valuation of derivatives, net of tax	21	-	-	-	637	-	637	-	637
Foreign currency translation differences for foreign operations, net of tax		-	-	-	1,371,509	-	1,371,509	3,078	1,374,587
Total comprehensive income for the year		-	-	-	1,518,052	19,515,071	21,033,123	11,299	21,044,422
Transactions with owners of the Parent Company:									
Dividends paid	23	-	-	-	-	(826,323)	(826,323)	-	(826,323)
Disposal of treasury shares	22	-	75,995	51,313	-	-	127,308	-	127,308
Share-based payment transactions	34	-	38,569	26,432	-	-	65,001	(4,488)	60,513
Issue of shares of subsidiaries and changes in ownership to the subsidiaries		-	-	-	-	-	-	6,032	6,032
Total transactions with owners of the Parent Company		-	114,564	77,745	-	(826,323)	(634,014)	1,544	(632,470)
Balance at December 31, 2024		₩ 3,657,652	₩ 4,487,123	₩ (2,191,549)	₩ 2,532,107	₩ 65,418,061	₩ 73,903,394	₩ 12,310	₩ 73,915,704

See accompanying notes to the consolidated financial statements.

SK hynix Inc. and Subsidiaries
Consolidated Statements of Changes in Equity, Continued
Years ended December 31, 2025 and 2024

(In millions of Korean won)	Notes	Attributable to owners of the Parent Company						Non-controlling interests	Total equity
		Capital stock	Capital surplus	Other equity	Accumulated other comprehensive income (loss)	Retained earnings	Total		
Balance at January 1, 2025		₩ 3,657,652	₩ 4,487,123	₩ (2,191,549)	₩ 2,532,107	₩ 65,418,061	₩ 73,903,394	₩ 12,310	₩ 73,915,704
Comprehensive income (loss):									
Profit for the year		-	-	-	-	42,919,286	42,919,286	28,616	42,947,902
Remeasurements of defined benefit liabilities, net of tax	19	-	-	-	-	(79,633)	(79,633)	-	(79,633)
Other comprehensive loss of associate, net of tax	11	-	-	-	(26,740)	-	(26,740)	-	(26,740)
Gain on valuation of derivatives, net of tax	21	-	-	-	2,118	-	2,118	-	2,118
Foreign currency translation differences for foreign operations, net of tax		-	-	-	169,377	-	169,377	4,324	173,701
Total comprehensive income for the year		-	-	-	144,755	42,839,653	42,984,408	32,940	43,017,348
Transactions with owners of the Parent Company:									
Changes in ownership in subsidiaries		-	73,008	-	-	-	73,008	-	73,008
Dividends paid	23	-	-	-	-	(1,681,166)	(1,681,166)	-	(1,681,166)
Disposal of treasury shares	22	-	4,313,106	714,992	-	-	5,028,098	-	5,028,098
Changes in consolidation scope		-	-	-	-	-	-	446	446
Share-based payment transactions	20,34	-	80,477	127,959	-	-	208,436	104,877	313,313
Total transactions with owners of the Parent Company		-	4,466,591	842,951	-	(1,681,166)	3,628,376	105,323	3,733,699
Balance at December 31, 2025		₩ 3,657,652	₩ 8,953,714	₩ (1,348,598)	₩ 2,676,862	₩ 106,576,548	₩ 120,516,178	₩ 150,573	₩ 120,666,751

See accompanying notes to the consolidated financial statements.

SK hynix Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years ended December 31, 2025 and 2024

(In millions of Korean won)	Note		2025		2024
Cash flows from operating activities					
Cash generated from operating activities	33	₩	58,904,432	₩	31,250,846
Interest received			337,982		322,960
Interest paid			(938,849)		(1,276,564)
Dividends received			960,716		50,731
Income tax paid			(5,891,155)		(552,088)
Net cash provided by operating activities			53,373,126		29,795,885
Cash flows from investing activities					
Decrease in short-term financial instruments			6,513,772		1,499,026
Increase in short-term financial instruments			(18,804,330)		(3,370,863)
Decrease (increase) in short-term investment assets, net			(4,552,604)		457,163
Decrease in loans and other receivables			32,880		38,222
Increase in loans and other receivables			(178,331)		(47,704)
Proceeds from disposal of long-term investment assets			1,233,030		2,373
Acquisitions of long-term investment assets			(33,956)		(19,460)
Decrease in other financial assets			115,091		57
Increase in other financial assets			(1,105,649)		(109,646)
Proceeds from disposal of property, plant and equipment			144,828		47,126
Acquisitions of property, plant and equipment			(27,518,924)		(15,945,534)
Proceeds from disposal of intangible assets			2,142		19,703
Acquisitions of intangible assets			(1,060,419)		(717,106)
Proceeds from disposal of investments in associates			16,875		22,510
Acquisitions of investments in associates			(9,000)		(25,859)
Proceeds from disposal of assets held for sale			85,216		145,355
Payment for business combination	32		(3,079,783)		-
Receipt of government grants			144,911		-
Net cash used in investing activities			(48,054,251)		(18,004,637)
Cash flows from financing activities					
Proceeds from borrowings	33		8,183,735		8,717,964
Repayment of borrowings	33		(7,416,131)		(16,093,621)
Payment of lease liabilities	33		(596,465)		(601,821)
Dividends paid			(1,681,166)		(826,323)
Issue of shares by subsidiaries and changes in ownership in subsidiaries			-		6,032
Proceeds from disposal of treasury shares			65,035		93,829
Net cash used in financing activities			(1,444,992)		(8,703,940)
Effects of exchange rate changes on cash and cash equivalents			(155,234)		530,480
Net increase in cash and cash equivalents			3,718,649		3,617,788
Cash and cash equivalents at the beginning of the year			11,205,117		7,587,329
Cash and cash equivalents at the end of the year		₩	14,923,766	₩	11,205,117

See accompanying notes to the consolidated financial statements.

1. General Information

(1) General information about SK hynix Inc. (the “Parent Company”) and its subsidiaries (collectively referred to as the "Group") is as follows:

The Parent Company manufactures, distributes, and sells semiconductor products. The Parent Company was established on October 15, 1949 and its shares have been listed on the Korea Exchange since 1996. The Parent Company’s headquarter is located at 2091 Gyeongchung-daero, Bubal-eup, Icheon-si, Gyeonggi-do, South Korea, and the Group has manufacturing facilities in Icheon-si and Cheongju-si, South Korea, and Wuxi, Chongqing and Dalian, China.

As of December 31, 2025, the shareholders of the Parent Company are as follows:

Shareholder	Number of shares	Percentage of ownership (%)
SK Square Co., Ltd.	146,100,000	20.07
Other investors	555,591,520	76.32
Treasury shares[1]	26,310,845	3.61
	728,002,365	100.00

[1] Treasury shares include 8,932,547 shares deposited with the Korea Securities Depository due to the issuance of exchangeable bonds. Excluding these, the number of treasury shares is 17,378,298 (equivalent to 2.39% of ownership interest).

The Parent Company’s common shares and depositary receipts (DRs) are listed on the Stock Market of Korea Exchange and the Luxembourg Stock Exchange, respectively.

1. General Information, Continued

(2) Details of the Group's consolidated subsidiaries as of December 31, 2025 and 2024 are as follows:

Company	Controlling company	Location	Business	Ownership (%) 2025	Ownership (%) 2024
SK hyeng Inc.	SK hynix Inc.	Korea	Construction and service	100.00	100.00
SK hystec Inc.	SK hynix Inc.	Korea	Business support and service	100.00	100.00
Happymore Inc.	SK hynix Inc.	Korea	Semiconductor apparel manufacturing, baking and services	100.00	100.00
SK hynix system ic Inc.	SK hynix Inc.	Korea	Semiconductor research and development and business support	100.00	100.00
HappyNarae Co., Ltd.	SK hynix Inc.	Korea	Industrial material supply	100.00	100.00
SK Keyfoundry Inc.	SK hynix Inc.	Korea	Semiconductor sales, manufacturing and others	100.00	100.00
SK hynix America Inc.	SK hynix Inc.	U.S.A	Semiconductor sales	100.00	100.00
SK hynix Deutschland GmbH	SK hynix Inc.	Germany	Semiconductor sales	100.00	100.00
SK hynix Asia Pte. Ltd.	SK hynix Inc.	Singapore	Semiconductor sales	100.00	100.00
SK hynix Semiconductor Hong Kong Ltd.	SK hynix Inc.	Hong Kong	Semiconductor sales	100.00	100.00
SK hynix U.K. Ltd.	SK hynix Inc.	U.K.	Semiconductor sales	100.00	100.00
SK hynix Semiconductor Taiwan Inc.	SK hynix Inc.	Taiwan	Semiconductor sales	100.00	100.00
SK hynix Japan Inc.	SK hynix Inc.	Japan	Semiconductor sales	100.00	100.00
SK hynix (Wuxi) Semiconductor Sales Ltd.	SK hynix Inc.	China	Semiconductor sales	100.00	100.00
SK hynix Semiconductor (China) Ltd.	SK hynix Inc.	China	Semiconductor manufacturing	100.00	100.00
SK hynix memory solutions Taiwan Ltd.	SK hynix Inc.	Taiwan	Semiconductor research and development	100.00	100.00
SK APTECH Ltd.	SK hynix Inc.	Hong Kong	Overseas investment	100.00	100.00
SK hynix Ventures Hong Kong Ltd.	SK hynix Inc.	Hong Kong	Overseas investment	100.00	100.00
Gauss Labs Inc.[1]	SK hynix Inc.	U.S.A	Information and Communications Industry	97.38	98.17
SK hynix NAND Product Solutions Corp.[1]	SK hynix Inc.	U.S.A	Semiconductor sales, research and development and others	97.48	98.49
SK hynix Semiconductor (Dalian) Co., Ltd.	SK hynix Inc.	China	Semiconductor manufacturing	100.00	100.00
SK hynix memory solutions Poland sp. z o.o.	SK hynix Inc.	Poland	Semiconductor research and development	100.00	100.00
SK Keyfoundry America Inc.	SK Keyfoundry Inc.	U.S.A	Semiconductor sales	100.00	100.00
SK Keyfoundry Shanghai Co., Ltd.	SK Keyfoundry Inc.	China	Semiconductor sales	100.00	100.00
SK Powertech[2]	SK Keyfoundry Inc.	Korea	Semiconductor manufacturing	99.42	-
SkyHigh Memory Limited[3]	SK hynix system ic Inc.	Hong Kong	Semiconductor manufacturing and sales	-	60.00

1. General Information, Continued

(2) Details of the Group's consolidated subsidiaries as of December 31, 2025 and 2024 are as follows, Continued:

Company	Controlling company	Location	Business	Ownership (%) 2025	Ownership (%) 2024
SUZHOU HAPPYNARAE Co., Ltd.	HappyNarae Co., Ltd.	China	Overseas industrial material supply	100.00	100.00
HappyNarae America LLC	HappyNarae Co., Ltd.	U.S.A	Overseas industrial material supply	100.00	100.00
HappyNarae Hungary Kft[4]	HappyNarae Co., Ltd.	Hungary	Overseas industrial material supply	100.00	100.00
SK hynix Semiconductor (Chongqing) Ltd.	SK APTECH Ltd.	China	Semiconductor manufacturing	100.00	100.00
SK hynix (Wuxi) Education Service Development Co., Ltd.	SK hynix (Wuxi) Education Technology Co., Ltd.	China	Overseas education	100.00	100.00
SK hynix (Wuxi) Industry Development Ltd.	SK hynix (Wuxi) Investment Ltd.	China	Foreign hospital construction	100.00	100.00
SK hynix Happiness (Wuxi) Hospital Management Ltd.	SK hynix (Wuxi) Investment Ltd.	China	Foreign hospital operation	70.00	70.00
SK hynix cleaning (Wuxi) Ltd.	SK hynix (Wuxi) Investment Ltd.	China	Building maintenance and others	100.00	100.00
SK hynix (Wuxi) Education Technology Co., Ltd.	SK hynix (Wuxi) Investment Ltd.	China	Overseas education	100.00	100.00
SK hynix Semiconductor West Lafayette LLC	SK hynix America Inc.	U.S.A	Semiconductor manufacturing	100.00	100.00
SK hynix memory solutions America Inc.[5]	SK hynix America Inc.	U.S.A	Semiconductor research and development	100.00	98.49
SK hynix Semiconductor India Private Ltd.	SK hynix Asia Pte. Ltd.	India	Semiconductor sales	100.00	100.00
SK hynix NAND Product Solutions Taiwan Co., Ltd.[1]	SK hynix NAND Product Solutions Corp.	Taiwan	Semiconductor research and development and sales	97.48	98.49
SK hynix NAND Product Solutions Canada Ltd.[1]	SK hynix NAND Product Solutions Corp.	Canada	Semiconductor research and development	97.48	98.49
SK hynix NAND Product Solutions Mexico, S. DE R.L. DE C.V.[1]	SK hynix NAND Product Solutions Corp.	Mexico	Semiconductor research and development	97.48	98.49
SK hynix NAND Product Solutions UK Limited[1]	SK hynix NAND Product Solutions Corp.	U.K.	Semiconductor sales	97.48	98.49
SK hynix NAND Product Solutions Israel Ltd.[1]	SK hynix NAND Product Solutions Corp.	Israel	Semiconductor sales	97.48	98.49
SK hynix NAND Product Solutions Japan G.K.[6]	SK hynix NAND Product Solutions Corp.	Japan	Semiconductor sales	-	98.49
SK hynix NAND Product Solutions International LLC[1]	SK hynix NAND Product Solutions Corp.	U.S.A	Semiconductor sales	97.48	98.49
SK hynix NAND Product Solutions Asia Pacific LLC[1]	SK hynix NAND Product Solutions Corp.	U.S.A	Semiconductor sales	97.48	98.49
SK hynix NAND Product Solutions Singapore Pte. Ltd.[1]	SK hynix NAND Product Solutions Corp.	Singapore	Semiconductor sales	97.48	98.49
SK hynix NAND Product Solutions Malaysia Sdn. Bhd.[1]	SK hynix NAND Product Solutions Corp.	Malaysia	Semiconductor sales	97.48	98.49
SK HYNIX NAND PRODUCT SOLUTIONS POLAND sp. z o.o.[1]	SK hynix NAND Product Solutions Corp.	Poland	Semiconductor research and development	97.48	98.49
SK hynix NAND Product Solutions (Beijing) Co., Ltd.[1]	SK hynix NAND Product Solutions Corp.	China	Semiconductor sales	97.48	98.49

1. General Information, Continued

(2) Details of the Group's consolidated subsidiaries as of December 31, 2025 and December 31, 2024 are as follows, Continued:

Company	Controlling company	Location	Business	Ownership (%) 2025	Ownership (%) 2024
SK Hynix NAND Product Solutions (Shanghai) Co., Ltd.[1]	SK hynix NAND Product Solutions Corp.	China	Semiconductor research and development	97.48	98.49
Intel NDTM US LLC.[7]	SK hynix NAND Product Solutions Corp.	U.S.A	Semiconductor research and development	97.48	-
SK hynix (Wuxi) Investment Ltd.	SK hynix Semiconductor (China) Ltd.	China	Overseas investment	100.00	100.00
SK hynix semiconductor storage technology (Dalian) Co., Ltd. [7,8]	SK hynix Semiconductor (Dalian) Co., Ltd.	China	Semiconductor manufacturing support	100.00	-
SkyHigh Memory China Limited [3]	SkyHigh Memory Limited	China	Semiconductor sales	-	60.00
SkyHigh Memory Limited Japan[3]	SkyHigh Memory Limited	Japan	Semiconductor sales	-	60.00
CHONGQING HAPPYNARAE Co., Ltd.	SUZHOU HAPPYNARAE Co., Ltd.	China	Overseas industrial material supply	100.00	100.00
MMT (Money Market Trust)	-	Korea	Money Market Trust	100.00	100.00

[1] The Group's ownership interest decreased due to exercise of stock options by the employees of SK hynix NAND Product solutions Corp. and its subsidiaries during the year ended December 31, 2025.
[2] SK Powertech was included as a consolidated subsidiary through acquisition during the year ended December 31, 2025.
[3] SkyHigh Memory Limited and its subsidiaries, SkyHigh Memory China Limited and SkyHigh Memory Limited Japan, were excluded from the Group's consolidated subsidiaries upon disposal the year ended December 31, 2025.
[4] Liquidation is in progress as of December 31, 2025.
[5] SK hynix NAND Product Solutions Corp. transferred its shares to SK hynix America Inc. during the year ended December 31, 2025.
[6] Liquidation was completed during the year ended December 31, 2025.
[7] The Group acquired ownership through the second Closing of Intel NAND business acquisition during the year ended December 31, 2025.
[8] The entity changed its name from Intel Semiconductor Storage Technology (Dalian) Ltd. to SK hynix semiconductor storage technology (Dalian) Co., Ltd. during the year ended December 31, 2025.

1. General Information, Continued

(3) Changes in the Group's consolidated subsidiaries for the year ended December 31, 2025 are as follows:

Type	Company	Reason
Addition	SK Powertech	Acquisition
Derecognition	SK hynix NAND Product Solutions Japan G.K.	Liquidation
Derecognition	SkyHigh Memory Limited	Divestment
Derecognition	SkyHigh Memory China Limited	Divestment
Derecognition	SkyHigh Memory Limited Japan	Divestment

(4) Major subsidiaries' summarized statements of financial position information as of December 31, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

	December 31, 2025			December 31, 2024		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
SK hynix America Inc.	₩ 11,796,744	₩ 10,820,074	₩ 976,670	₩ 9,315,588	₩ 8,390,431	₩ 925,157
SK hynix Asia Pte. Ltd.	722,275	583,135	139,140	525,064	387,897	137,167
SK hynix Semiconductor Hong Kong Ltd.	1,083,795	866,247	217,548	285,057	67,108	217,949
SK hynix U.K. Ltd.	562,832	524,847	37,985	277,089	240,478	36,611
SK hynix Semiconductor Taiwan Inc.	885,042	850,369	34,673	597,357	566,553	30,804
SK hynix (Wuxi) Semiconductor Sales Ltd.	3,598,755	2,615,459	983,296	1,600,577	812,029	788,548
SK hynix Semiconductor (China) Ltd.	9,229,621	1,731,329	7,498,292	9,858,883	2,507,527	7,351,356
SK hynix Semiconductor (Chongqing) Ltd.	1,386,504	174,072	1,212,432	1,272,156	152,172	1,119,984
SK hynix NAND Product Solutions Corp. and subsidiaries	12,555,237	10,282,219	2,273,018	14,116,862	13,808,944	307,918

1. General Information, Continued

(5) Major subsidiaries' summarized statements of comprehensive income information for years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

	2025		2024	
	Revenue	Net profit	Revenue	Net profit
SK hynix America Inc.	₩ 58,693,294	₩ 235,926	₩ 33,458,964	₩ 104,908
SK hynix Asia Pte. Ltd.	2,706,318	5,190	2,293,110	6,265
SK hynix Semiconductor Hong Kong Ltd.	3,103,236	5,174	2,128,207	5,408
SK hynix U.K. Ltd.	1,543,568	2,227	1,099,705	1,976
SK hynix Semiconductor Taiwan Inc.	3,275,605	8,563	2,315,141	5,649
SK hynix (Wuxi) Semiconductor Sales Ltd.	15,952,775	174,902	13,010,424	143,158
SK hynix Semiconductor (China) Ltd.	5,849,989	1,007,086	5,612,652	598,485
SK hynix Semiconductor (Chongqing) Ltd.	948,503	70,538	1,093,190	110,484
SK hynix NAND Product Solutions Corp. and subsidiaries	9,175,068	1,391,538	8,848,824	830,678

(6) The Group's subsidiaries do not have material non-controlling interests as of December 31, 2025 and December 31, 2024.

2. Material Accounting Policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Consolidated Financial Statements Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS"). The accompanying consolidated financial statements have been condensed, restructured, and translated into English from the Korean language financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the consolidated statements of financial position:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- financial instruments at fair value through other comprehensive income are measured at fair value
- assets or liabilities for defined benefit plans are recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets (Employee benefit assets)
- liabilities for cash-settled share-based compensations are measured at fair value

Korean IFRS permits the use of critical accounting estimates in the preparation of the consolidated financial statements and requires management judgments in applying accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

2.2 Changes in Accounting Policies and Disclosure

2.2.1 New and amended standards or interpretations adopted by the Group

The Group has applied the following new and amended Korean IFRS Standards or interpretations that are effective from January 1, 2025.

(a) Amendments to Korean IFRS 1021 The Effects of Changes in Foreign Exchange Rates and Korean IFRS 1101 First-time Adoption of International Financial Reporting Standards – Lack of Exchangeability

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose related information. The amendments do not have a significant impact on the consolidated interim financial statements.

(b) Amendments to Korean IFRS 1117 'Insurance Contracts'

If input estimation techniques for insurance contracts differ from regulatory requirements, the entity discloses the differences. This information is shared when the impact on financial statements is relevant and material to users.

2. Material Accounting Policies, Continued

2.2 Changes in Accounting Policies and Disclosure, Continued

2.2.2 New and amended standards or interpretations not yet adopted by the Group

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Group.

(a) Amendments to Korean IFRS 1109 Financial Instruments and Korean IFRS 1107 Financial Instruments: Disclosures

Disclosure requirements have been amended to respond to recent questions arising in practice, and to include new requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Group is in the process of evaluating the impact of these amendments on the consolidated financial statements.

- Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.
- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.
- Add new disclosures of impact on the entity and the extent to which the entity is exposed for each type of financial instruments if the timing or amount of contractual cash flow changes due to amendment of contract term.
- Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

(b) Annual Improvements to Korean IFRS -Volume 11

Annual Improvements to Korean IFRS -Volume 11 should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

- Korean IFRS 1101 First-time Adoption of International Financial Reporting Standards: Hedge accounting by a first-time adopter
- Korean IFRS 1107 Financial Instruments: Disclosures: Gain or loss on derecognition and implementation guidance
- Korean IFRS 1109 Financial Instruments: Derecognition of lease liabilities and definition of transaction price
- Korean IFRS 1110 Consolidated Financial Statements: Determination of a ‘de facto agent’
- Korean IFRS 1007 Statement of Cash Flows: Cost Method

2. Material Accounting Policies, Continued

2.2 Changes in Accounting Policies and Disclosure, Continued

2.2.2 New and amended standards or interpretations not yet adopted by the Group, Continued

(c) Amendments to Korean IFRS 1109 Financial Instruments and Korean IFRS 1107 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity

Contracts referencing nature-dependent electricity are defined contracts that expose an entity to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions (for example, the weather). The amendments clarify that ‘contracts to buy or sell such electricity’ are assessed for eligibility under the own-use exemption.

In addition, the amendments modify hedge accounting requirements by allowing an entity to designate as the hedged item a variable nominal amount of forecast electricity transactions that reflect the nature-dependent variability of electricity and introduce additional disclosure requirements.

The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. Management does not expect the amendments to have a significant impact on the consolidated financial statements.

(d) New Standard: Korean IFRS 1118 Presentation and Disclosure in Financial Statements

Korean IFRS 1118 Presentation and Disclosure in Financial Statements replaces Korean IFRS 1001 Presentation of Financial Statements and includes new requirements aimed at enhancing comparability of financial performance between similar entities and providing more relevant information to users. While the amendments do not affect the recognition or measurement of items in the financial statements, they are expected to have an extensive impact on presentation and disclosure, including the income statement and the disclosure of management-defined performance measures.

The standard should be applied for annual periods beginning on or after January 1, 2027, and earlier application is permitted. In accordance with the retrospective application requirements, comparative information for the year ended December 31, 2026, shall be restated under Korean IFRS 1118.

Management is in the process of evaluating the impact of applying the new standard on the Group's consolidated financial statements. Based on a preliminary assessment, the following potential effects have been identified.

2. Material Accounting Policies, Continued

2.2 Changes in Accounting Policies and Disclosure, Continued

2.2.2 New and amended standards or interpretations not yet adopted by the Group, Continued

Adoption of the standard is not expected to have an impact on the Group's net profit or loss; however, it will require revenues and expenses in the income statements to be classified into new categories, which is expected to have an impact on the calculation and presentation of operating profit (loss). Based on a preliminary impact assessment conducted by the Group, the following items have been identified as potentially affecting operating profit (loss).

- Exchange differences currently presented in 'Finance Income and Expenses' outside of operating profit may need to be presented separately in the new categories, and certain foreign exchange gains and losses may be presented in operating profit (loss).
- The standard specifies detailed requirements for the categorization of gains and losses on derivative instruments. Such gains and losses should be presented in the same category as the income and expenses affected by the risks the derivative instruments are used to manage. Currently, the Group presents these gains and losses within finance income and expenses. Consequently, there may be changes to the classification of these items in the income statement.

Applying the concept of 'a useful structured summary' and the enhanced principles of aggregation and disaggregation may result in changes to the line items presented in the primary financial statements. In addition, goodwill must be presented separately on the statement of financial position; therefore, the Group will present goodwill and other intangible assets as separate line items.

The requirements for disclosing material information remain unchanged; therefore, the Group does not expect significant changes to the information currently disclosed in the Notes. However, as a result of the principles of aggregation and disaggregation, the way information is grouped may change. In addition, significant new disclosures will be required for the following matters.

- Management-defined performance measure
- A breakdown of line items classified by function within the operating category of the income statement into their nature (required only for specified nature expenses)
- Reconciliation of differences for each line item in the income statement between the amounts previously presented under Korean IFRS 1001 and the restated amounts by applying Korean IFRS 1118 for the comparative period immediately preceding the period in which this standard is first applied.

There is a change in the presentation of interest received and interest paid in the statement of cash flows. Interest paid will be presented as cash flows from financing activities, and interest received as cash flows from investing activities, resulting in a change from the current presentation of cash flows from operating activities.

2. Material Accounting Policies, Continued

2.3 Operating Segments

The Group's CODM is the board of directors, who do not receive and therefore do not review discrete financial information for any component of the Group. Accordingly, no operating segment information is included in these consolidated financial statements. Entity wide disclosures of geographic, product and customer information are provided in note 4 and 24.

2.4 Consolidation

(a) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition, and the Group shall also attribute total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(b) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The Group’s share of unrealized gain incurred from transactions with equity-accounted investees are eliminated and unrealized loss are eliminated using the same basis if there are no evidence of asset impairments.

(c) Business combinations under common control

The assets and liabilities acquired in the combination of entities or business under common control are recognized at the carrying amounts recognized previously in the consolidated financial statements of the ultimate parent. The difference between consideration transferred and carrying amounts of net assets acquired is added to or deducted from capital surplus.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

2.6 Inventories

The cost of inventories is based on the weighted average method (except for goods in-transit that is based on the specific identification method), and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing inventories to their existing location and condition. In the case of manufactured inventories and work-in-process, cost includes an appropriate share of production overheads based on the actual capacity of production facilities. However, the normal capacity is used for the allocation of fixed production overheads if the actual level of production is lower than the normal capacity.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

2. Material Accounting Policies, Continued

2.7 Trade Receivables

Trade receivables are initially recognized at the transaction price if they do not contain a significant financing component. If a significant financing component exists, the receivables are initially recognized at fair value. Subsequently, trade receivables are measured at amortized cost using the effective interest method, less any loss allowance.

2.8 Non-derivative financial assets

(a) Initial recognition and measurement

Trade and other receivables, and debt investment are initially recognized when they are originated. Other financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

(b) Classification and subsequent measurements

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets.

2.9 Derivative financial instruments

(a) Hedge accounting

The Group enters into a fixed-to-fixed cross currency swap contract and a floating-to-fixed cross currency interest rate swap contract to hedge interest rate risk and currency risk.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction. In addition, the document includes hedging instruments; hedged items; initial commencement date of those hedge relationship; fair value of hedged items based on hedged risk during the subsequent period; and the method of valuation on hedging instruments offsetting changes in cash flow.

(b) Embedded Derivative

Embedded derivative is accounted separately and separated from the host contract if the host contract is not a financial asset and meets certain requirements.

2. Material Accounting Policies, Continued

2.10 Impairment of financial assets

(a) Recognition of impairment on financial assets

The Group recognizes loss allowances for expected credit losses (ECLs) on:
- financial assets measured at amortized costs; and
- Korean IFRS 1115 contract assets.

The Group measures impairment losses at an amount equal to lifetime ECLs except for the below assets, which are measured at 12-month ECLs.
- credit risk of debt instruments is low at the end of reporting date
- credit risk has not increased significantly since the initial recognition of debt investment (lifetime ECL: ECL that resulted from all possible default events over the expected life of a financial instrument)

The Group adopted an accounting policy to recognize loss allowances at an amount equal to lifetime expected credit losses for trade receivables and contract assets.

(b) Credit-impaired financial instrument

A debt instrument carried at amortized cost and fair value through other comprehensive income (FVOCI) is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is credit- impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

(c) Presentation of credit loss allowance on financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

2.11 Property, plant and equipment

The Group begins depreciation when the asset is available for the purposes intended by management, such as production of products.

Property, plant and equipment, except for land, are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset’s future economic benefits are expected to be consumed.

The estimated useful lives of the Group’s property, plant and equipment are as follows:

	Estimated Useful lives (years)
Buildings	10 - 50
Structures	10 - 20
Machinery	5 - 15
Vehicles	5 - 10
Other	5 - 10

2. Material Accounting Policies, Continued

2.12 Intangible assets

Amortization of intangible assets is calculated on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The residual value of intangible assets is zero. However, certain intangible assets are determined as having indefinite useful lives and not amortized as there is no foreseeable limit to the period over which the assets are expected to be available for use.

	Estimated Useful lives (years)
Industrial rights	5 - 10
Development costs	2
Other intangible assets	4 - 20

As of December 31, 2025, the Group has entered into a number of patent license agreements related to the design and production of its products. Royalties under this contract are paid in the form of either of lump-sum royalty or running royalty, and the payment amount of the lump-sum royalty is recognized as intangible assets and amortized in a straight-line manner according to the patent license period.

2.13 Government grants

(a) Grants related to assets

Government grants for which the primary condition is that the Group purchases, constructs or otherwise acquires non-current assets are deducted from the cost of the asset. The grant is recognized in profit or loss over the useful lives of depreciable assets as deduction to depreciation expense.

(b) Grants related to income

Government grants which are intended to compensate the Group for expenses incurred are recognized in profit or loss as deduction of the related expenses.

2.14 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than assets arising from employee benefits, inventories, and deferred tax assets, are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, irrespective of whether there is any indication of impairment, are tested for impairment annually by comparing their recoverable amount to their carrying amount.

The Group estimates the recoverable amount of an individual asset; however, if it is impossible to measure the individual recoverable amount of an asset, the Group estimates the recoverable amount of cash-generating unit ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The value in use is estimated by applying a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU for which estimated future cash flows have not been adjusted, to the estimated future cash flows expected to be generated by the asset or CGU.

2. Material Accounting Policies, Continued

2.15 Leases

(a) As a lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The Group generally uses its incremental borrowing rate as the discount rate.

The Group has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for certain agreements, the Group has elected practical expedient not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group separately presents right-of-use assets that do not meet the definition of investment property in the statement of financial position.

2.16 Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into financial liabilities at fair value through profit or loss or other financial liabilities in accordance with the substance of the contractual arrangement and the definitions of financial liabilities. The Group recognizes financial liabilities in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the financial liability.

2.17 Employee benefits

(a) Retirement benefits: defined benefit plans

As of the end of reporting period, defined benefits liabilities relating to defined benefit plans are recognized as present value of defined benefit obligations, net of fair value of plan assets.

The calculation is performed annually by an independent actuary using the projected unit credit method. When the fair value of plan assets exceeds the present value of the defined benefit obligation, the Group recognizes an asset, to the extent of the present value of any economic benefits available in the form of refunds from the plan or reduction in the future contributions to the plan.

2.18 Foreign currencies

(a) Foreign operations

If the presentation currency of the Group is different from a foreign operation’s functional currency, the financial statements of the foreign operation are translated into the presentation currency using the following methods:

The assets and liabilities of foreign operations, whose functional currency is not the currency of a hyperinflationary economy, are translated to presentation currency at exchange rates at the end of reporting period. The income and expenses of foreign operations are translated to functional currency at average exchange rates. Foreign currency differences are recognized in other comprehensive income.

2. Material Accounting Policies, Continued

2.19 Revenue from contracts with customers

Revenue is recognized when the customer obtains control of that asset, which is typically upon delivery or shipment depending on the terms of the contract.

When the good is defective, the customer is granted the right to return the defective goods in exchange for a functioning product or cash.

Revenue is measured at the amount of consideration for the sale of goods, reflecting the expected amount of return estimated through historical information. The Group's right to recover products from customers and refund liability is recognized.

Refund liability is initially measured at the former carrying amount of the product less any expected costs to recover those products. Refund liability is included in contract liabilities (See note 17) and right to recover products from customers is included in contract assets (See note 10). The Group reviews its estimate of expected returns at the end of each reporting period and updates the amounts of the asset and liabilities accordingly.

2.20 Income taxes

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(a) Deferred tax

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates and joint ventures except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Group recognizes deferred tax assets for all deductible temporary differences including unused tax loss and tax credit to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

2.21 Approval of the consolidated financial statements

The consolidated financial statements were authorized for issuance by the board of directors on January 28, 2026, which will be submitted for approval at the shareholders' meeting to be held on March 25, 2026.

3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

(1) Fair value of financial instruments

In principle, the fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group makes judgments on the selection and assumptions of various evaluation techniques based on relevant market conditions as of the end of the reporting period (see note 6).

(2) Income tax

There is uncertainty in determining the final tax effect as income tax on the Group's taxable income is calculated by applying tax laws and tax authorities' decisions and interpretations in various jurisdictions. The Group recognized the income tax effect, which is expected to be borne in the future as a result of business activities until the end of the reporting period, as current tax and deferred tax after the best estimation process. However, the actual future final income tax burden may not be consistent with the assets and liabilities recognized, and this difference may affect current and deferred tax assets and liabilities when the final tax effect is confirmed.

The Group will pay additional income taxes calculated by the method prescribed by the tax law when a certain amount of taxable income is not used for investment, salary increase, etc. for a certain period of time. Therefore, when measuring current and deferred taxes during the period, the tax effects should be reflected, and the income tax to be borne by the Group depends on the level of investment and salary growth in each year, so there is uncertainty in calculating the final tax effect.

In accordance with Korean IFRS 1012, the Group reviews uncertainty in its tax treatment and reflects the impact of uncertainty in its financial statements if the tax authorities conclude that uncertainty is unlikely to be accepted, using a method that expects better prediction of uncertainty:

(a) Most likely: the single most likely amount within the range of possible outcomes
(b) Expected value: the sum of all amounts in the range of possible outcomes multiplied by each probability

3. Critical Accounting Estimates and Assumptions, Continued

(3) Provisions

The Group calculates provisions related to litigation costs and recovery costs as of the end of the reporting period, which are determined by estimates based on past experience (see note 18).

(4) Net defined benefit liabilities

The present value of the net defined benefit liability is affected by various factors determined by the actuarial method, especially changes in the discount rate (see note 19).

(5) Inventories

Estimating the net realizable value of inventories is based on the most reliable evidence available as of the measurement date for the amount feasible from inventories. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the period.

(6) Revenue recognition

When products are sold with a right of return, the Group recognizes a refund liability and an asset for the right to recover returned goods. Expected returns are estimated at the time of sale using the expected-value method based on historical experience. Revenue is adjusted for changes in expected return rates.

Revenue from the sale of goods is recognized at the transaction price, net of sales incentives, when control of the goods transfers to the customer. Based on past experience and the terms of customer contracts, the Group estimates variable consideration relating to sales incentives. Revenue is adjusted for changes in these estimates.

(7) Development cost

The recoverable amount used to assess the impairment of development costs is determined based on the value in use of each individual asset.

(8) Depreciation of property, plant, and equipment and intangible assets

The depreciation method, residual values and useful lives of property, plant and equipment and intangible assets are reviewed, and adjusted if appropriate, at the end of each reporting period. If the resulting estimates differ from previous estimates, the difference is accounted for as a change in accounting estimates in accordance with Korean IFRS 1008 ‘Accounting Policies, Changes in Accounting Estimates and Errors’.

(9) Cash Generating Unit impairment test

The recoverable amount of the cash-generating unit including goodwill to examine whether any impairment exist is determined as the higher of the cash-generating unit’s fair value less costs of disposal and its value in use.

3. Critical Accounting Estimates and Assumptions, Continued

(10) Lease

In determining the lease term, the Group considers all relevant facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For warehouses and equipment leases, the most relevant factors are generally as follows:
- If a significant penalty is to be paid to terminate (not to extend), it is reasonably certain that the Group exercises the option to extend (not to extend).
- It is reasonably certain that the Group exercises the option to extend (not exercise the option to terminate) if the lease is expected to have significant residual value.
- In other cases than the above, the Group considers other factors, including the lease duration and costs, and the discontinuation required to replace the leased asset.

Most extension options in office and vehicle transport leases are not included in lease liabilities because the Group can replace the asset without significant cost or business interruption.

The Group reassesses the lease term when an option is actually exercised (or not exercised) or when the Group becomes obligated to exercise (or not exercise) the option. The Group revises its determination of whether it is reasonably certain to exercise (or not exercise) an extension option only if a significant event or a significant change in circumstances occurs that is within the control of the lessee and affects the determination of the lease term.

3. Critical Accounting Estimates and Assumptions, Continued

(11) Derivatives

Derivatives are initially recognized at fair value as of the date of contracts and subsequently recognized at fair value as of the end of each reporting period. The gain or loss on valuation of changes in the fair value of derivatives are recognized as follows:

(a) Hedge accounting

The Group enters into derivative financial instrument contracts, such as interest rate swap, cross currency swap, and etc., to manage interest rate risk and exchange rate risk. The Group designates some derivative financial instruments as risk hedging instruments to manage exchange rate fluctuation risk (cash flow hedge) or other risks of expected transactions or confirmed transactions with a high probability of occurrence.

The Group formally designates and documents the hedging relationship, risk management objectives and hedging strategy at the inception of the hedging relationship. This documentation also includes the hedging instrument, the hedged item, and the method for assessing the effectiveness of the hedging instrument in offsetting changes in the fair value or cash flows of the hedged item attributable to the hedged risk at the inception of the hedging relationship and thereafter.

Cash flow hedges

The effective portion of hedge of the fair value change of a derivative that has been designated as a hedging instrument and meets the requirements for cash flow hedge accounting is recognized in equity, and the ineffective portion is recognized in profit or loss. Cash flow hedge accounting is discontinued when the Group no longer designates hedge accounting, or when the hedging instrument no longer exists (that is, terminated, sold, liquidated, or exercised), or when the requirements for cash flow hedge accounting are no longer met. The cumulative gain or loss on valuation of derivatives recognized in equity is recognized in profit or loss for the period from the date of discontinuation of cash flow hedge accounting to the reporting period in which the forecasted transaction occurs. However, if the forecasted transaction is no longer expected to occur, the cumulative gain or loss on valuation of derivatives recognized in equity is recognized in profit or loss.

(b) Others

All derivatives, except those designated as hedging instruments and effective for hedging, are measured at fair value. The gain or loss on valuation of changes in the fair value of derivatives are recognized as profit or loss.

4. Operating Segment and Entity-wide Information

The Group has a single reportable segment that is engaged in the manufacture and sale of semiconductor products. The Chief Operating Decision Maker of the Group reviews the operational results of the semiconductor business with the reporting information which is prepared in the same manner as management reviews during the establishment of the Group's business strategy.

(1) The Group's non-current assets (excluding financial assets, loans and other receivables, investment in associates and joint ventures and deferred tax assets etc.) information by region based on the location of the Parent Company and its subsidiaries as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		December 31, 2025		December 31, 2024
Korea	₩	74,293,530	₩	54,926,692
China		10,533,204		12,415,083
Asia(other than China)		15,424		19,044
U.S.A.		738,739		627,323
Europe		5,672		3,647
	₩	85,586,569	₩	67,991,789

(2) For the year ended December 31, 2025, revenue of ₩23,260,076 million (2024: ₩10,902,817 million), over 10% of the Group's revenue, is derived from an external customer A.

5. Carrying Amounts of Financial Instruments by Categories

(1) Carrying amounts of financial assets by categories as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

	December 31, 2025				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income or loss	Financial assets at amortized cost	Others	Total
Cash and cash equivalents	₩ -	₩ -	₩ 14,923,766	₩ -	₩ 14,923,766
Short-term financial instruments	222,500	-	14,457,219	-	14,679,719
Short-term investment assets	5,338,768	-	-	-	5,338,768
Trade receivables[1]	-	1,256,429	16,942,649	-	18,199,078
Loans and other receivables	-	-	806,379	-	806,379
Other financial assets	62	-	1,113,792	195,867	1,309,721
Long-term investment assets	14,547,099	-	-	-	14,547,099
	₩ 20,108,429	₩ 1,256,429	₩ 48,243,805	₩ 195,867	₩ 69,804,530

(In millions of Korean won)

	December 31, 2024				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income or loss	Financial assets at amortized cost	Others	Total
Cash and cash equivalents	₩ -	₩ -	₩ 11,205,117	₩ -	₩ 11,205,117
Short-term financial instruments	222,500	-	2,159,510	-	2,382,010
Short-term investment assets	569,236	-	-	-	569,236
Trade receivables[1]	-	672,860	12,346,146	-	13,019,006
Loans and other receivables	-	-	737,347	-	737,347
Other financial assets	8,692	-	122,940	260,426	392,058
Long-term investment assets	4,041,276	-	-	-	4,041,276
	₩ 4,841,704	₩ 672,860	₩ 26,571,060	₩ 260,426	₩ 32,346,050

[1] The Group transferred certain portion of trade receivables, which are from specific customers, and derecognized the trade receivables from the consolidated financial statements when all the risks and rewards are substantially transferred. Accordingly, the Group recognized gain or loss on disposal of trade receivables.

5. Carrying Amounts of Financial Instruments by Categories, Continued

(2) Carrying amounts of financial liabilities by categories as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

	December 31, 2025			
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Others	Total
Trade payables	₩ -	₩ 2,848,455	₩ -	₩ 2,848,455
Other payables	-	6,809,285	-	6,809,285
Other non-trade payables[1]	-	1,541,016	-	1,541,016
Borrowings[2]	-	22,247,905	-	22,247,905
Lease liabilities	-	2,509,943	-	2,509,943
Other financial liabilities	4,911,955	1,585	2,826	4,916,366
	₩ 4,911,955	₩ 35,958,189	₩ 2,826	₩ 40,872,970

[1] Among other non-trade payables, employee benefits liabilities that correspond to the Group's obligations under the employee benefit plan were excluded because they were not subject to disclosure of financial instruments.
[2] The Group participates in supplier-financing arrangements under letters of credit, whereby a financial institution settles the Group’s payables to suppliers within an agreed limit, and the Group subsequently repays the financial institution under the original payment terms. As of December 31, 2025, no amounts under these arrangements were classified as short-term borrowings.

(In millions of Korean won)

	December 31, 2024			
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Others	Total
Trade payables	₩ -	₩ 2,277,347	₩ -	₩ 2,277,347
Other payables[1]	-	7,444,040	-	7,444,040
Other non-trade payables[2]	-	1,387,034	-	1,387,034
Borrowings[3]	-	22,683,733	-	22,683,733
Lease liabilities	-	2,768,376	-	2,768,376
Other financial liabilities	1,738,962	2,100	6,434	1,747,496
	₩ 1,738,962	₩ 36,562,630	₩ 6,434	₩ 38,308,026

[1] The Group participated in supplier financing arrangements through corporate purchase card agreements with certain financial institutions to pay income taxes, electricity bills and others. Under these arrangements, the Group pays the card issuer the settlement amount on the credit extension period end date. There were no unpaid amounts in trade payables under the supplier financing arrangements as of December 31, 2024.
[2] Among other non-trade payables, employee benefits liabilities that correspond to the Group's obligations under the employee benefit plan were excluded because they were not subject to disclosure of financial instruments.
[3] The Group participated in supplier financing arrangements under letters of credit, where financial institutions pay the Group's obligations to suppliers within a certain limit, and the Group subsequently repays the financial institutions. There were no short-term borrowings under the supplier financing arrangements as of December 31, 2024.

5. Carrying Amounts of Financial Instruments by Categories, Continued

(3) Details of gain and loss on financial assets and liabilities by category for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Financial assets at amortized cost				
Interest income	₩	493,112	₩	343,674
Foreign exchange differences		(607,440)		2,962,818
Loss on disposal		(5)		(3,680)
Reversal (Loss) on impairment		(428)		1,433
		(114,761)		3,304,245
Financial assets at fair value through profit or loss				
Dividend income		940,739		29,313
Interest income		1,215		1,140
Gain on disposal		187,469		150,287
Gain (Loss) on valuation		11,984,285		(195,773)
Gain on transaction		329		-
Foreign exchange differences		(115,479)		205,716
		12,998,558		190,683
Financial liabilities at amortized cost				
Interest expenses		(923,703)		(1,345,239)
Foreign exchange differences		220,266		(2,691,682)
Loss on transaction		(555)		(1,913)
		(703,992)		(4,038,834)
Financial liabilities at fair value through profit or loss				
Loss on valuation		(4,163,304)		(79,495)
Loss on transaction		(4,202,673)		(20,344)
Foreign exchange differences		28,080		(212,444)
		(8,337,897)		(312,283)
Others				
Loss on transaction		-		(3,391)
	₩	3,841,908	₩	(859,580)

6. Financial Risk Management

(1) Financial risk management

The Group's activities are exposed to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Parent Company's corporate finance division in accordance with policies approved by the board of directors. The Parent Company's corporate finance division identifies, evaluates, and hedges financial risks in close cooperation with the Group's operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro, Chinese yuan and Japanese yen. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities in foreign currencies, and net investments in foreign operations.

Monetary foreign currency assets and liabilities as of December 31, 2025 are as follows:

(In millions of Korean won and millions of foreign currencies)

	Assets			Liabilities		
	Foreign currencies		Korean won equivalent	Foreign currencies		Korean won equivalent
USD	23,074	₩	33,108,951	15,528	₩	22,280,863
JPY	904		8,295	116,044		1,064,852
CNY	1,748		357,939	2,734		559,886
EUR	25		42,240	149		251,626

Also, as described in note 21, the Group entered into a currency swap contract and a currency interest rate swap contract to hedge interest rate risk and currency risk of foreign currency denominated bonds and borrowings.

When the exchange rate of the functional currency for each foreign currency fluctuates by 10% as of December 31, 2025, the impact of the change in the exchange rate on profit before income tax expenses is as follows:

(In millions of Korean won)

		If increased by 10%		If decreased by 10%
USD	₩	1,210,371	₩	(1,210,371)
JPY		(105,656)		105,656
CNY		(20,195)		20,195
EUR		(20,939)		20,939

6. Financial Risk Management, Continued

(1) Financial risk management, Continued

(a) Market risk, Continued

(ii) Interest rate risk
Interest rate risk of the Group is defined as the risk that the interest expenses arising from borrowings will fluctuate due to changes in future market interest rate. The interest rate risk mainly arises through floating rate borrowings and is partially offset by interests received from floating rate financial assets.

The Group is managing cash flow interest rate risk using floating-to-fixed cross currency interest rate swaps. These interest rate swaps have an economic effect of converting floating interest borrowings into fixed interest borrowings. Generally, the Group borrows at a floating interest rate and then swaps at a fixed rate. Under the swap agreement, the Group will settle the difference between fixed interest costs and the floating interest costs calculated according to the principal agreed upon for each counterparty and specific period (mainly quarterly).

The Group is partially exposed to the risk of changing net interest costs due to changes in interest rates as of December 31, 2025. The Group has signed a currency interest rate swap contract on floating interest rate borrowings in foreign currency amount to ₩199,451 million and an interest rate swap contract on floating interest rate borrowings in local currency of ₩348,800 million. Therefore, the changes in interest costs subject to fluctuation of interest rates do not have an impact on the profit before income tax for the year ended December 31, 2025.

As of December 31, 2025, if interest rates on borrowings and financial assets had been 100 basis points higher/lower with all other variables held constant, profit before income tax would have been ₩41,875 million (2024: ₩49,875 million) lower/higher over the next year, mainly as a result of higher/lower net interest costs on floating-rate borrowings and interest income on floating-rate financial assets.

(iii) Price risk
The Group invests in equity and debt securities resulted from its business needs and the purpose of liquidity management. The Group's equity and debt securities are exposed to price risk as of December 31, 2025.

(b) Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from operating and investing activities. In order to manage credit risk, the Group periodically evaluates the creditworthiness of each customer or counterparty through the analysis of its financial information, historical transaction records and other factors, based on which the Group establishes credit limits for each customer or counterparty.

6. Financial Risk Management, Continued

(1) Financial risk management, Continued

(b) Credit risk, Continued

(i) Trade and other receivables
For each new customer, the Group individually analyzes its creditworthiness before standard payment and delivery terms and conditions are offered. In addition, the Group is continuously managing trade and other receivables by reevaluating the customer's credit worthiness and securing collaterals in order to limit its credit risk exposure.

The Group reviews at the end of each reporting period whether trade and other receivables are impaired and enters into credit insurance contracts to manage credit risk exposure from oversea customers. The extent of the Group's exposure to credit risk as of December 31, 2025 is equal to the carrying amount of trade and other receivables.

(ii) Other financial assets
Credit risk also arises from other financial assets such as cash and cash equivalents, short-term financial instruments, short-term investment assets, and short-term and long-term loans mainly due to the bankruptcy of each counterparty to those financial assets. The maximum exposure to credit risk as of December 31, 2025 is the carrying amount of those financial assets. The Group deposits cash and cash equivalents, short-term financial instruments, and others in several financial institutions, and transacts only with banks and financial institutions with high credit ratings. Accordingly, management does not expect any significant loss from non-performance by the counterparties.

(c) Liquidity risk

Liquidity risk is defined as the risk that the Group is unable to meet its short-term payment obligations on time due to deterioration of its business performance or inability to access financing. The Group forecasts its cash flow and liquidity status and sets action plans on a regular basis to manage liquidity risk proactively.

The Group invests surplus cash in interest-bearing current accounts, time deposits, and demand deposits choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

6. Financial Risk Management, Continued

(1) Financial risk management, Continued

(c) Liquidity risk, Continued

The contractual maturity of financial liabilities held by the Group as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

	December 31, 2025						
		Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years		Total
Borrowings[1]	₩	7,978,826	4,845,560	8,676,290	3,272,460	₩	24,773,136
Lease liabilities		576,548	426,197	1,068,681	944,492		3,015,918
Trade payables		2,848,455	-	-	-		2,848,455
Other payables		6,436,829	134,985	157,957	166,236		6,896,007
Other non-trade payables		1,224,871	10,378	9,698	162		1,245,109
Other financial liabilities		145,648	724	113	-		146,485
	₩	19,211,177	5,417,844	9,912,739	4,383,350	₩	38,925,110

[1] The cash flow includes payment of interest under terms and conditions of borrowing.

(In millions of Korean won)

	December 31, 2024						
		Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years		Total
Borrowings[1]	₩	3,844,805	6,732,584	11,218,578	4,246,482	₩	26,042,449
Lease liabilities		602,620	461,676	1,063,224	1,128,611		3,256,131
Trade payables		2,277,347	-	-	-		2,277,347
Other payables		6,983,374	186,336	179,794	217,925		7,567,429
Other non-trade payables		1,086,615	12,440	41,166	165		1,140,386
Other financial liabilities		151,855	2,515	1,604	-		155,974
	₩	14,946,616	7,395,551	12,504,366	5,593,183	₩	40,439,716

[1] The cash flow includes payment of interest under terms and conditions of borrowing.

The table above analyzes the Group's financial liabilities into relevant maturity groups based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

6. Financial Risk Management, Continued

(2) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to shareholders, procure and repay borrowings, issue new shares, or sell assets.

The debt-to-equity ratio and net borrowing ratio as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		December 31, 2025		December 31, 2024
Total liabilities (A)	₩	55,440,908	₩	45,939,505
Total equity (B)		120,666,751		73,915,704
Cash and cash equivalents, and others[1] (C)		34,942,253		14,156,363
Total borrowings (D)		22,247,905		22,683,733
Debt-to-equity ratio (A/B)		45.95%		62.15%
Net borrowing ratio[2] (D-C)/B		-		11.54%

[1] Total amount of cash and cash equivalents, short-term financial instruments and short-term investment assets.
[2] Net borrowing ratio is not disclosed because the ratio is negative as of December 31, 2025.

Under major borrowing contracts, the Group is obliged to comply with a certain level of debt ratio and Loan-To-Value ratio. The Group has complied with all of these conditions as of December 31, 2025.

(3) Fair value

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

6. Financial Risk Management, Continued

(3) Fair value, Continued

(a) The following table presents the Group's carrying amounts and fair values of financial instruments by categories, including their levels in the fair value hierarchy, as of December 31, 2025 and 2024:

(In millions of Korean won)

	Carrying amounts	December 31, 2025 Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Short-term financial instruments	₩ 222,500	₩ -	₩ -	₩ 222,500	₩ 222,500
Short-term investment assets	5,338,768	-	5,338,768	-	5,338,768
Trade receivables[1]	1,256,429	-	1,256,429	-	1,256,429
Long-term investment assets	14,547,099	-	-	14,547,099	14,547,099
Other financial assets	195,929	-	195,929	-	195,929
	21,560,725	-	6,791,126	14,769,599	21,560,725
Financial assets not measured at fair value					
Cash and cash equivalents[2]	14,923,766	-	-	-	-
Short-term financial instruments[2]	14,457,219	-	-	-	-
Trade receivables[2]	16,942,649	-	-	-	-
Loans and other receivables[2]	806,379	-	-	-	-
Other financial assets[2]	1,113,792	-	-	-	-
	48,243,805	-	-	-	-
Total financial asset	₩ 69,804,530	₩ -	₩ 6,791,126	₩ 14,769,599	₩ 21,560,725
Financial liabilities measured at fair value					
Other financial liabilities	₩ 4,914,781	₩ -	₩ 4,914,781	₩ -	₩ 4,914,781
Financial liabilities not measured at fair value					
Trade payables[2]	2,848,455	-	-	-	-
Other payables[2]	6,809,285	-	-	-	-
Other non-trade payables[2]	1,541,016	-	-	-	-
Borrowings	22,247,905	-	22,449,184	-	22,449,184
Lease liabilities[2]	2,509,943	-	-	-	-
Other financial liabilities[2]	1,585	-	-	-	-
	35,958,189	-	22,449,184	-	22,449,184
Total financial liabilities	₩ 40,872,970	₩ -	₩ 27,363,965	₩ -	₩ 27,363,965

[1] The Group transferred certain portion of trade receivables, which are from specific customers, and derecognized the trade receivables from the consolidated financial statements as all the risks and rewards are substantially transferred. Accordingly, the Group recognized gain or loss on disposal of trade receivables.
[2] The Group did not present fair values of financial assets and liabilities of which carrying amounts are considered to be a reasonable approximation of fair values.

6. Financial Risk Management, Continued

(3) Fair value, Continued

(a) The following table presents the Group's carrying amounts and fair values of financial instruments by categories, including their levels in the fair value hierarchy, as of December 31, 2025 and 2024, Continued:

(In millions of Korean won)

			December 31, 2024			
		Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
Short-term financial instruments	₩	222,500	₩ -	₩ -	₩ 222,500	₩ 222,500
Short-term investment assets		569,236	-	569,236	-	569,236
Trade receivables[1]		672,860	-	672,860	-	672,860
Long-term investment assets		4,041,276	-	-	4,041,276	4,041,276
Other financial assets		269,118	-	269,118	-	269,118
		5,774,990	-	1,511,214	4,263,776	5,774,990
Financial assets not measured at fair value						
Cash and cash equivalents[2]		11,205,117	-	-	-	-
Short-term financial instruments[2]		2,159,510	-	-	-	-
Trade receivables[2]		12,346,146	-	-	-	-
Loans and other receivables[2]		737,347	-	-	-	-
Other financial assets[2]		122,940	-	-	-	-
		26,571,060	-	-	-	-
Total financial asset	₩	32,346,050	₩ -	₩ 1,511,214	₩ 4,263,776	₩ 5,774,990
Financial liabilities measured at fair value						
Other financial liabilities	₩	1,745,396	₩ -	₩ 1,745,396	₩ -	₩ 1,745,396
Financial liabilities not measured at fair value						
Trade payables[2]		2,277,347	-	-	-	-
Other payables[2]		7,444,040	-	-	-	-
Other non-trade payables[2]		1,387,034	-	-	-	-
Borrowings		22,683,733	-	22,604,615	-	22,604,615
Lease liabilities[2]		2,768,376	-	-	-	-
Other financial liabilities[2]		2,100	-	-	-	-
		36,562,630	-	22,604,615	-	22,604,615
Total financial liabilities	₩	38,308,026	₩ -	₩ 24,350,011	₩ -	₩ 24,350,011

[1] The Group transferred certain portion of trade receivables, which are from specific customers, and derecognized the trade receivables from the consolidated financial statements as all the risks and rewards are substantially transferred. Accordingly, the Group recognized gain or loss on disposal of trade receivables.

[2] The Group did not present fair values of financial assets and liabilities of which carrying amounts are considered to be a reasonable approximation of fair values.

6. Financial Risk Management, Continued

(3) Fair value, Continued

(b) Valuation Techniques

The valuation techniques of recurring and non-recurring fair value measurements and quoted prices classified as level 2 or level 3 are as follows:

(In millions of Korean won)

		Fair value	Level	Valuation Techniques
Financial assets at fair value through profit or loss:				
Short-term investment assets	₩	5,338,768	2	Present value technique
Short-term financial instruments		222,500	3	Present value technique
Long-term investment assets		14,547,099	3	Present value technique and others
Financial assets at fair value through other comprehensive income:				
Trade receivables	₩	1,256,429	2	Present value technique
Others:				
Other financial assets	₩	195,929	2	Present value technique
Financial liabilities at fair value through profit or loss:				
Embedded derivative liabilities	₩	4,911,955	2	Binominal model and others
Others:				
Other financial liabilities	₩	2,826	2	Present value technique

Long-term investments assets measured at level 3 in the fair value hierarchy include investments in special purpose companies of BCPE Pangea Intermediate Holdings Cayman, L.P. ("SPC1") amounting to ₩7,405,240 million and BCPE Pangea Cayman2 Limited ("SPC2") amounting to ₩6,746,627 million in connection with the acquisition of KIOXIA Holdings Corporation ("KIOXIA")(formerly, Toshiba Memory Corporation). The fair value of the long-term investments is measured based on the equity value of the underlying asset, KIOXIA.

The fair value of equity investment in SPC1 is measured using an option pricing model allocating the estimated fair value of KIOXIA equity between investors based on distribution priority pursuant to the underlying investment arrangement together with consideration of expected SPC1 liquidation.

The fair value of debt investment in SPC2 convertible bonds is measured based on the estimated KIOXIA's equity value and SPC2’s equity ownership in KIOXIA (14.30%).

6. Financial Risk Management, Continued

(3) Fair value, Continued

(b) Valuation Techniques, Continued

The valuation techniques and key inputs used in valuation of the equity investment in SPC1 and investment in SPC2 convertible bonds are as follows:

(In millions of Korean won)

		Fair value	Valuation Techniques	Level 3 inputs	Input Range
Equity investment in SPC1	₩	7,405,240	Option-pricing method	Expected expiration(years)	0.21
				Liquidity discount	8.95%
				Volatility	48.48%
				Risk free rate	0.60%
SPC2 convertible bonds	₩	6,746,627	Adjusted net asset method	Liquidity discount	8.95%

Among the level 3 inputs, a decrease in liquidity discount, which is a key assumption, will result in a higher fair value of the equity investment in SPC1, while any change in volatility and risk-free rate may have either positive or negative impact on the fair value of the investment in SPC1. In addition, when the liquidity discount increases it will result in higher fair value of the investment in SPC2 convertible bonds.

Any positive or negative changes in these significant unobservable inputs will have a direct impact on the fair value of investments in SPC1 and SPC2, respectively. As these inputs are significant and unobservable, the equity investment in SPC1 and the SPC2 convertible bonds are classified within Level 3 of the fair value hierarchy. Accordingly, changes in key valuation inputs may have a significant impact on the fair values of these investments.

The sensitivity analysis results of the effect of changes in the input variables of each long-term investment classified as Level 3 on fair value are as follows:

(In millions of Korean won)

		Positive fluctuation		Negative fluctuation
Equity investment in SPC1[1]	₩	79,428	₩	(79,428)
SPC2 convertible bonds[1]		74,114		(74,114)

[1] Fair value fluctuations were calculated by increasing or decreasing the liquidity discount, which is major unobservable input, by 1.0% points.

6. Financial Risk Management, Continued

(3) Fair value, Continued

(c) There was no transfer between fair value hierarchy levels during the year ended December 31, 2025 and changes in financial assets classified as level 3 fair value measurements during the year ended December 31, 2025 are as follows:

(In millions of Korean won)

		Beginning Balance	Acquisition	Disposals	Gain on Valuation	Foreign Exchange Difference		Ending Balance
Financial assets:								
Short-term financial instruments	₩	222,500	-	-	-	-	₩	222,500
Long-term investment assets	₩	4,041,276	28,143	(1,206,875)	11,938,050	(253,495)	₩	14,547,099

7. Restricted Financial Instruments

Details of restricted financial instruments as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		December 31, 2025		December 31, 2024
Short-term financial instruments:				
Restricted for supporting small businesses	₩	222,500	₩	222,500
Pledged for consumption tax		5,506		5,619
Others		324		256
		228,330		228,375
Other financial assets:				
Escrow account		-		110,391
Bank overdrafts guarantee deposit		13		11
Others		2,822		1,807
		2,835		112,209
	₩	231,165	₩	340,584

8. Trade Receivables and Loans and Other Receivables

(1) Details of loans and other receivables as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		December 31, 2025		December 31, 2024
Current:				
Other receivables	₩	89,511	₩	215,385
Accrued income		156,266		27,519
Short-term loans		117,592		13,462
Short-term guarantee and other deposits		22,974		36,695
		386,343		293,061
Non-current:				
Long-term other receivables		74,024		95,122
Long-term loans		189,262		193,487
Guarantee deposits		156,488		155,409
Others		262		268
		420,036		444,286
	₩	806,379	₩	737,347

8. Trade Receivables and Loans and Other Receivables, Continued

(2) Trade receivables and loans and other receivables, net of provision for impairment, as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

	December 31, 2025					
		Gross amount		Provision for impairment		Carrying amount
Trade receivables	₩	18,201,785	₩	(2,707)	₩	18,199,078
Current loans and other receivables		386,419		(76)		386,343
Non-current loans and other receivables		420,972		(936)		420,036
	₩	19,009,176	₩	(3,719)	₩	19,005,457

(In millions of Korean won)

	December 31, 2024					
		Gross amount		Provision for impairment		Carrying amount
Trade receivables	₩	13,020,351	₩	(1,345)	₩	13,019,006
Current loans and other receivables		293,155		(94)		293,061
Non-current loans and other receivables		445,227		(941)		444,286
	₩	13,758,733	₩	(2,380)	₩	13,756,353

(3) Details of provision for impairment

Changes in the provision for impairment of trade receivables for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Beginning balance	₩	1,345	₩	9,717
Bad debt expense		3,782		46
Reversal		(345)		(1,327)
Write-off		(2,076)		(7,070)
Foreign exchange difference		1		(21)
Ending balance	₩	2,707	₩	1,345

Changes in the provision for impairment of current loans and other receivables for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Beginning balance	₩	94	₩	39
Bad debt expense		821		94
Reversal		(94)		-
Write-off		(745)		(39)
Ending balance	₩	76	₩	94

8. Trade Receivables and Loans and Other Receivables, Continued

(3) Details of provision for impairment, Continued

Changes in the provision for impairment of non-current loans and other receivables for the years ended December 31, 2025 and 2024 are as follows

(In millions of Korean won)

		2025		2024
Beginning balance	₩	941	₩	913
Bad debt expense		10		8
Reversal		7		(101)
Foreign exchange difference		(22)		121
Ending balance	₩	936	₩	941

(4) The aging analysis of trade receivables and loans and other receivables as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		December 31, 2025						
		Not impaired						
			Overdue					
		Not past due	Less than 3 months	Over 3 months and less than 6 months	Over 6 months	Impaired		Total
Trade receivables	₩	18,199,078	-	-	-	2,707	₩	18,201,785
Current loans and other receivables		386,343	-	-	-	76		386,419
Non-current loans and other receivables		420,036	-	-	-	936		420,972
	₩	19,005,457	-	-	-	3,719	₩	19,009,176

(In millions of Korean won)

		December 31, 2024						
		Not impaired						
			Overdue					
		Not past due	Less than 3 months	Over 3 months and less than 6 months	Over 6 months	Impaired		Total
Trade receivables	₩	13,019,006	-	-	-	1,345	₩	13,020,351
Current loans and other receivables		293,061	-	-	-	94		293,155
Non-current loans and other receivables		444,286	-	-	-	941		445,227
	₩	13,756,353	-	-	-	2,380	₩	13,758,733

9. Inventories

(1) Details of inventories as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

	December 31, 2025		
	Acquisition cost	Inventory valuation allowance	Carrying amount
Merchandise	₩ 5,564	₩ (261)	₩ 5,303
Finished goods	2,616,635	(209,670)	2,406,965
Work-in-process	9,290,708	(83,271)	9,207,437
Raw materials	1,507,058	(17,745)	1,489,313
Supplies	1,086,570	(183,958)	902,612
Goods in transit	277,760	-	277,760
	₩ 14,784,295	₩ (494,905)	₩ 14,289,390

(In millions of Korean won)

	December 31, 2024		
	Acquisition cost	Inventory valuation allowance	Carrying amount
Merchandise	₩ 33,492	₩ (26,717)	₩ 6,775
Finished goods	3,138,975	(624,692)	2,514,283
Work-in-process	8,952,952	(330,187)	8,622,765
Raw materials	1,521,521	(60,495)	1,461,026
Supplies	700,846	(114,547)	586,299
Goods in transit	122,789	-	122,789
	₩ 14,470,575	₩ (1,156,638)	₩ 13,313,937

(2) The amount of the inventories recognized as cost of sales and reversal on valuation allowance of inventories charged to cost of sales for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

	2025	2024
Inventories recognized as cost of sales	₩ 39,117,310	₩ 35,634,490
Reversal on valuation allowance of inventories	(661,733)	(1,269,964)

10. Other Current and Non-current Assets

Details of other current and non-current assets as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		December 31, 2025		December 31, 2024
Current:				
Advance payments	₩	73,312	₩	62,928
Prepaid expenses		291,529		247,166
Value added tax refundable		876,429		937,926
Contract assets		125,240		123,894
Others		11,525		21,830
		1,378,035		1,393,744
Non-current:				
Long-term advance payments		79,810		113,564
Long-term prepaid expenses		33,778		25,997
Others		31,342		34,581
		144,930		174,142
	₩	1,522,965	₩	1,567,886

11. Investments in Associates and Joint Ventures

(1) General information of investments in associates and joint ventures is as follows:

Type	Investee	Location	Business
Associates	SK China Company Limited [1]	China	Consulting and investment
	SK South East Asia Investment Pte. Ltd.	Singapore	Consulting and investment
	SiFive, Inc. [2]	U.S.A	Design and manufacture of semiconductor
	Wuxi xinfa IC industry park., Ltd.	China	Developing science-technological park
	Others		
Joint ventures	HITECH Semiconductor (Wuxi) Co., Ltd. [3]	China	Manufacture of semiconductor parts
	SK hynix system ic (Wuxi) Co., Ltd. [4, 5]	China	Foundry factory construction
	Specialized Investment-type Private Equity Investment Trust For Growth Of Semiconductor [3, 7]	Korea	Investment
	Specialized Investment-type Private Equity Investment Trust For Win-win System Semiconductor [3, 6]	Korea	Investment
	Others		

[1] Management of the Group is able to exercise significant influence over the entity by participating the Board of Directors. Accordingly, the investment has been classified as an associate.
[2] The Group is able to exercise significant influence through its right to appoint a director to the Board of Directors of investee. Accordingly, the investment has been classified as an associate.
[3] It has been classified to a joint venture as it is stated in the agreement that unanimous vote is required for relevant activities.
[4] Net asset share amount and carrying amount of SK hynix system ic (Wuxi) Co., Ltd. were prepared based on the consolidated financial statements including Hystars Semiconductor (Wuxi) Co., Ltd.
[5] The Group disposed 49.9% of its shares of SK hynix system ic (Wuxi) Co., Ltd. and lost control over SK hynix system ic (Wuxi) Co., Ltd. based on the agreement that major decisions of SK hynix system ic (Wuxi) Co., Ltd. require the approval of more than two-thirds of the shareholders during the year ended December 31, 2024. The fair value of remaining shares has been recognized as an investment in a joint venture. The Group's ownership decreased due to a capital increase by issuing new shares to a third party during the year ended December 31, 2025. Due to accumulated losses, an impairment loss of ₩470,869 million was recognized during the year ended December 31, 2025 for the difference between the recoverable amount and the carrying amount.
[6] The principal amount of ₩2,700 million was collected during the year ended December 31, 2025.
[7] The principal amount of ₩1,909 million was collected during the year ended December 31, 2025.

11. Investments in Associates and Joint Ventures, Continued

(2) Details of investments in associates and joint ventures as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

	December 31, 2025			December 31, 2024	
Investee	Ownership (%)	Net asset value	Carrying amount	Ownership (%)	Carrying amount
Associates:					
SK China Company Limited	11.87	₩ 410,963	₩ 463,560	11.87	₩ 456,471
SK South East Asia Investment Pte. Ltd.	20.00	370,671	370,671	20.00	401,843
SiFive, Inc.	6.84	9,651	9,175	6.81	18,311
Wuxi xinfa IC industry park., Ltd.	30.00	46,990	46,990	30.00	44,895
Others		152,863	160,957		131,978
Joint ventures:					
HITECH Semiconductor (Wuxi) Co., Ltd.	45.00	150,937	152,015	45.00	157,255
SK hynix system ic (Wuxi) Co., Ltd.	49.79	(13,564)	78,548	50.10	688,702
Specialized Investment-type Private Equity Investment Trust For Growth Of Semiconductor	33.33	9,039	9,039	33.33	11,237
Specialized Investment-type Private Equity Investment Trust For Win-win System Semiconductor	37.50	19,574	19,574	37.50	22,459
Others		10,398	10,398		7,512
		₩ 1,167,522	₩ 1,320,927		₩ 1,940,663

11. Investments in Associates and Joint Ventures, Continued

(3) Changes in investments in associates and joint ventures for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

	2025							
	Beginning balance	Acquisition	Share of profit (loss)	Other equity movement	Dividend	Recovery of principal	Impairment loss	Ending balance
SK China Company Limited	₩ 456,471	₩ -	₩ 4,005	₩ 3,084	₩ -	₩ -	₩ -	₩ 463,560
SK South East Asia Investment Pte. Ltd.	401,843	-	(10,281)	(20,891)	-	-	-	370,671
SiFive, Inc.	18,311	-	(9,854)	718	-	-	-	9,175
Wuxi xinfa IC industry park., Ltd.	44,895	-	1,155	940	-	-	-	46,990
HITECH Semiconductor (Wuxi) Co., Ltd.	157,255	-	17,673	(4,441)	(18,472)	-	-	152,015
SK hynix system ic (Wuxi) Co., Ltd.	688,702	-	(133,296)	(5,989)	-	-	(470,869)	78,548
Specialized Investment-type Private Equity Investment Trust For Growth Of Semiconductor	11,237	-	469	(167)	(591)	(1,909)	-	9,039
Specialized Investment-type Private Equity Investment Trust For Win-win System Semiconductor	22,459	-	(185)	-	-	(2,700)	-	19,574
Others	139,490	9,000	36,769	6	(1,505)	(12,266)	(139)	171,355
	₩ 1,940,663	₩ 9,000	₩ (93,545)	₩ (26,740)	₩ (20,568)	₩ (16,875)	₩ (471,008)	₩ 1,320,927

11. Investments in Associates and Joint Ventures, Continued

(3) Changes in investments in associates and joint ventures for the years ended December 31, 2025 and 2024 are as follows, Continued:

(In millions of Korean won)

	2024								
	Beginning balance	Acquisition	Share of profit (loss)	Other equity movement	Dividend	Recovery of principal	Impairment loss	Transfer	Ending balance
SK China Company Limited	₩ 408,230	₩ -	₩ 4,609	₩ 43,632	₩ -	₩ -	₩ -	₩ -	₩ 456,471
SK South East Asia Investment Pte. Ltd.	351,923	-	4,093	45,827	-	-	-	-	401,843
SiFive, Inc. [1]	53,277	-	(12,694)	2,466	-	-	(24,738)	-	18,311
Wuxi xinfa IC industry park., Ltd.	42,458	-	(2,215)	4,652	-	-	-	-	44,895
HITECH Semiconductor (Wuxi) Co., Ltd.	137,655	-	17,603	19,172	(17,175)	-	-	-	157,255
SK hynix system ic (Wuxi) Co., Ltd. [2]	-	483,721	(35,348)	(5,646)	-	-	-	245,975	688,702
Hystars Semiconductor (Wuxi) Co., Ltd. [2]	220,373	-	832	24,770	-	-	-	(245,975)	-
Specialized Investment-type Private Equity Investment Trust For Growth Of Semiconductor	19,283	-	3,520	(66)	(3,107)	(8,393)	-	-	11,237
Specialized Investment-type Private Equity Investment Trust For Win-win System Semiconductor	29,779	-	37	143	-	(7,500)	-	-	22,459
Others	104,370	25,859	6,056	10,956	(1,135)	(6,616)	-	-	139,490
	₩ 1,367,348	₩ 509,580	₩ (13,507)	₩ 145,906	₩ (21,417)	₩ (22,509)	₩ (24,738)	₩ -	₩ 1,940,663

[1] Due to SiFive, Inc.'s continued accumulation of losses, the Group recognized ₩ 24,738 million, the difference between the book value and recoverable amount, as a loss related to investments in associates.

[2] As Hystars Semiconductor (Wuxi) Co., Ltd. was incorporated as a subsidiary of SK hynix system ic (Wuxi) Co., Ltd. during the year ended December 31, 2024, the book value of Hystars Semiconductor (Wuxi) Co., Ltd. was transferred with the book value of SK hynix system ic (Wuxi) Co., Ltd.

11. Investments in Associates and Joint Ventures, Continued

(4) Major associates and joint ventures' summarized financial information as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

	December 31, 2025			
	Current assets	Non-current assets	Current liabilities	Non-current liabilities
SK China Company Limited	₩ 1,787,188	₩ 2,120,977	₩ 151,370	₩ 293,452
SK South East Asia Investment Pte. Ltd.	1,021,847	983,307	58,110	36,458
HITECH Semiconductor (Wuxi) Co., Ltd.	298,955	277,560	182,138	58,962
SK hynix system ic (Wuxi) Co., Ltd.	210,511	1,233,265	962,673	520,468

(In millions of Korean won)

	December 31, 2024			
	Current assets	Non-current assets	Current liabilities	Non-current liabilities
SK China Company Limited	₩ 1,621,534	₩ 2,168,615	₩ 111,297	₩ 299,593
SK South East Asia Investment Pte. Ltd.	1,197,435	2,268,114	613,999	14,918
HITECH Semiconductor (Wuxi) Co., Ltd.	272,861	306,426	69,219	163,986
SK hynix system ic (Wuxi) Co., Ltd. [1]	456,634	1,361,701	1,011,649	585,647

[1] Hystars Semiconductor (Wuxi) Co., Ltd. was incorporated as a subsidiary of SK hynix system ic (Wuxi) Co., Ltd., during the year ended December 31, 2024.

(5) Major associates and joint ventures summarized financial information for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

	2025		2024	
	Revenue	Net profit (loss)	Revenue	Net profit (loss)
SK China Company Limited	₩ 68,074	₩ 42,472	₩ 15,111	₩ 38,846
SK South East Asia Investment Pte. Ltd.	97,960	10,656	133,764	20,467
HITECH Semiconductor (Wuxi) Co., Ltd.	779,854	39,469	688,331	37,292
SK hynix system ic (Wuxi) Co., Ltd. [1]	348,182	(265,822)	45,996	(57,481)
Hystars Semiconductor (Wuxi) Co., Ltd. [1]	-	-	55,620	1,660

[1] Hystars Semiconductor (Wuxi) Co., Ltd. was incorporated as a subsidiary of SK hynix system ic (Wuxi) Co., Ltd., during the year ended December 31, 2024.

12. Property, Plant and Equipment

(1) Changes in property, plant and equipment for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

					2025				
		Land	Buildings	Structures	Machinery	Vehicles	Others	Construction -in-progress		Total
Beginning balance	₩	1,205,857	10,474,146	3,207,904	33,674,111	25,914	462,318	11,107,224	₩	60,157,474
Changes during 2025										
Acquisitions		16,317	627,479	327,158	11,867,710	379	318,128	17,015,647		30,172,818
Impairment		-	(45,120)	-	-	-	(37)	-		(45,157)
Disposals		(1,171)	(12,729)	(7,469)	(29,847)	(455)	(8,709)	(31,036)		(91,416)
Depreciation		-	(471,753)	(247,033)	(11,718,575)	(2,657)	(223,498)	-		(12,663,516)
Transfers		466,389	(281,589)	315,928	5,750,995	57	85,083	(6,329,203)		7,660
Foreign exchange differences and others		(1,465)	(42,343)	9,202	(21,790)	(3)	1,239	(18,895)		(74,055)
Reclassified as assets held for sale		-	-	(2)	(1,091)	-	(1,270)	-		(2,363)
Business combination		-	-	1,777	38,657	-	817	8		41,259
Ending balance		1,685,927	10,248,091	3,607,465	39,560,170	23,235	634,071	21,743,745		77,502,704
Acquisition cost		1,685,927	13,544,821	5,322,428	139,232,683	46,864	3,034,803	21,769,815		184,637,341
Accumulated depreciation		-	(3,209,393)	(1,694,511)	(99,343,367)	(23,629)	(2,399,992)	-		(106,670,892)
Accumulated impairment		-	(68,346)	(15,339)	(299,800)	-	(16)	(26,070)		(409,571)
Government grants		-	(18,991)	(5,113)	(29,346)	-	(724)	-		(54,174)
	₩	1,685,927	10,248,091	3,607,465	39,560,170	23,235	634,071	21,743,745	₩	77,502,704

(In millions of Korean won)

					2024				
		Land	Buildings	Structures	Machinery	Vehicles	Others	Construction -in-progress		Total
Beginning balance	₩	1,207,988	10,341,242	3,080,243	31,471,525	31,044	554,024	6,018,787	₩	52,704,853
Changes during 2024										
Acquisitions		66	156,877	292,362	9,990,891	526	152,395	7,362,704		17,955,821
Impairment		-	-	-	21	-	(12)	-		9
Disposals		-	(24)	(1,858)	(21,042)	(2,557)	(1,729)	(4,840)		(32,050)
Depreciation		-	(505,552)	(227,972)	(10,553,687)	(3,144)	(245,280)	-		(11,535,635)
Transfers		(9,735)	121,201	49,237	2,327,386	-	3,786	(2,490,804)		1,071
Foreign exchange differences and others		7,538	360,402	98,560	841,568	45	12,722	221,541		1,542,376
Reclassified as assets held for sale		-	-	(82,668)	(382,551)	-	(13,588)	(164)		(478,971)
Ending balance		1,205,857	10,474,146	3,207,904	33,674,111	25,914	462,318	11,107,224		60,157,474
Acquisition cost		1,205,857	13,771,703	4,615,743	123,124,358	47,115	2,664,488	11,175,488		156,604,752
Accumulated depreciation		-	(3,256,494)	(1,389,621)	(89,123,068)	(21,200)	(2,201,560)	-		(95,991,943)
Accumulated impairment		-	(23,226)	(15,339)	(261,984)	-	(13)	(68,264)		(368,826)
Government grants		-	(17,837)	(2,879)	(65,195)	(1)	(597)	-		(86,509)
	₩	1,205,857	10,474,146	3,207,904	33,674,111	25,914	462,318	11,107,224	₩	60,157,474

12. Property, Plant and Equipment, Continued

(2) Details of depreciation expense allocation for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)		**2025**		**2024**
Cost of sales	₩	11,839,495	₩	10,696,150
Selling and administrative expenses		766,325		759,701
Development costs and others		57,696		79,784
	₩	12,663,516	₩	11,535,635

(3) Certain property, plant and equipment are pledged as collaterals for borrowings of the Group as of December 31, 2025 (See note 32).

(4) The Group capitalized borrowing costs amounting to ₩249,760 million (2024: ₩202,995 million) on qualifying assets during the year ended December 31, 2025. Borrowing costs were calculated using a capitalization rate of 3.91% (2024: 6.32%) for the year ended December 31, 2025.

(5) The Group provides certain property, plant, and equipment as operating leases. Rental income from the property, plant and equipment during the year ended December 31, 2025 are ₩29,144 million (2024: ₩23,811 million).

13. Leases

(1) Leases as lessee

(a) Changes in right-of-use assets for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025						
		Properties	Structures	Machinery	Vehicles	Others		Total
Beginning balance	₩	412,296	1,513,255	540,219	19,821	1,280	₩	2,486,871
Increase		61,141	111,711	75,928	13,576	27,742		290,098
Termination		(3,005)	-	-	(2,410)	-		(5,415)
Depreciation		(75,121)	(152,098)	(185,859)	(13,726)	(8,979)		(435,783)
Foreign exchange difference		(2,448)	4,324	-	36	1		1,913
Reclassified as assets held for sale		(1,227)	-	-	-	-		(1,227)
Ending balance		391,636	1,477,192	430,288	17,297	20,044		2,336,457
Acquisition cost		648,293	2,169,989	673,504	36,689	27,775		3,556,250
Accumulated depreciation		(223,209)	(692,797)	(243,216)	(19,392)	(7,731)		(1,186,345)
Government grants		(33,448)	-	-	-	-		(33,448)
	₩	391,636	1,477,192	430,288	17,297	20,044	₩	2,336,457

(In millions of Korean won)

		2024						
		Properties	Structures	Machinery	Vehicles	Others		Total
Beginning balance	₩	419,162	1,523,997	709,973	23,551	18,161	₩	2,694,844
Increase		43,827	204,843	51,627	13,534	(195)		313,636
Termination		(6,142)	-	-	(4,171)	-		(10,313)
Depreciation		(74,900)	(152,250)	(193,853)	(13,170)	(15,516)		(449,689)
Foreign exchange difference		33,045	41,827	1,073	317	403		76,665
Reclassified as assets held for sale		(2,696)	(105,162)	(28,601)	(240)	(1,573)		(138,272)
Ending balance		412,296	1,513,255	540,219	19,821	1,280		2,486,871
Acquisition cost		606,918	2,048,948	802,452	34,245	22,647		3,515,210
Accumulated depreciation		(160,786)	(535,693)	(262,233)	(14,424)	(21,367)		(994,503)
Government grants		(33,836)	-	-	-	-		(33,836)
	₩	412,296	1,513,255	540,219	19,821	1,280	₩	2,486,871

13. Leases, Continued

(1) Leases as lessee, Continued

(b) Changes in lease liabilities for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Beginning balance	₩	2,768,376	₩	3,029,874
Acquisition		290,133		266,528
Termination		(5,361)		(13,971)
Interest expenses		97,843		105,238
Payments		(648,765)		(635,953)
Foreign exchange difference		8,954		161,165
Reclassified as liabilities held for sale		(1,237)		(144,505)
Ending balance	₩	2,509,943	₩	2,768,376

(c) The details of the minimum lease payment to be paid in the future for each period in connection with lease liabilities, present value and current/non-current classification of lease liabilities as of December 31, 2025 are as follows:

(In millions of Korean won)

		2025
Less than one year	₩	576,548
One to five years		1,494,878
More than five years		944,492
Total lease liabilities undiscounted as of December 31, 2025		3,015,918
Present value of lease liabilities recognized as of December 31, 2025		2,509,943
Current lease liabilities		547,296
Non-current lease liabilities		1,962,647

(d) The amounts recognized in profit or loss in relation to right-of-use assets and lease liabilities for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Depreciation of right-to-use assets	₩	435,783	₩	449,689
Interest expenses of lease liabilities		97,843		105,238
Expenses relating to short-term leases or to leases of low-value assets		7,906		7,997

The total cash outflow from leases is ₩656,671 million (2024: ₩643,950 million).

14. Intangible Assets

(1) Changes in intangible assets for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)		2025					
		Goodwill	**Industrial property rights**	**Development costs**	**Others**		**Total**
Beginning balance	₩	848,828	90,464	713,642	2,365,913	₩	4,018,847
Changes during 2025							
Internal development		-	-	266,890	-		266,890
External acquisition		-	2,012	-	689,777		691,789
Business combination		-	3	-	1,409		1,412
Disposals		(32,596)	(856)	-	(6,316)		(39,768)
Amortization		-	(17,442)	(348,757)	(464,620)		(830,819)
Impairment		-	-	-	(38,053)		(38,053)
Transfers		-	21,966	-	(29,718)		(7,752)
Reclassified as assets held for sale		-	-	-	(287)		(287)
Others		(8,709)	(6)	-	(4,142)		(12,857)
Ending balance		807,523	96,141	631,775	2,513,963		4,049,402
Acquisition cost		1,830,625	242,212	5,213,157	5,773,909		13,059,903
Accumulated amortization and impairment		(1,023,102)	(146,071)	(4,581,382)	(3,259,946)		(9,010,501)
	₩	807,523	96,141	631,775	2,513,963	₩	4,049,402

(In millions of Korean won)		2024					
		Goodwill	**Industrial property rights**	**Development costs**	**Others**		**Total**
Beginning balance	₩	803,348	92,096	410,667	2,528,456	₩	3,834,567
Changes during 2024							
Internal development		-	-	417,724	-		417,724
External acquisition		-	1,581	-	327,530		329,111
Disposals		-	(9,092)	-	(8,592)		(17,684)
Amortization		-	(17,421)	(114,749)	(464,030)		(596,200)
Impairment		-	-	-	(216)		(216)
Transfers		-	23,271	-	(32,483)		(9,212)
Reclassified as assets held for sale		-	-	-	(29,094)		(29,094)
Others		45,480	29	-	44,342		89,851
Ending balance		848,828	90,464	713,642	2,365,913		4,018,847
Acquisition cost		1,896,957	227,202	4,946,266	5,319,455		12,389,880
Accumulated amortization and impairment		(1,048,129)	(136,738)	(4,232,624)	(2,953,542)		(8,371,033)
	₩	848,828	90,464	713,642	2,365,913	₩	4,018,847

(2) Details of amortization expense allocation for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)		2025		2024
Cost of sales	₩	321,740	₩	311,226
Selling and administrative expenses		507,572		282,794
Development costs		1,507		2,180
	₩	830,819	₩	596,200

14. Intangible Assets, Continued

(3) Goodwill impairment tests

The Group allocates goodwill to identified CGUs, and the details of goodwill for each CGU as of December 31, 2025 are as follows:

(In millions of Korean won)

		2025		2024
Existing CGU	₩	807,523	₩	848,328

The Group performs goodwill impairment tests annually. For the purpose of impairment tests, goodwill is allocated to the relevant CGU. The recoverable amount of the CGU as of December 31, 2025 was determined considering the fair value less costs to sell, which was determined based on the amount using the current stock price as of December 31, 2025. No impairment loss of goodwill was recognized since the recoverable amount is higher than the carrying value of the CGU as of December 31, 2025.

(4) Among costs associated with development activities, ₩266,890 million (2024: ₩417,724 million) that met capitalization criteria, were capitalized as development cost for the year ended December 31, 2025. In addition, costs associated with research activities and other development expenditures that did not meet the criteria in the amount of ₩6,465,637 million (2024: ₩4,436,341 million) were recognized as expenses for the year ended December 31, 2025.

The Group assesses whether there is any indication for impairment of development costs at the end of the reporting period, and no impairment loss was recognized for development projects during the years ended December 31, 2025 and 2024 as there are no development projects of which the recoverable value is less than the book value.

15. Other Payables

Details of other payables as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		December 31, 2025		December 31, 2024
Current:				
Accrued expenses	₩	6,277,237	₩	3,977,166
Deposits payable		5,874		6,377
		6,283,111		3,983,543
Non-current:				
Long-term accrued expenses		8,400		40,584
Deposits payable		11,570		11,313
		19,970		51,897
	₩	6,303,081	₩	4,035,440

16. Borrowings

(1) Details of borrowings as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		December 31, 2025		December 31, 2024
Current:				
Short-term borrowings	₩	2,395,797	₩	1,283,488
Current portion of long-term borrowings		1,470,301		1,143,258
Current portion of debentures[1]		4,295,659		2,825,492
		8,161,757		5,252,238
Non-current:				
Long-term borrowings		2,879,750		5,022,069
Debentures		11,206,398		12,409,426
		14,086,148		17,431,495
	₩	22,247,905	₩	22,683,733

[1] The carrying amount includes exchangeable bond issued by the Group during the year ended December 31, 2023. The maturity date of the exchangeable bond is in 2030, but the Group has classified the exchangeable bond as current borrowings due to the possibility of exercising conversion rights by the bondholders. During the year ended December 31, 2025, exchangeable bonds equivalent to USD 926,400,000 were exchanged for 11,206,742 shares upon exercise of exchange rights by the bondholders. On a cumulative basis, exchangeable bonds equivalent to USD 961,600,000 have been exchanged for 11,627,828 shares. The conditions of issuance are as follows:

16. Borrowings, Continued

(1) Details of borrowings as of December 31, 2025 and 2024 are as follows, Continued:

Type of bond		Foreign exchangeable bond
Issue amount		USD 1,700,000,000
Outstanding balance of bonds issued[1]		USD 738,400,000
Interest rate	Coupon Rate	1.75%
	Yield Rate	1.75%
Maturity Date		April 11, 2030
Redemption measures		1) Redemption upon maturity: redemption of the remaining amounts for which conversion rights or early redemption has not been exercised upon maturity date 2) Early redemption: Redemption by the Call Option of the Issuer or redemption by the Put Option of Bondholders
Details of conversion right	Conversion Rate	100.00% of the principal amount
	Conversion price	₩108,811 per share
	Subject of Conversion	Ordinary shares of the SK hynix Inc. (currently held as treasury shares)
	Conversion period	May 22, 2023 - April 1, 2030
	Adjustment to Conversion Price	Adjustment of the Conversion Price in certain circumstances, including but not limited to: Bonus issue, subdivision, consolidation, reclassification, right issues of shares or option over shares, share dividends, capital distribution, modification of rights of conversion , issue at less than current market price, etc.
Put Option of Bondholders		The fourth anniversary from the transaction date (April 11, 2027) In the case of a change of control of the Parent company In the case of the Shares of the Parent company ceases to be listed or admitted to trading or are suspended for trading for a period equal to or exceeding 20 consecutive Trading Days
Call Option of the Issuer		On or after April 25, 2028, in the case of the closing price of the Shares for any 20 trading days in a period of 30 consecutive trading days is at least 130% of the prevailing Conversion Price In the case of the aggregate principal amount of the Bonds outstanding is less than 10% of the aggregate principal amount originally issued (Clean Up Call) In the case of the Issuer becomes obliged to pay any additional amounts, as a result of changes relating to tax laws in Korea.

[1] The number of exchangeable shares was 20,126,911 upon initial issuance, but due to the exercise of conversion rights and adjustments in the conversion price, the number of exchangeable shares has been changed to 8,932,547 as of December 31, 2025.

16. Borrowings, Continued

(2) Details of borrowings as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

	Financial institutions	Maturity date	Interest rate per annum in 2025 (%)		2025		2024
Short-term borrowings:							
Commercial Paper	Shinhan Bank	2026.09	3.7 ~ 4.0	₩	300,000	₩	300,000
General borrowings	Nonghyup Bank and others	2026.01 ~ 2026.12	1.4 ~ 6.3		2,095,797		983,488
					2,395,797		1,283,488
Long-term borrowings:							
Funds for equipment	MUFG and others	2026.01 ~ 2030.12	1.0 ~ 7.7		3,473,363		5,076,594
General borrowings	The Export-Import Bank of Korea and others	2026.12 ~ 2027.12	2.9 ~ 4.5		883,200		1,104,402
					4,356,563		6,180,996
Less: Current portion					(1,470,301)		(1,143,258)
Less: Discounts on borrowings					(6,512)		(15,669)
				₩	2,879,750	₩	5,022,069

16. Borrowings, Continued

(3) Details of debentures as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

	Maturity date	Interest rate per annum in 2025 (%)	December 31, 2025	December 31, 2024
Unsecured notes in local currency:				
Unsecured corporate bonds 219-2nd	2025.08.27	2.67	-	90,000
Unsecured corporate bonds 220-3rd	2026.05.09	2.17	120,000	120,000
Unsecured corporate bonds 220-4th	2029.05.09	2.54	250,000	250,000
Unsecured corporate bonds 221-2nd	2025.02.14	1.72	-	360,000
Unsecured corporate bonds 221-3rd	2027.02.14	1.93	130,000	130,000
Unsecured corporate bonds 221-4th	2030.02.14	2.21	230,000	230,000
Unsecured corporate bonds 222-1st	2030.11.10	2.33	70,000	70,000
Unsecured corporate bonds 222-2nd	2035.11.10	2.73	100,000	100,000
Unsecured corporate bonds 223-2nd	2026.04.13	1.89	360,000	360,000
Unsecured corporate bonds 223-3rd	2028.04.13	2.11	80,000	80,000
Unsecured corporate bonds 223-4th	2031.04.13	2.48	190,000	190,000
Unsecured corporate bonds 224-1st	2026.02.13	3.83	430,000	430,000
Unsecured corporate bonds 224-2nd	2028.02.14	4.27	780,000	780,000
Unsecured corporate bonds 224-3rd	2030.02.14	4.52	100,000	100,000
Unsecured corporate bonds 224-4th	2033.02.14	4.90	80,000	80,000
Unsecured corporate bonds 225-1st	2027.04.08	3.63	350,000	350,000
Unsecured corporate bonds 225-2nd	2029.04.08	3.72	300,000	300,000
Unsecured corporate bonds 225-3rd	2031.04.08	3.84	100,000	100,000
Unsecured corporate bonds 226-1st	2028.01.20	2.98	440,000	-
Unsecured corporate bonds 226-2nd	2030.01.20	3.03	190,000	-
Unsecured corporate bonds 226-3rd	2032.01.20	3.09	70,000	-
			4,370,000	4,120,000
Unsecured notes in foreign currency:				
Unsecured global bonds 10-2nd	2026.01.19	1.50	1,434,900	1,470,000
Unsecured global bonds 10-3rd	2031.01.19	2.38	1,434,900	1,470,000
Unsecured global bonds 11-1st	2026.01.17	6.25	1,076,175	1,102,500
Unsecured global bonds 11-2nd	2028.01.17	6.38	1,434,900	1,470,000
Unsecured global bonds 11-3rd	2033.01.17	6.50	1,076,175	1,102,500
Unsecured global bonds 12th	2025.11.17	5.89	-	441,000
Unsecured global bonds 14-1st	2027.01.16	5.50	717,450	735,000
Unsecured global bonds 14-2nd	2029.01.16	5.50	1,434,900	1,470,000
Unsecured global bonds 15-1st	2028.09.11	4.25	860,940	-
Unsecured global bonds 15-2nd	2030.09.11	4.38	860,940	-
			10,331,280	9,261,000
Foreign exchangeable bond:				
Unsecured global bonds 13th	2030.04.11	1.75	1,059,530	2,447,256
			1,059,530	2,447,256
			15,760,810	15,828,256
Less: Discounts on debentures			(258,753)	(593,338)
Less: Current portion			(4,295,659)	(2,825,492)
			₩ 11,206,398	₩ 12,409,426

17. Other Current and Non-current Liabilities

Details of other current and non-current liabilities as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		December 31, 2025		December 31, 2024
Current				
Advance receipts	₩	59,298	₩	40,161
Unearned income		6,499		3,730
Withholdings		318,105		157,970
Contract liabilities[1]		474,185		543,477
Others		79,520		55,838
		937,607		801,176
Non-current				
Other long-term employee benefits		1,300,847		302,141
Others		130		239,629
		1,300,977		541,770
	₩	2,238,584	₩	1,342,946

[1] The advance receipts from customers at the beginning of the year ended December 31, 2024 were recognized as revenue during the year ended December 31, 2024.

18. Provisions

(1) Changes in provisions for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

	2025							
		Beginning Balance		Utilization		Reversal		Ending Balance
Warranty	₩	263,001	₩	(6,206)	₩	(34,044)	₩	222,751
Emission allowances		5,407		-		(1,048)		4,359
Restoration		1,827		-		-		1,827
	₩	270,235	₩	(6,206)	₩	(35,092)	₩	228,937

(In millions of Korean won)

	2024									
		Beginning Balance		Increase		Utilization		Reversal		Ending Balance
Purchase commitments	₩	29,656	₩	-	₩	-	₩	(29,656)	₩	-
Warranty		256,402		18,155		(11,556)		-		263,001
Emission allowances		234		7,414		(2,241)		-		5,407
Restoration		1,827		-		-		-		1,827
	₩	288,119	₩	25,569	₩	(13,797)	₩	(29,656)	₩	270,235

18. Provisions, Continued

(2) Provisions for warranty
The Group estimates the expected warranty costs based on historical results and records provisions for warranty. Regarding the durability issue of certain products sold in the prior years, the Group separately estimated and recorded warranty provisions for the amount expected to be paid for cash compensation, product replacement and other customer supporting activities.

(3) Provision for emission allowances
The Group recognizes estimated future payment for the number of emission certificates required to settle the Group's obligation exceeding the actual number of certificates on hand as emission allowances according to the Act on Allocation and Trading of Greenhouse Gas Emission Permits.

(a) Details of the allocated amount of emission permits are as follows:

(In ten thousand tons CO2-eq)

	The third compliance period (2021 - 2025)					
	2021	**2022**	**2023**	**2024**	**2025**	**Total**
Allocated emission permits	548	524	504	577	554	2,707

(b) Changes in the emission permits rights for the year ended December 31, 2025 are as follows:

(In ten thousand tons CO2-eq)

	2024
Beginning balance	19
Allocated	577
Submission	(524)
Carryforwards	(58)
Disposal	(14)
Ending balance	-

(c) The estimated net volume of emission made by the Group is 6.23 million tons as of December 31, 2025.

19. Defined Benefit Liabilities (Assets)

Under the defined benefit plan, the Group pays employee benefits to retired employees in the form of a lump sum based on their salaries and years of service at the time of their retirement. Accordingly, the Group is exposed to a variety of actuarial assumption risks such as risk associated with expected years of service, interest risk, and market (investment) risk.

(1) Details of defined benefit liabilities(assets) as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		December 31, 2025		December 31, 2024
Present value of defined benefit obligations	₩	3,447,188	₩	3,125,802
Fair value of plan assets		(4,933,932)		(4,211,967)
Net defined benefit liabilities(assets)	₩	(1,486,744)	₩	(1,086,165)
Defined benefit liabilities	₩	66,144	₩	68,090
Employee benefit assets[1]	₩	1,552,888	₩	1,154,255

[1] The Parent Company and certain subsidiaries' fair value of plan assets in excess of the present value of defined benefit obligations, presented as employee benefit assets, amounted to ₩1,552,888 million and ₩1,154,255 million as of December 31, 2025 and 2024, respectively.

(2) Principal actuarial assumptions as of December 31, 2025 and 2024 are as follows:

	December 31, 2025 (%)	December 31, 2024 (%)
Discount rate for defined benefit obligations	4.08 ~ 5.64	3.46 ~ 5.07
Expected rate of salary increase	3.00 ~ 6.04	3.50 ~ 6.84

(3) Weighted average durations of defined benefit obligations as of December 31, 2025 and 2024 are 10.96 years and 11.57 years, respectively.

(4) Changes in defined benefit obligations for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Beginning balance	₩	3,125,802	₩	2,511,541
Current service cost		293,157		244,640
Past service cost		(5,404)		2,965
Interest expense		153,278		144,914
Transfer from associates		(7,355)		3,069
Remeasurements:		73,063		343,386
Demographic assumption		4,910		33,869
Financial assumption		(119,948)		238,461
Adjustment based on experience		188,101		71,056
Benefits paid		(185,615)		(125,654)
Others		262		941
Ending balance	₩	3,447,188	₩	3,125,802

19. Defined Benefit Liabilities (Assets), Continued

(5) Changes in plan assets for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Beginning balance	₩	4,211,967	₩	3,851,623
Contributions		736,528		269,436
Interest income		208,769		223,602
Transfer from associates		(4,983)		2,672
Benefits paid		(183,803)		(108,727)
Remeasurements		(33,700)		(26,751)
Others		(846)		112
Ending balance	₩	4,933,932	₩	4,211,967

(6) The amounts recognized in profit or loss for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Current service cost	₩	293,157	₩	244,640
Past service cost		(5,404)		2,965
Net interest income		(55,491)		(78,688)
	₩	232,262	₩	168,917

(7) The amounts in which defined benefit plan related expenses are included for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Cost of sales	₩	129,160	₩	83,640
Selling and administrative expenses		103,102		85,277
	₩	232,262	₩	168,917

(8) Details of plan assets as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Deposits	₩	4,825,314	₩	4,210,840
Others		108,618		1,127
	₩	4,933,932	₩	4,211,967

Actual return on plan assets for the years ended December 31, 2025 and 2024 amounted to ₩175,069 million and ₩196,851 million, respectively.

(9) As of December 31, 2025, the Group funded defined benefit obligations through insurance plans with Mirae Asset Life Insurance Co., Ltd. and other insurance companies. The Group’s reasonable estimation of contribution to the plan assets for the year ending December 31, 2026 is ₩848,730 million under the assumption that the Group maintains the defined benefit plan.

19. Defined Benefit Liabilities (Assets), Continued

(10) The sensitivity analysis of the defined benefit obligations as of December 31, 2025 to changes in the principal assumptions is as follows:

(In millions of Korean won)

	Effects on defined benefit obligation	
	Increase of rate	Decrease of rate
Discount rate (if changed by 1% point)	₩ (331,254)	₩ 388,314
Expected salary increase rate (if changed by 1% point)	394,054	(341,465)

The sensitivity analysis above was calculated under the assumption that other assumptions were constant. The sensitivity of defined benefit liabilities to changes in major actuarial assumptions was calculated using the same predictive unit approach used to calculate defined benefit liabilities recognized in the statement of financial position.

(11) In addition to defined benefit plans, the Group also operates defined contribution plans. Contributions to defined contribution plans amounting to ₩19,637 million (2024: ₩13,350 million) were recognized as cost for the year ended December 31, 2025.

20. Deferred Income Tax

(1) Changes in deferred income tax assets and liabilities for the years ended December 31, 2025 and 2024 without taking into consideration the offsetting of balances within the same tax authority, are as follows:

(In millions of Korean won)

	2025				
	Beginning	**Profit or loss**	**Equity**	**Foreign exchange differences**	**Ending**
Inventories, net	₩ 332,496	(60,848)	-	(99)	₩ 271,549
Property, plant and equipment, net	219,328	250,083	-	11,162	480,573
Defined benefits liabilities, net	(309,437)	(99,030)	26,621	2,403	(379,443)
Short-term and long-term investment assets and others	4,620	(2,900,523)	-	-	(2,895,903)
Employee benefits	121,216	276,813	-	(2,693)	395,336
Provisions	(25,112)	(35,279)	-	4,314	(56,077)
Other assets and other liabilities	61,364	15,512	-	142	77,018
Accrued expenses	258,083	(69,847)	-	-	188,236
Other financial liabilities	335,912	978,914	(809)	(32)	1,313,985
Others	90,378	(5,452)	-	(56,601)	28,325
Deferred tax assets for temporary differences, net	1,088,848	(1,649,657)	25,812	(41,404)	(576,401)
Tax loss carryforwards recognized	42,781	(906)	-	(113)	41,762
Tax credit carryforwards recognized and others	1,462,078	2,353,881	-	9	3,946,737
Equity-settled share-based payments	-	18,069	112,700	-	130,769
Deferred tax assets recognized, net	₩ 2,593,707	721,387	139,962	(42,958)	₩ 3,412,098

20. Deferred Income Tax, Continued

(1) Changes in deferred income tax assets and liabilities for the years ended December 31, 2025 and 2024 without taking into consideration the offsetting of balances within the same tax authority, are as follows: continued

(In millions of Korean won)

		2024					
		Beginning	Profit or loss	Equity	Foreign exchange differences		Ending
Inventories, net	₩	598,419	(266,611)	-	688	₩	332,496
Property, plant and equipment, net		104,570	53,737	-	61,021		219,328
Defined benefits liabilities, net		(358,931)	(46,932)	96,418	8		(309,437)
Short-term and long-term investment assets and others		92,238	(87,618)	-	-		4,620
Employee benefits		90,834	30,382	-	-		121,216
Provisions		5,173	(28,523)	-	(1,762)		(25,112)
Other assets and other liabilities		26,162	35,902	-	(700)		61,364
Accrued expenses		115,618	142,465	-	-		258,083
Other financial liabilities		258,670	77,024	(779)	997		335,912
Others		36,325	26,995	-	27,058		90,378
Deferred tax assets for temporary differences, net		969,078	(63,179)	95,639	87,310		1,088,848
Tax loss carryforwards recognized		1,270,086	(1,228,632)	-	1,327		42,781
Tax credit carryforwards recognized and others		635,912	825,481	-	685		1,462,078
Deferred tax assets recognized, net	₩	2,875,076	(466,330)	95,639	89,322	₩	2,593,707

20. Deferred Income Tax, Continued

(2) As of December 31, 2025 and 2024, the temporary differences and etc., for which no deferred tax assets (liabilities) were recognized are as follows:

(In millions of Korean won)		December 31, 2025		December 31, 2024
Investments in subsidiaries, associates, and joint ventures and others:				
Deductible temporary differences	₩	10,861,746	₩	11,642,857
Taxable temporary differences		(4,276,726)		(2,427,114)
Other deductible temporary differences		3,633,879		3,800,846
		10,218,899		13,016,589
Tax losses and others[1]	₩	3,488,375	₩	4,712,492

[1] As of December 31, 2025 and 2024, the amount and maturity of tax loss carryforwards and tax credit carryforwards that are not recognized as deferred tax assets are as follows:

(In millions of Korean won)		December 31, 2025			December 31, 2024	
		Amount	Maturity		Amount	Maturity
Tax losses	₩	847,567	2026~2030	₩	678,443	2025~2030
		8,093	2031~2036		9,095	2031~2036
		417,707	2037~2045		432,927	2037~2043
		2,100,709	Indefinite		3,479,716	Indefinite
Tax credits		6,121	2026~2030		4,688	2025~2030
		8,716	2031~2039		3,003	2031~2034
		51,012	2042~2044		65,350	2042~2044
		48,450	Indefinite		39,270	Indefinite

(3) Details of period when the deferred income tax assets (liabilities) are expected to be recovered (settled) as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)		December 31, 2025		December 31, 2024
Deferred income tax assets to be recovered after more than 12 months	₩	6,165,228	₩	2,973,435
Deferred income tax assets to be recovered within 12 months		2,594,722		2,096,919
Deferred income tax assets recognized		8,759,950		5,070,354
Deferred income tax liabilities to be settled after more than 12 months		(5,307,021)		(2,472,027)
Deferred income tax liabilities to be settled within 12 months		(40,831)		(4,620)
Deferred income tax liabilities recognized	₩	(5,347,852)	₩	(2,476,647)
Net income deferred tax assets recognized	₩	3,412,098	₩	2,593,707

21. Derivative Financial Instruments

(1) Currency and interest rate swap

(a) Details of derivative financial instruments applying cash flow hedge accounting as of December 31, 2025 are as follows:

(In millions of Korean won and thousands of foreign currencies)

Hedged items			Hedging instruments		
Borrowing date	Financial instrument	Hedged risk	Type of contract	Financial institution	Contract period
2019.10.02	Foreign currency denominated borrowing for equipment with floating rate (Par value: USD 125,000)	Foreign currency risk and interest rate risk	Floating-to-fixed cross currency interest rate swap	Korea Development Bank	2019.10.02 ~ 2026.10.02
2025.10.02	Foreign currency denominated borrowing for equipment with floating rate (Par value: USD 14,000)	Foreign currency risk and interest rate risk	Floating-to-fixed cross currency interest rate swap	Shinhan Bank	2025.10.02 ~ 2029.10.02
2023.01.17	Foreign currency denominated bond with fixed rate (Par value: USD 750,000)	Foreign currency risk	Fixed-to-fixed cross currency swap	Kookmin Bank and others	2023.01.17 ~ 2026.01.17
2023.04.04	Borrowing for equipment with floating rate (Par value: KRW 100,000)	Interest rate risk	Interest rate swap	Woori Bank	2023.04.04 ~ 2028.04.04
2024.03.07	Borrowing for equipment with floating rate (Par value: KRW 248,800)	Interest rate risk	Interest rate swap	Shinhan Bank	2024.03.07 ~ 2027.10.18

(b) The fair value of derivative financial assets and derivative financial liabilities held by the Group are presented in other financial assets and other financial liabilities in the consolidated financial statements of financial position as of December 31, 2025, and the details are as follows:

(In millions of Korean won and thousands of foreign currencies)

Type of contract	Hedged items		Cash flow hedge		Fair value
Fixed-to-fixed cross currency swap	Foreign currency denominated bond with fixed rate (Par value: USD 750,000)	₩	162,969	₩	162,969
Floating-to-fixed cross currency interest rate swap	Foreign currency denominated borrowing for equipment with floating rate (Par value: USD 139,000)		32,898		32,898
Derivative financial assets				₩	195,867
Interest rate swap	Borrowing for equipment with floating rate (Par value: KRW 348,800)	₩	2,826	₩	2,826
Derivative financial liabilities				₩	2,826

As of December 31, 2025, changes of fair value of the derivative are recognized in other comprehensive income or loss as all of designated hedging instruments are all effective against risks. And reclassified from other comprehensive income to profit and loss is amounting to ₩11,254 million (2024: ₩249,435 million) for the year ended December 31, 2025.

21. Derivative Financial Instruments, Continued

(2) Embedded Derivatives

The details of the embedded derivatives held by the Group presented in other financial liabilities in the consolidated financial statements of financial position as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

Derivative financial liabilities		**December 31, 2025**		**December 31, 2024**		**Fair value**
Embedded Derivatives[1]	₩	4,911,677	₩	1,738,962	₩	4,911,677

[1] Embedded derivatives are conversion right, call option, and put options granted on exchangeable bonds issued by the Group on April 11, 2023 (see note 16).

(3) Option Contract

The Group had a call option to purchase shares of Skyhigh Memory Ltd., held by Cypress at book value through a contract with Cypress, a non-controlling shareholder as of December 31, 2024. Due to the exercise of the call option, there are no call options as of December 31, 2025.

(In millions of Korean won)

Derivative financial assets		**December 31, 2025**		**December 31, 2024**		**Fair value**
Call options	₩	-	₩	8,692	₩	-

(4) Currency Forward Contracts

The Group enters into currency forward contracts to minimize accounting profits and losses arising from the remeasurement of monetary assets and liabilities denominated in foreign currencies other than USD, but hedge accounting is not applied. The details of the derivatives related to currency forward contracts held by the Group presented in other financial assets and other financial liabilities in the consolidated financial statements of financial position as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)		**December 31, 2025**				**December 31, 2024**		
		Assets		**Liabilities**		**Assets**		**Liabilities**
Current derivatives:								
Currency forwards	₩	62	₩	277	₩	-	₩	-

22. Capital Stock, Capital Surplus, Other Equity and Accumulated Other Comprehensive Income

(1) The Parent Company has 9,000,000,000 authorized shares and the face value per share is ₩5,000 as of December 31, 2025. The number of shares issued, common stock, capital surplus and other equity as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won and shares)		December 31, 2025		December 31, 2024
Issued shares[1]		728,002,365		728,002,365
Capital stock:				
Common stock	₩	3,657,652	₩	3,657,652
Capital surplus:				
Additional paid-in capital	₩	3,625,797	₩	3,625,797
Others[2]		5,327,917		861,326
	₩	8,953,714	₩	4,487,123
Other equity:				
Acquisition cost of treasury shares[2]	₩	(1,499,954)	₩	(2,221,277)
Share options		64,018		48,760
Others		87,338		(19,032)
	₩	(1,348,598)	₩	(2,191,549)
Accumulated other comprehensive income:				
Equity-accounted investees – share of other comprehensive income	₩	252,064	₩	278,804
Foreign operations – foreign currency translation differences		2,416,253		2,246,876
Gain on valuation of derivatives		8,545		6,427
	₩	2,676,862	₩	2,532,107
Number of treasury shares:				
Number of treasury shares[2]		26,310,845		38,963,634

[1] The number of issued shares decreased due to share retirement from the past.
[2] The Group disposed 12,652,789 treasury shares and, accordingly, gained on disposal of treasury shares of ₩4,313,106 million occurred.

(2) The number of outstanding shares, which deducted treasury shares held by the Parent Company from listed issued shares, as of December 31, 2025 and 2024, are as follows:

(In shares)	December 31, 2025		
	Listed Shares	Treasury Shares	Outstanding Shares
The number of issued shares	728,002,365	26,310,845	701,691,520

(In shares)	December 31, 2024		
	Listed Shares	Treasury Shares	Outstanding Shares
The number of issued shares	728,002,365	38,963,634	689,038,731

23. Retained Earnings and Dividends

(1) Retained earnings as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		December 31, 2025		December 31, 2024
Legal reserve[1]	₩	845,040	₩	693,015
Discretionary reserve[2]		235,507		235,507
Unappropriated retained earnings[3]		105,496,001		64,489,539
	₩	106,576,548	₩	65,418,061

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

[2] Discretionary reserve is the reserve for technology development.

[3] Dividends amounting to ₩900,209 million, which were approved at shareholders' meeting held on March 27, 2025, ₩258,905 million, which were approved at board of directors' meeting held on April 23, 2025, ₩258,921 million, which were approved at board of directors' meeting held on July 23, 2025, and ₩263,132 million, which were approved at board of directors' meeting held on October 29, 2025 were distributed as of December 31, 2025.

23. Retained Earnings and Dividends, Continued

(2) Dividends

(a) Details of dividends for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won and in thousands of shares)

		2025		2024
Type of dividends		Cash Dividends		Cash Dividends
Outstanding ordinary shares		708,077		690,345
Par value (in won)	₩	5,000	₩	5,000
Dividend rate		60.00%		44.08%
Total dividends	₩	2,108,601	₩	1,520,090

(b) Dividend payout ratio for the years ended December 31, 2025 and 2024 is as follows:

(In millions of Korean won)

		2025		2024
Dividends	₩	2,108,601	₩	1,520,090
Profit attributable to owners of the Parent Company		42,919,287		19,788,681
Dividend payout ratio		4.91%		7.68%

(c) Dividend yield ratio for the years ended December 31, 2025 and 2024 is as follows:

(In Korean won)

		2025		2024
Dividends per share	₩	3,000	₩	2,204
Closing stock price		651,000		173,900
Dividend yield ratio		0.46%		1.27%

24. Revenue

(1) Details of the Group's revenue for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Sale of goods and other products	₩	97,024,278	₩	66,100,890
Providing services		122,397		92,070
	₩	97,146,675	₩	66,192,960

(2) Details of the Group's revenue by product and service types for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
DRAM	₩	74,904,134	₩	44,731,664
NAND Flash		20,690,084		19,274,112
Others		1,552,457		2,187,184
	₩	97,146,675	₩	66,192,960

(3) The Group's revenue information by region based on the location of selling entities for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Korea	₩	1,932,342	₩	1,904,112
U.S.A.		66,885,115		41,961,072
China		19,136,237		15,533,563
Asia (other than China)		7,215,598		5,381,439
Europe		1,977,383		1,412,774
	₩	97,146,675	₩	66,192,960

(4) Details of the Group's revenue by the timing of revenue recognition during the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Performance obligations satisfied at a point in time	₩	97,024,278	₩	66,100,890
Performance obligations satisfied over time		122,397		92,070
	₩	97,146,675	₩	66,192,960

25. Selling and Administrative Expenses

Selling and administrative expenses for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Selling and Administrative Expenses:				
Salaries	₩	1,859,324	₩	1,257,824
Defined benefit plan		47,250		41,440
Employee benefits		279,156		234,562
Commission		786,867		773,853
Depreciation		295,423		302,775
Amortization		483,516		256,853
Freight and custody charges		62,890		54,473
Taxes and dues		137,546		100,974
Advertising		147,962		123,462
Supplies		124,620		112,233
Sales promotion expenses		298,690		216,473
Quality control costs		(4,265)		48,465
Training		96,104		73,775
Others		403,751		327,324
		5,018,834		3,924,486
Research and development:				
Expenditure on research and development		6,732,527		4,854,065
Development cost capitalized		(266,890)		(417,724)
		6,465,637		4,436,341
	₩	11,484,471	₩	8,360,827

26. Expenses by Nature

Nature of expenses for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Changes in finished goods, work-in-process, and others	₩	(475,883)	₩	19,983
Raw materials, supplies and consumables		12,097,207		10,574,809
Employee benefit		12,176,694		8,215,773
Depreciation and amortization		13,889,639		12,544,767
Commission		4,068,126		3,536,261
Utilities		3,053,958		2,817,646
Repair		2,937,517		2,366,654
Outsourcing		2,192,002		1,865,024
Others		397,872		1,240,758
Transfer: capitalized development cost and others		(396,776)		(456,034)
Total[1]	₩	49,940,356	₩	42,725,641

[1] Total expenses consist of cost of sales and selling and administrative expenses.

27. Finance Income and Expenses

Finance income and expenses for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Finance Income:				
Interest income	₩	494,327	₩	344,814
Dividend income		940,739		29,313
Foreign exchange differences[1]		2,738,019		4,220,985
Gain on valuation of financial instruments		12,012,137		89,254
Gain on disposal of financial instruments		187,868		162,023
Gain on derivatives		390		8,693
		16,373,480		4,855,082
Finance Expenses:				
Interest expense		923,703		1,345,239
Foreign exchange differences[1]		3,186,451		3,952,159
Loss on valuation of financial instruments		27,913		293,719
Loss on derivatives		8,365,976		103,229
Others		955		13,651
		12,504,998		5,707,997
Net finance income (expenses)	₩	3,868,482	₩	(852,915)

[1] The foreign exchange differences loss from long-term investment assets amounting to ₩247,087 million (2024: The foreign exchange differences gain ₩94,839 million) are included for the year ended December 31, 2025.

28. Other Income and Expenses

(1) Other income for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Gain on disposal of property, plant and equipment	₩	97,688	₩	70,082
Gain on disposal of intangible assets		1,037		13,265
Gain on disposal of non-current assets held for sale		29,456		1,316,592
Gain on disposal of subsidiaries		295		35,861
Others		204,801		40,779
	₩	333,277	₩	1,476,579

(2) Other expenses for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Donation	₩	84,884	₩	82,954
Loss on impairment of property, plant and equipment		45,157		-
Loss on disposal of property, plant and equipment		43,813		17,686
Loss on impairment of intangible assets		38,072		281
Loss on disposal of intangible assets		38,663		9,366
Depreciation expenses on assets not in use		40,491		36,769
Others		86,893		20,332
	₩	377,973	₩	167,388

29. Income Tax Expense

(1) Income tax expense for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Current tax:				
Current tax on profits for the year	₩	8,262,910	₩	3,736,506
Adjustments for income tax expense attributable to prior year, but recognized in current year		(23,873)		(115,414)
Pillar 2 tax		-		1,026
		8,239,037		3,622,118
Deferred tax:				
Changes in net deferred tax assets, tax loss carryforwards and others		(721,387)		466,330
Income tax expense	₩	7,517,650	₩	4,088,448

(2) The relationship between income tax expense and accounting profit for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Profit before income tax	₩	50,465,552	₩	23,885,350
Tax calculated at domestic tax rates applicable to profits in the respective countries		13,738,957		6,009,019
Tax effects of:				
Tax-exempt income		(977,567)		(103,356)
Non-deductible expenses		516,293		212,291
Change in unrecognized deferred tax assets		(259,556)		63,865
Tax credits		(5,262,773)		(1,868,839)
Adjustments for income tax expense attributable to prior year, but recognized in current year		(23,873)		(115,414)
Others		(213,831)		(109,118)
Income tax expense	₩	7,517,650	₩	4,088,448

(3) Income taxes recognized in other comprehensive income (loss) for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Remeasurements of defined benefit liabilities	₩	28,071	₩	96,418
Loss on valuation of derivatives		(809)		(779)
Gain on disposal of treasury stock		(1,547,092)		(27,259)
Equity-settled share-based payment		112,700		-
	₩	(1,407,130)	₩	68,380

29. Income Tax Expense, Continued

(4) Impact of introduction of the International Tax Reform—Pillar Two Model Rules

Under the International Tax Reform(Pillar Two Model Rules) legislation, the Group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction of the Parent Company and its subsidiaries, and the 15% minimum rate from 2024.

Based on the relevant detailed regulations, all companies within the consolidated entity have a GloBE effective tax rate of higher than 15% in the relevant country, and there is no Pillar 2 income tax expense is recognized for the year ended December 31, 2025.

30. Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Parent Company by the weighted average number of outstanding ordinary shares for the years ended December 31, 2025 and 2024.

(1) Basic earnings per share for the years ended December 31, 2025 and 2024 are as follows:

(In millions of won, except for shares and per share information)

		2025		2024
Profit attributable to ordinary shareholders of the Parent Company	₩	42,919,287	₩	19,788,681
Weighted average number of outstanding ordinary shares[1]		691,755,200		688,730,603
Basic earnings per share (in Korean won)	₩	62,044	₩	28,732

[1] Weighted average number of outstanding ordinary shares is calculated as follows:

(In shares)

	2025	2024
Issued ordinary shares	728,002,365	728,002,365
Acquisition of treasury shares	(36,247,165)	(39,271,762)
Weighted average number of outstanding ordinary shares	691,755,200	688,730,603

(2) Diluted earnings per share for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won, except for shares and per share information)

		2025		2024
Profit attributable to ordinary shareholders of the Parent Company	₩	42,919,287	₩	19,788,681
Adjustment:				
Changes in profit attributable to ordinary shareholders of the Parent Company due to the exercise of Restricted Stock Units (RSUs) related to subsidiaries		(21,231)		(29,846)
Interest expense(After-tax)		83,069		82,364
Loss (Gain) on foreign currency translation(After-tax)		(36,415)		331,349
Diluted profit attributable to ordinary shareholders of the Parent Company		42,944,710		20,172,548
Weighted average number of diluted outstanding ordinary shares[1]		711,266,733		709,834,641
Diluted earnings per share (in Korean won)	₩	60,378	₩	28,419

[1] Weighted average number of diluted outstanding ordinary shares is calculated as follows:

(In shares)

	2025	2024
Weighted average number of outstanding ordinary shares	691,755,200	688,730,603
Share options	912,230	957,919
Exchangeable bond	18,599,303	20,146,119
Weighted average number of diluted outstanding ordinary shares	711,266,733	709,834,641

31. Transactions with Related Parties and Others

(1) Details of related parties as of December 31, 2025 are as follows:

Type	Name of related parties
Associates	Stratio, Inc., SK China Company Limited, Gemini Partners Pte. Ltd., TCL Fund, SK South East Asia Investment Pte. Ltd., Hushan Xinju (Chengdu) Venture Investment Center (Smartsource), Prume Social Farm, Co., Ltd., Wuxi xinfa IC industry park., Ltd., Mirae Asset Committee Semiconductor No.1 Startup Venture Private Equity Investment Co., Ltd., L&S (No.10) Early Stage Ⅲ Investment Association, SiFive Inc., YD-SK-KDB Social Value, Ningbo Zhongxin Venture Capital Partnership (Limited Partnership), Jiangsu KVTS Semiconductor science and Technology Co., Ltd., SAPEON Inc., SK Japan Inc., SK Americas, Inc.
Joint ventures	HITECH Semiconductor (Wuxi) Co., Ltd., SK hynix system ic (Wuxi) Co., Ltd., and its subsidiaries, Specialized Investment-type Private Equity Investment Trust For Growth Of Semiconductor, Specialized Investment-type Private Equity Investment Trust For Win-win System Semiconductor, Semiconductor Ecosystem Fund
Other related parties	SK Square Co., Ltd., which has significant influence over the Group, and its subsidiaries, SK Holdings Co., Ltd., which has control over SK Square Co., Ltd., and its subsidiaries

31. Transactions with Related Parties and Others, Continued

(2) Significant transactions with related parties for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		For the year ended December 31, 2025		
	Company	Sales and others	Purchase and others	Asset acquisition
Associates	SK China Company Limited	₩ 13	₩ 11,041	₩ -
	Prume Social Farm, Co., Ltd.	-	70	-
	SK Japan Inc. (formerly, SK telecom Japan Inc.)	11	3,251	-
Joint ventures	HITECH Semiconductor (Wuxi) Co., Ltd.	14,053	789,250	225,459
	SK hynix system ic (Wuxi) Co., Ltd.	8,672	-	-
	SK hynix system ic Wuxi solutions Inc.	19,013	271	-
	Wuxi xinfa IC industry park., Ltd	-	101	-
Other related parties	SK Telecom Co., Ltd.	62,791	56,253	12,177
	SK Holdings Co., Ltd.[1]	23,589	369,430	337,143
	ESSENCORE Limited	2,726,387	-	-
	SK Ecoplant Co., Ltd.	57,967	215	4,707,561
	SK Energy Co., Ltd.	47,921	132,546	-
	SK Networks Co., Ltd.	4,287	5,155	249
	SK enpulse Co., Ltd.	807	28,977	-
	Chungcheong energy service Co., Ltd.	164	45,877	71
	SK Specialty Co., Ltd.	1,017	26,810	-
	SK Siltron Co., Ltd.	39,232	502,707	-
	SK Airplus Inc. (formerly, SK Materials Airplus Inc.)	5,283	110,780	75,832
	Techdream Co., Ltd.	-	148,938	-
	SK Tri Chem Co., Ltd.	889	147,021	-
	SK Shieldus Co., Ltd.	893	116,142	32,067
	SK Innovation Co., Ltd.	6,796	86,171	-
	SK Square Co., Ltd.	75	-	-
	SK REIT Co., Ltd.	-	6,025	284
	Clean Industrial REIT Co., Ltd.	-	27,318	1,903
	FSK L&S Co., Ltd.	70	40,293	2,898
	PRISM Energy International Pte. Ltd.	-	818,419	-
	Others	142,907	313,515	97,867
		₩ 3,162,837	₩ 3,786,576	₩ 5,493,511

[1] Royalty expense for the use of the SK brand for the year ended December 31, 2025 is included.

31. Transactions with Related Parties and Others, Continued

(2) Significant transactions with related parties for the years ended December 31, 2025 and 2024 are as follows, Continued:

(In millions of Korean won)

	Company	For the year ended December 31, 2024 Sales and others	Purchase and others	Asset acquisition
Associates	SK China Company Limited	₩ 3	₩ 11,964	₩ -
	Prume Social Farm, Co., Ltd.	-	101	-
	SK Japan Inc. (formerly, SK telecom Japan Inc.)	-	3,496	-
Joint ventures	HITECH Semiconductor (Wuxi) Co., Ltd.	11,307	697,217	26,445
	SK hynix system ic (Wuxi) Co., Ltd.[1]	2,271	-	-
	SK hynix system ic Wuxi solutions Inc.[2]	4,505	-	-
	Hystars Semiconductor (Wuxi) Co., Ltd.[3]	-	11,725	40,415
Other related parties	SK Telecom Co., Ltd.	111,225	51,816	5,474
	SK Holdings Co., Ltd.[4]	19,611	281,501	100,051
	ESSENCORE Limited	643,886	-	-
	SK Ecoplant Co., Ltd.	29,913	5	1,067,550
	SK Energy Co., Ltd.	45,687	100,100	-
	SK Networks Co., Ltd.	7,045	4,756	1,477
	SK enpulse Co., Ltd. (formerly, SKC Solmics Co., Ltd.)	405	62,439	1,496
	Chungcheong energy service Co., Ltd.	43	46,805	61
	SK Specialty Co., Ltd. (formerly, SK Materials Co., Ltd.)	5,173	109,967	-
	SK Siltron Co., Ltd.	37,248	440,230	-
	SK Airplus Inc. (formerly, SK Materials Airplus Inc.)	811	104,504	145,563
	Techdream Co., Ltd.	-	113,651	-
	SK Tri Chem Co., Ltd.	1,079	151,943	-
	SK Shieldus Co., Ltd.	833	106,561	19,998
	SK Innovation Co., Ltd.	10,650	57,720	78
	SK Square Co., Ltd.	50	-	-
	SK REIT Co., Ltd.	-	6,833	11,165
	Clean Industrial REIT Co., Ltd.	-	29,300	8,985
	FSK L&S Co., Ltd.	73	48,337	4,198
	SK E&S Co., Ltd.	111	27,263	1,455
	SK LNG Trading Pte., Ltd.	-	591,128	37,826
	Others	182,052	277,656	257,649
		₩ 1,113,981	₩ 3,337,018	₩ 1,729,886

[1] Including transactions only after classification as a joint venture.
[2] Subsidiary of SK hynix system ic (Wuxi) Co., Ltd., which was incorporated as a joint venture during the year ended December 31, 2024.
[3] Hystars Semiconductor (Wuxi) Co., Ltd. was incorporated as a subsidiary of SK hynix system ic (Wuxi) Co., Ltd., during the year ended December 31, 2024.
[4] Royalty expense for the use of the SK brand for the year ended December 31, 2024 is included.

The above related party transactions include transactions executed based on agreements executed in the course of the Group's business activities such as purchase or construction of property, plant and equipment, procurements of steam, gas and raw materials, and system developments and maintenance services.

31. Transactions with Related Parties and Others, Continued

(3) The balances from significant transactions as of December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		December 31, 2025	
	Company	**Trade receivables and others**	**Other payables and others**
Associates	SK China Company Limited	₩ 5	₩ 9,372
	Prume Social Farm, Co., Ltd.	-	8
	SK Japan Inc. (formerly, SK telecom Japan Inc.)	620	3,242
	TCL Fund	7,809	-
Joint ventures	HITECH Semiconductor (Wuxi) Co., Ltd.	664	374,408
	SK hynix system ic (Wuxi) Co., Ltd.	261,110	-
	SK hynix system ic Wuxi solutions Inc.	1,814	156
	Hystars Semiconductor (Wuxi) Co., Ltd.	-	46,410
Other related parties	SK Telecom Co., Ltd.	845	23,483
	SK Holdings Co., Ltd.	2,322	328,169
	ESSENCORE Limited	1,012,569	-
	SK Ecoplant Co., Ltd.	11,819	2,792,416
	SK Energy Co., Ltd.	2,781	25,495
	SK Networks Co., Ltd.	90	2,659
	SK enpulse Co., Ltd.	-	705
	Chungcheong energy service Co., Ltd.	7	6,330
	SK Siltron Co., Ltd.	107,300	44,478
	SK Airplus Inc. (formerly, SK Materials Airplus Inc.)	326	698,786
	Techdream Co., Ltd.	-	4,918
	SK Tri Chem Co., Ltd.	117	12,267
	SK Shieldus Co., Ltd.	79	18,026
	SK Innovation Co., Ltd.	917	4,142
	SK Square Co., Ltd.	198	-
	SK REIT Co., Ltd.	17,330	140,571
	Clean Industrial REIT Co., Ltd	-	524,661
	FSK L&S Co., Ltd.	4	5,382
	PRISM Energy International Pte. Ltd.	-	215,472
	Others	31,688	173,308
		₩ 1,460,414	₩ 5,454,864

31. Transactions with Related Parties and Others, Continued

(3) The balances from significant transactions as of December 31, 2025 and 2024 are as follows, Continued:

(In millions of Korean won)

		December 31, 2024	
	Company	Trade receivables and others	Other payables and others
Associates	SK China Company Limited	₩ -	₩ 13,101
	Prume Social Farm, Co., Ltd.	-	5
	SK Japan Inc. (formerly, SK telecom Japan Inc.)	640	2,670
Joint ventures	HITECH Semiconductor (Wuxi) Co., Ltd.	457	401,028
	SK hynix system ic (Wuxi) Co., Ltd.	129,832	-
	SK hynix system ic Wuxi solutions Inc.[1]	14,448	-
	Hystars Semiconductor(Wuxi) Co., Ltd.[2, 3]	-	195,422
Other related parties	SK Telecom Co., Ltd.	14,851	17,334
	SK Holdings Co., Ltd.	2,270	171,624
	ESSENCORE Limited	113,691	-
	SK Ecoplant Co., Ltd.	5,917	719,843
	SK Energy Co., Ltd.	3,836	26,851
	SK Networks Co., Ltd.	204	5,744
	SK enpulse Co., Ltd. (formerly, SKC Solmics Co., Ltd.)	46	14,861
	Chungcheong energy service Co., Ltd.	7	6,997
	SK Specialty Co., Ltd. (formerly, SK Materials Co., Ltd.)	619	10,165
	SK Siltron Co., Ltd.	142,071	49,192
	SK Airplus Inc. (formerly, SK Materials Airplus Inc.)	134	648,325
	Techdream Co., Ltd.	-	2,629
	SK Tri Chem Co., Ltd.	174	13,143
	SK Shieldus Co., Ltd.	74	15,426
	SK Innovation Co., Ltd.	1,382	3,468
	SK Square Co., Ltd.	166	-
	SK REIT Co., Ltd.	17,330	157,728
	Clean Industrial REIT Co., Ltd	-	570,704
	FSK L&S Co., Ltd.	11	5,416
	SK LNG Trading Pte., Ltd.	-	87,931
	Others	34,390	137,565
		₩ 482,550	₩ 3,277,172

[1] Subsidiary of SK hynix system ic (Wuxi) Co., Ltd., which was incorporated as a joint venture during the year ended December 31, 2024.
[2] Hystars Semiconductor (Wuxi) Co., Ltd. was incorporated as a subsidiary of SK hynix system ic (Wuxi) Co., Ltd., during the year ended December 31, 2024.
[3] Other payables and others include ₩163,897 million of borrowings.

31. Transactions with Related Parties and Others, Continued

(4) Key management compensation

The Group considers registered directors who have authority and responsibility for planning, directing and controlling the activities of the Group as key management. The compensation paid to key management for employee services for the years ended December 31, 2025 and 2024 is as follows:

(In millions of Korean won)

Details		2025		2024
Salaries	₩	8,458	₩	7,410
Defined benefit plan related expenses		815		907
Share-based payments		9,436		2,733
	₩	18,709	₩	11,050

(5) The significant transactions between the Group and the companies that are in the same conglomerate group according to '*Fair Trade Law'* for the years ended December 31, 2025 and 2024 are as follows. These entities are not related parties according to Korean IFRS 1024 *Related Party Disclosures*.

(In millions of Korean won)

2025 Name of entity		Sales and others		Purchase and others		Asset acquisition
SK Chemicals Co., Ltd.	₩	8,523	₩	-	₩	-
SK Bioscience Co., Ltd.		1,726		136		-
UNA Digital Inc.		-		4,886		-
SMCore.Inc		630		1,777		4,331
Korea Nexlene Company		5,381		-		-
Others		2,006		-		-
	₩	18,266	₩	6,799	₩	4,331

(In millions of Korean won)

2024 Name of entity		Sales and others		Purchase and others		Asset acquisition
SK Chemicals Co., Ltd.	₩	7,891	₩	-	₩	-
SK Bioscience Co., Ltd.		1,972		5		-
UNA Digital Inc.(formerly, ANTS Co., Ltd.)		6		13,556		-
SMCore.Inc		111		1,151		2,912
Korea Nexlene Company		5,007		-		-
Others		1,975		-		-
	₩	16,962	₩	14,712	₩	2,912

31. Transactions with Related Parties and Others, Continued

(6) The balances of significant transactions between the Group and the companies that are in the same conglomerate group designated by '*Fair Trade Law'* as of December 31, 2025 and 2024 are as follows. These entities are not related parties according to Korean IFRS 1024 *Related Party Disclosures*.

(In millions of Korean won)	December 31, 2025	
Name of entity	**Trade receivables and others**	**Other payables and others**
SK Chemicals Co., Ltd.	₩ 707	₩ -
SK Bioscience Co., Ltd.	245	-
SMCore.Inc	18	5,637
Korea Nexlene Company	122	-
Others	178	-
	₩ 1,270	₩ 5,637

(In millions of Korean won)	December 31, 2024	
Name of entity	**Trade receivables and others**	**Other payables and others**
SK Chemicals Co., Ltd.	₩ 717	₩ -
SK Bioscience Co., Ltd.	195	-
UNA Digital Inc.(formerly, ANTS Co., Ltd.)	-	187
SMCore.Inc	3	2,710
Korea Nexlene Company	277	-
Others	443	3
	₩ 1,635	₩ 2,900

(7) The right-of-use assets and lease liabilities recognized regarding the lease agreements with HITECH Semiconductor (Wuxi) Co., Ltd. and Hystars Semiconductor (Wuxi) Co., Ltd., a joint venture for the year ended December 31, 2025 increased by ₩8,947 million (2024: ₩68,623 million increased) and increased by ₩8,947 million(2024: ₩68,996 million increased), respectively, and lease payments to HITECH Semiconductor (Wuxi) Co., Ltd., and Hystars Semiconductor (Wuxi) Co., Ltd., a joint venture for the year ended December 31, 2025 amount to ₩66,235 million(2024: ₩84,155 million). The right-of-use assets and lease liabilities recognized regarding the lease agreements with other related parties including SK Airplus Inc. (formerly, SK Materials Airplus Inc.) for the year ended December 31, 2025, increased by ₩110,681 million(2024: ₩174,063 million increased) and increased by ₩110,681 million (2024: ₩174,063 million increased), respectively, and lease payments to the other related parties including SK Airplus Inc. (formerly, SK Materials Airplus Inc.) for the year ended December 31, 2025 amount to ₩174,716 million (2024: ₩166,381 million).

(8) The Group provides a payment guarantee amounting to RMB 701 million to Wuxi Xinfa Group Co., Ltd. on behalf of Hystars Semiconductor (Wuxi) Co., Ltd., a joint venture.

(9) The establishment of the subsidiary is explained in Note 1, and the acquisitions and additional investments of associates are explained in Note 11.

31. Transactions with Related Parties and Others, Continued

(10) Financial transactions with related parties for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		For the year ended December 31, 2025	
	Company	Dividend received	Dividend paid
Joint ventures	Hystars Semiconductor (Wuxi) Co., Ltd.	₩ 18,472	₩ -
	Specialized Investment-type Private Equity Investment Trust For Growth Of Semiconductor,	591	-
Other related parties	SK Square Co., Ltd.	-	354,877
		₩ 19,063	₩ 354,877

(In millions of Korean won)

		For the year ended December 31, 2024		
	Company	Proceeds from borrowings	Dividend received	Dividend paid
Associates	Mirae Asset Committee Semiconductor No.1 Startup Venture Private Equity Investment Co., Ltd.	₩ -	₩ 94	₩ -
Joint ventures	Hystars Semiconductor (Wuxi) Co., Ltd.	120,084	-	-
	HITECH Semiconductor (Wuxi) Co., Ltd. [1]	-	17,064	-
	Specialized Investment-type Private Equity Investment Trust For Growth Of Semiconductor,	-	3,107	-
Other related parties	SK Square Co., Ltd.	-	-	175,320
		₩ 120,084	₩ 20,265	₩ 175,320

[1] Hystars Semiconductor (Wuxi) Co., Ltd. was incorporated as a subsidiary of SK hynix system ic (Wuxi) Co., Ltd., during the year ended December 31, 2024.

32. Commitments and Contingencies

(1) Significant pending litigations and claims of the Group as of December 31, 2025 are as follows:

(a) The antitrust investigation in China
The State Administration for Market Regulation of China initiated to investigate the violation of the antitrust law regarding major DRAM companies' sales in China in May 2018. The pending case currently is under investigation. As of December 31, 2025, the Group cannot predict the outcome of this investigation.

(b) Other patent infringement claims and litigation
In addition to the above litigations, the Group has responded to various disputes related to intellectual property rights and recognizes a liability when it represents a present obligation as a result of past event and it is probable that an outflow of resources will arise and a loss can be reliably estimated.

(2) Back-end process service contract with HITECH Semiconductor (Wuxi) Co., Ltd. (HITECH)
The Group has entered into an agreement with HITECH to be provided with back-end process service by HITECH. The conditions of the service provided include package, package test, modules and others. According to the agreement, the Group has paid a certain level of guaranteed margin to HITECH as the Group has priority to use HITECH's equipment.

32. Commitments and Contingencies, Continued

(3) Assets provided as collateral

Details of assets provided as collateral as of December 31, 2025 are as follows:

(In millions of Korean won and millions of foreign currencies)

	Book value		Pledged amount			
Category		**Amount**	**Currency**	**Amount in USD**	**Amount in KRW**	**Remark**
Land and buildings	₩	26,261	KRW	-	14,854	Borrowings for equipment and others
Machinery			USD	600	860,940	
		1,036,725	KRW	-	1,480,000	
			USD	600	860,940	
	₩	1,062,986	KRW	-	1,494,854	

(In millions of Korean won and millions of foreign currencies)

	Book value		Collateral liabilities amount			
Category		**Amount**	**Currency**	**Amount in USD**	**Amount in KRW**	**Remark**
Land and buildings	₩	26,261	KRW	-	1,393	Borrowings for equipment and others
Machinery			USD	125	179,363	
		1,036,725	KRW	-	1,000,000	
			USD	125	179,363	
	₩	1,062,986	KRW	-	1,001,393	

32. Commitments and Contingencies, Continued

(4) Financing agreements

Details of credit lines with financial institutions as of December 31, 2025 are as follows:

(In millions of Korean won and millions of foreign currencies)

	Financial Institution	Commitment	Currency	Amount
The Parent Company	Hana Bank and others	Import finance and others including usance	USD	330
		Comprehensive limit contract for import and export including usance	USD	1,690
		Overdrafts with banks	KRW	20,000
		Accounts receivable factoring contracts which have no right to recourse	KRW	30,000
SK hynix Semiconductor (China) Ltd.	Agricultural Bank of China and others	Import finance and others including usance	RMB	950
			USD	490
SK hynix America Inc. and other sales entities	Citibank and others	Accounts receivable factoring contracts which have no right to recourse	USD	837
Domestic subsidiaries	Hana Bank and others	Import finance and others	KRW	29,500
		Import finance and others including usance	USD	15

(5) The Group's commitments in relation to future capital expenditures on property, plant and equipment that have not been recognized as of December 31, 2025 are ₩6,667,863 million (as of December 31, 2024: ₩8,837,748 million).

(6) Investment in KIOXIA Holdings Corporation ("KIOXIA")

In regard to the Group's interests in KIOXIA through its investments in BCPE Pangea Intermediate Holdings Cayman, L.P. and BCPE Pangea Cayman2 Limited, the equity interests in KIOXIA that the Group may hold, directly or indirectly, are subject to restrictions for a specified period following the acquisition. During the same restricted period, the Group is also prohibited from appointing directors to KIOXIA and, as a result, is unable to exercise significant influence over KIOXIA's operations or management.

32. Commitments and Contingencies, Continued

(7) Acquisition of the Intel NAND business

The Group entered into a master purchase agreement with Intel Corporation (“Intel”) to acquire the entire NAND business of Intel excluding the Optane division of Non-Volatile Memory Solutions Group during the year ended December 31, 2020. The business was transferred in two separate processes through overseas subsidiaries, with a total transaction amount of USD 8,844 million. The Group paid USD 6,609 million at the first deal closing, and the remaining USD 2,235 million was paid in March 2025.

In the process of obtaining a conditional business combination approval for the Intel NAND business acquisition from the Chinese competition authority (Chinese State Administration for Market Regulation) in connection with the first closing of the Intel NAND business completed during the year ended December 31, 2021, the Group was imposed with certain conditions, mainly including the obligation to maintain a reasonable pricing policy, increase production and to support the entry of third-party competitors into the Chinese eSSD market over the next five years. Therefore, the Group must comply with these obligations for the next five years and may apply to waive them after five years. If the Group makes such an application, the Chinese competition authority will decide whether to accept the application in consideration of the competition in the Chinese eSSD market.

(8) The Group entered into supplier finance arrangements. In accordance with the arrangements, when the finance providers pay the payables related to the Group’s trade and other payables to the suppliers, the Group pays the finance providers on the payment due date. The finance providers pay the receivables after the Group has received the goods or services and approved the invoices.

If suppliers choose early payment, the finance providers pay the amount before the payment due date. The Group settles the trade and other payables with the finance providers on the payment due date. All trade and other payables subject to the supplier finance arrangements are included in trade and other payables in the Group’s consolidated balance sheet. As of December 31, 2025, the amount paid to suppliers under the supplier finance arrangements is KRW 1,743,555 million. Meanwhile, the amount of the Group’s trade and other payables related to supplier finance arrangements does not have a significant effect on non-cash transactions of cash and cash equivalents.

33. Cash Flows

(1) Reconciliations between profit for the years and cash generated from operations for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Profit for the year	₩	42,947,902	₩	19,796,902
Adjustment				
Income tax expense		7,517,650		4,088,448
Interest expense		923,703		1,345,239
Interest income		(494,327)		(344,814)
Depreciation		13,099,311		11,985,337
Amortization		830,819		596,200
Defined benefit plan		231,904		170,659
Loss on foreign currency translation		946,742		2,244,407
Gain on foreign currency translation		(437,292)		(1,892,306)
Gain on disposal of financial instruments		(187,868)		(162,023)
Loss on disposal of property, plant and equipment		43,813		17,686
Gain on disposal of property, plant and equipment		(97,688)		(70,082)
Share of loss		93,545		13,507
Loss on impairment of intangible assets		38,072		281
Gain on valuation of financial instruments		(12,011,484)		(89,254)
Loss on valuation of financial instruments		27,260		293,719
Loss on derivatives		8,365,586		94,538
Dividend income		(940,739)		(29,313)
Loss on impairment of investments in associates		471,006		24,738
Share-based payments		414,114		104,110
Gain on disposal of non-current assets held for sale		(29,456)		(1,316,592)
Others		32,836		(20,722)
Changes in operating assets and liabilities				
Increase in trade receivables		(5,584,225)		(5,098,005)
Decrease (increase) in inventories		(1,059,484)		166,722
Decrease (increase) in other assets		31,776		(370,258)
Decrease in loans and other receivables		188,989		13,717
Increase in trade payables		863,996		274,980
Increase (decrease) in other payables		116,326		(1,378,294)
Increase in other non-trade payables		2,336,757		2,228,576
Increase (decrease) in provisions		(40,021)		5,397
Increase (decrease) in other liabilities		1,009,154		(1,160,573)
Payment of defined benefit liabilities		(7,717)		(12,645)
Contributions to plan assets		(736,528)		(269,436)
Cash generated from operations	₩	58,904,432	₩	31,250,846

(2) Details of significant transactions without inflows and outflows of cash for the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Increase in other payables related to property, plant and equipment	₩	2,456,765	₩	1,807,294
Excluded from subsidiaries and transferred to investments in joint ventures		-		483,721
Decrease in derivative liabilities and exchangeable bonds due to the exercise of exchange rights		2,077,966		65,732

33. Cash Flows, Continued

(3) Changes in liabilities arising from financing activities during the years ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Beginning balance	₩	25,452,109	₩	32,498,506
Cash flows from financing activities				
- Proceeds from borrowings		8,183,735		8,717,964
- Repayments of borrowings		(7,416,131)		(16,093,620)
- Repayments of lease liabilities		(596,465)		(601,821)
Increase of lease liabilities		290,133		266,528
Foreign currency differences and others		(1,307,157)		1,850,514
Present value discount (interest expense)		205,160		213,830
Interest paid		(52,300)		(34,132)
Reclassified as liabilities held for sale		(1,236)		(1,365,660)
Ending balance	₩	24,757,848	₩	25,452,109

(4) The Group presented the inflow and outflow of cash from short-term investment assets, etc. which are frequently traded and have a large total amount and mature in a short period of time, as net increases and decreases.

34. Share-based Payment

(1) Details of the granted share-based payment

(a) The Parent Company accounts for share-based payment, with options granted to employees to choose either cash-settled or equity-settled share-based payment, in accordance with the substance of transactions and the details of the share options as of December 31, 2025 are as follows:

(In shares)

	Total numbers of share option granted	Forfeited or Cancelled	Exercised	Outstanding at December 31, 2025
10th [1]	54,020	10,764	10,504	32,752
12th [1]	6,469	-	3,469	3,000
13th [1]	75,163	29,851	23,657	21,655
14th [1]	195,460	59,167	19,622	116,671
	331,112	99,782	57,252	174,078

	Grant date	Service Period for Vesting	Exercisable Period		Exercise price (in Korean won)
10th [1]	March 20, 2020	March 20, 2020 - March 20, 2023	March 21, 2023 - March 20, 2027	₩	84,730
12th [1]	March 30, 2021	March 30, 2021 - March 30, 2023	March 31, 2023 - March 30, 2026		136,060
13th [1]	March 30, 2021	March 30, 2021 - March 30, 2023	March 31, 2023 - March 30, 2026		136,060
14th [1]	March 30, 2022	March 30, 2022 - March 30, 2024	March 31, 2024 - March 30, 2027		121,610

[1] During the year ended December 31, 2025, the share options were exercised with cash settlement.

34. Share-based Payment, Continued

(1) Details of the Share-based Payment Granted, Continued

(b) Details of equity-settled share-based payment granted by the Group are as follows:

	1-1st	1-2nd	2nd	3rd
Grant date	2022-03-17	2022-04-27	2023-06-28	2024-04-30
Types of shares to be issued	Registered common shares	Registered common shares	Registered common shares	Registered common shares
Grant method	Reissue of treasury shares	Reissue of treasury shares	Reissue of treasury shares	Reissue of treasury shares
Number of shares	Initial grant size * TSR * Adjustment ratio / Stock price on exercise date [1,3]	Initial grant size * TSR * Adjustment ratio / Stock price on exercise date [1,3]	Initial grant size * (Adjustment ratio + increase rate of stock price - increase rate of KOSPI200)[2,3]	Initial grant size * (Adjustment ratio + increase rate of stock price - increase rate of KOSPI200)[2]
Base stock price	₩ 124,000	₩ 108,500	₩ 79,975	₩ 135,975
Exercisable period	March 17, 2025 ~ March 17, 2029 [4]	April 27, 2025 ~ April 27, 2029	January 1, 2026 lump sum payment	January 1, 2027 lump sum payment
Service period for vesting	2 years' service from the grant date	2 years' service from the grant date	3 years' service from January 1, 2023[5]	3 years' service from January 1, 2024[5]

[1] TSR (Total shareholder return) is calculated as “(Stock price on exercise notification date - Base stock price + company's total dividends per share from grant date to exercise notification date)/base stock price”, and the adjustment ratio considers the Group's TSR compared to the TSR of its industry peers.
[2] The adjustment ratio considers increase rate of stock price, and the maximum adjusted shares is 2 times of initial grant shares. If the increase rate of stock price rises by 100% or higher and exceeds the increase rate of KOSPI200 by 50% points, additional shares equal to the initial grant will be paid.
[3] Some of the 1-1 and 1-2 share-based payments were cancelled and a replacement amount was granted in the 2nd share-based payment.
[4] A portion of the stock options was exercised and settled during the year ended December 31, 2025.
[5] When employed for more than 2 years but less than 3 years, the granted amount is adjusted in proportion to the period of service.

(c) In addition to above share options granted by the Parent Company, restricted stock units (RSUs) for the Parent Company’s subsidiary, SK hynix NAND product Solutions Corp., are also granted to the subsidiary and its employees.

(In shares)

Grant cycle	Total numbers of share option granted	Forfeited or Cancelled	Exercised
Quarterly	173,451,396	50,576,962	42,623,861

34. Share-based Payment, Continued

(2) Details of liabilities recognized for stock appreciation rights as of December 31, 2025 are as follows:

(In millions of Korean won)

		December 31, 2025
Stock appreciation rights liabilities[1]	₩	71,423

[1] As of December 31, 2025, the intrinsic value of the vested share-based compensation related to the above stock appreciation right liabilities is ₩93,007 million.

(3) Measurement of fair value

(a) The compensation cost is calculated by applying a binomial option-pricing model in estimating the fair value of the option as of December 31, 2025. The inputs used are as follows:

		10th		12th		13th		14th
Share price (Closing stock price on valuation date, in Korean won)	₩	530,000	₩	530,000	₩	530,000	₩	530,000
Expected volatility		46.40%		46.40%		46.40%		46.40%
Estimated fair value of share option (in Korean won)	₩	445,270	₩	393,940	₩	393,940	₩	408,492
Dividend yield ratio		0.42%		0.42%		0.42%		0.42%
Risk free ratio		2.70%		2.47%		2.47%		2.71%

(b) The compensation cost regarding the equity-settled share-based payment granted by the Group is calculated by applying a binomial option-pricing model in estimating the fair value of the option. The inputs used to measure the fair value of the share-based payment as of the grant date are as follows:

		1-1st		1-2nd		2nd		3rd
Expected volatility		33.92%		34.22%		34.81%		36.85%
Per-share fair value of the option (in Korean won)	₩	52,729	₩	42,064	₩	155,443	₩	224,203
Dividend yield ratio[1]		-		-		1.50%		1.10%
Risk-free interest rate (Government bonds yield)		2.65%		3.19%		3.60%		3.53%

[1] Payout ratio was not taken into consideration as it was assumed that the stock price decline due to dividends would be compensated as the dividend amount until the exercise period is added in the calculation of 1-1st and 1-2nd TSR.

(4) The compensation expense for the year ended December 31, 2025 is ₩215,713 million (2024: ₩118,867 million).

35. Events after the reporting period

(1) The subsidiary SK hynix NAND Product Solutions Corp. resolved at the board of directors' meeting held on January 28, 2026 to transfer its business to the newly formed entity, Solidigm Inc. as part of a restructuring of its business structure. On March 1, 2026, SK hynix NAND Product Solutions Corp. transferred to Solidigm Inc. its business relating to the sale and research and development of Nand Flash Memory and SSD, including all related assets, contracts, rights and personnel, as well as the assets and liabilities contracted between the transferee and the transferor under their agreement. Accordingly, SK hynix NAND Product Solutions Corp. acquired from Solidigm Inc. shares issued by Solidigm inc. equivalent in value to the transfer consideration.

(2) The Group resolved at the board of directors' meeting held on January 28, 2026 to cancel its treasury shares and cancelled all 15,300,000 treasury shares previously acquired on February 9, 2026,. As a result of this cancellation, the total number of issued ordinary shares decreased from 728,002,365 shares before the cancellation to 712,702,365 shares upon completion of the cancellation, while the capital stock does not decrease

KPMG SAMJONG

KPMG SAMJONG Accounting Corp.
152, Teheran-ro, Gangnam-gu, Seoul 06236
(Yeoksam-dong, Gangnam Finance Center 27th Floor)
Republic of Korea

Tel +82 (2) 2112 0100
Fax +82 (2) 2112 0101
www.kr.kpmg.com

Independent Auditors' 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
SK hynix Inc.:

Opinion on Internal Control over Financial Reporting for Consolidation Purposes

We have audited SK hynix Inc. and its subsidiaries' (the "Group") internal control over financial reporting for consolidated purposes as of December 31, 2025, based on the criteria established in 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, 2025, based on the ICFR Design and Operation Framework issued by the ICFR Committee.

We also have audited, in accordance with Korean Standards on Auditing ("KSAs"), the consolidated statements of financial position of the Group as of December 31, 2025, the related consolidated statements of comprehensive income(loss), changes in equity, and cash flows for the years then ended and notes comprising material accounting policy information and other explanatory information, and our report dated March 4, 2026 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 Company in accordance with the ethical requirements that are relevant to our audit of the internal control over financial reporting in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting for consolidation purposes, and for its assessment about the effectiveness of internal control over financial reporting for consolidation purposes, included in the accompanying Report on the Operation of Internal Control over Financial Reporting for Consolidation Purposes.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Inherent Limitations of Internal Control over Financial Reporting for Consolidation Purposes

A company's internal control over financial reporting for consolidation purposes is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS"). A company'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 those charged with governance 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 and correct 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 Hun Yoon.

KPMG Samjong Accounting Corp.

Seoul, Korea
March 4, 2026

This report is effective as of March 4, 2026, 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 Company's 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.

Report on the Operation of Internal Control over Financial Reporting for consolidation purpose

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

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

We, as the Chief Executive Officer and the Internal Accounting Manager of SK Hynix INC. and its subsidiaries' ("the Group"), assessed operating status of the Group's Internal Control over Financial Reporting for consolidation purposes ("ICFR") for the year ending December 31, 2025.

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

We used the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting' established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee")' as the criteria for design and operation of the Group's ICFR. And we conducted an evaluation of ICFR based on Appendix 6: Standards for Evaluation and Reporting Standards of Internal Control over Financial Reporting of 'Enforcement Rules of the Act on External Audit and Accounting'.

Based on our assessment, we concluded that the Group's ICFR is designed and operated effectively as of December 31, 2025, in all material respects, in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting.

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

(Attachment)

- Internal control activities performed by the Group to address treasury-related fraud risks

Feb 13, 2026

Noh Jung Kwak Chief Executive Officer

Woo Hyun Kim, Internal Accounting Manager

(Attachment)

○ Internal control activities performed by the Group to address fraud risks

Category	Control activities performed by the Company	Applicable Companies	Evaluation results of design and operating status
Entity Level Controls	**<Operation of anti-fraud system>** In order to prevent fraud, including embezzlement, management has established and operates a whistleblowing system that enables stakeholders to report concerns anonymously. Furthermore, management communicates its commitment to the anti-fraud system to all employees through company-wide announcements.	SK HYNIX Inc. and 1 other companies	As a result of the test, no material weaknesses were identified. (The Internal control management team of SK HYNIX Inc. and 1 other company, in July 2025, November 2025 and January 2026)
	<Fraud risk assessment> Management regularly assesses fraud risks to achieve the objectives of internal control over financial reporting.	SK HYNIX Inc. and 1 other companies	As a result of the test, no material weaknesses were identified. (The Internal control management team of SK HYNIX Inc. and 1 other company, in July 2025, November 2025 and January 2026)
	<Management of Segregation of Duties> Management considers segregation of duties and access rights (restricted access) in accordance with the 'Internal Control Regulations' when designing control activities. In addition, management conducts regular monitoring to ensure that the segregation of duties is kept up to date and operates appropriately.	SK HYNIX Inc. and 1 other companies	As a result of the test, no material weaknesses were identified. (The Internal control management team of SK HYNIX Inc. and 1 other company, in July 2025, November 2025 and January 2026)
	<Assessment of the effectiveness of the ICFR> Management establishes a plan for assessing the operating effectiveness of the ICFR and reports the assessment results to the Board of Directors and the Audit Committee. The Audit Committee assesses the results and reports its assessment to the Board of Directors.	SK HYNIX Inc.	As a result of the test, no material weaknesses were identified. (The Internal control management team of SK HYNIX Inc., in July 2025, November 2025 and January 2026)
	<Monitoring of unusual transactions> Management has established and operates an 'ongoing monitoring system' designed to automatically review transactions that appear	SK HYNIX Inc. and 3 other companies	As a result of the test, no material weaknesses were identified. (The Internal control management team

	unusual or inconsistent with normal business activities.		of SK HYNIX Inc. and 1 other company, Finance team of SK hynix (Wuxi) Semiconductor Sales and 1 other company, in July 2025, November 2025 and January 2026)
Treasury Process Controls	**<Approval of bank account opening and closure>** The Treasury team manager reviews and approves the rationale for account openings and closures.	SK HYNIX Inc. and 4 other companies	As a result of the test, no material weaknesses were identified. (The Internal control management team of SK HYNIX Inc. and 2 other companies, Finance team of SK hynix (Wuxi)Semiconductor Sales and 1 other company, in July 2025, November 2025 and January 2026)
	<Bank account status management> The Treasury team manager performs a periodic review and approval of all bank accounts registered under the Company's name in the ERP system to confirm their designated purpose and the need for closure. Additionally, the Treasury team manager and the Accounting team manager conduct regular and ad-hoc reconciliations of bank balance confirmation statements obtained from financial institutions to the corresponding general ledger balances and approve the results of such reconciliations.	SK HYNIX Inc. and 4 other companies	As a result of the test, no material weaknesses were identified. (The Internal control management team of SK HYNIX Inc. and 2 other companies, Finance team of SK hynix (Wuxi) Semiconductor Sales and 1 other company, in July 2025, November 2025 and January 2026)
	<Authorization of physical asset usage> The Treasury team manager reviews key information related to the issuance of promissory notes and checks, and approves the application of the corporate seal as well as the issuance and receipt log for such instruments.	SK HYNIX Inc. and 3 other companies	As a result of the test, no material weaknesses were identified. (The Internal control management team of SK HYNIX Inc. and 1 other company, Finance team of SK hynix (Wuxi) Semiconductor Sales and 1 other company, in July 2025, November 2025 and January 2026)
	<Management for physical inspections of assets for cash disbursements> The Treasury team manager performs periodic physical inspections of assets for cash	SK HYNIX Inc. and 3 other companies	As a result of the test, no material weaknesses were identified. (The Internal control management team

	disbursements, including corporate seals and checks, and provides approval of the results. In addition, the General affairs team manager periodically reviews and approves the authorization procedures and storage conditions related to the financial seal.		of SK HYNIX Inc. and 1 other company, Finance team of SK hynix (Wuxi) Semiconductor Sales and 1 other company, in July 2025, November 2025 and January 2026)
	<Restriction on cash disbursement> The system is configured to allow disbursement only to vendors and bank accounts that have been registered in the ERP system.	SK HYNIX Inc. and 4 other companies	As a result of the test, no material weaknesses were identified. (The Internal control management team of SK HYNIX Inc. and 2 other companies, Finance team of SK hynix (Wuxi) Semiconductor Sales and 1 other company, in July 2025, November 2025 and January 2026)
	<Review and approval on cash disbursement> The Treasury team manager reviews and approves key information related to cash disbursement transactions by comparing the disbursement details against the supporting documentation.	SK HYNIX Inc. and 4 other companies	As a result of the test, no material weaknesses were identified. (The Internal control management team of SK HYNIX Inc. and 2 other companies, Finance team of SK hynix (Wuxi) Semiconductor Sales and 1 other company, in July 2025, November 2025 and January 2026)
	<Segregation of Duties for cash disbursement> The requester of cash disbursement and the approver are segregated, and any cash disbursement that has not obtained the required approval cannot be processed or transferred through the bank system.	SK HYNIX Inc. and 4 other companies	As a result of the test, no material weaknesses were identified. (The Internal control management team of SK HYNIX Inc. and 2 other companies, Finance team of SK hynix (Wuxi) Semiconductor Sales and 1 other company, in July 2025, November 2025 and January 2026)
	<Daily cash inflow and outflow management> Bank transaction data is synchronized with the ERP system in real time, and the Treasury team manager performs a daily review and approval	SK HYNIX Inc. and 4 other companies	As a result of the test, no material weaknesses were identified. (The Internal control management team of SK HYNIX Inc. and 2

	to verify that the balances reported by each financial institution agree with the corresponding ERP balances.		other companies, Finance team of SK hynix (Wuxi) Semiconductor Sales and 1 other company, in July 2025, November 2025 and January 2026)
	<Review of financing> The CEO and the Board of Directors review and approve the supporting documents related to the issuance of corporate bonds.	SK HYNIX Inc.	As a result of the test, no material weaknesses were identified. (The Internal control management team of SK HYNIX Inc., in July 2025, November 2025 and January 2026)
	<Sales adjustment review> For sales adjustment, the Accounting team manager reviews and approves the appropriateness of the reasons in the supporting documents that have been authorized by the Sales team.	SK HYNIX Inc. and 3 other companies	As a result of the test, no material weaknesses were identified. (The Internal control management team of SK HYNIX Inc. and 2 other companies, Finance team of SK hynix (Wuxi) Semiconductor Sales, in July 2025, November 2025 and January 2026)
	<Review of Vendor Master creation and modification> The Treasury team manager reviews and approves requests for bank account creation and modification of Vendor Master by verifying that the key information provided in the request form agrees with the supporting documentation.	SK HYNIX Inc. and 4 other companies	As a result of the test, no material weaknesses were identified. (The Internal control management team of SK HYNIX Inc. and 2 other companies, Finance team of SK hynix (Wuxi) Semiconductor Sales and 1 other company, in July 2025, November 2025 and January 2026)
Other Transaction Level Controls	**<Review of Customer Master creation and modification>** The Sales team manager reviews and approves Customer Master creation and modification requests by verifying that the key information provided in the request form agrees with the supporting documentation.	SK HYNIX Inc. and 3 other companies	As a result of the test, no material weaknesses were identified. (The Internal control management team of SK HYNIX Inc. and 1 other company, Finance team of SK hynix (Wuxi) Semiconductor Sales, in July 2025, November 2025 and January 2026)

	<Confirmation of inventory quantities through physical count> The Cost accounting team manager receives the report of the inventory physical count plan and result, reviews the appropriateness of the reasons for any differences between the counted quantities and the book quantities, and approves the corresponding inventory adjustments.	SK HYNIX Inc. and 4 other companies	As a result of the test, no material weaknesses were identified. (The Internal control management team of SK HYNIX Inc. and 2 other companies, Finance team of SK hynix (Wuxi) Semiconductor Sales and 1 other company, in July 2025, November 2025 and January 2026)
	<Restriction on inventory shipment for sales> The authority to create sales orders is segregated from the authority to inventory shipment, and sales orders can be generated only for customers that are registered in the Customer Master.	SK HYNIX Inc. and 3 other companies	As a result of the test, no material weaknesses were identified. (The Internal control management team of SK HYNIX Inc. and 2 other companies, Finance team of SK hynix (Wuxi) Semiconductor Sales, in July 2025, November 2025 and January 2026)