SK hynix Inc. and Subsidiaries

Consolidated Financial Statements

December 31, 2024 and 2023

Index to Consolidated Financial Statements

KPMG SAMJONG

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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, 2024 and 2023, the related consolidated statements of comprehensive income(loss), 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, 2024 and 2023, 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, 2024, 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, 2025, 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, 2024. 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) Fair value measurement of financial assets related to the Group's investment to KIOXIA Holdings Corporation presented as long-term investment assets

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

As described in Note 6 to the consolidated financial statements, the Group holds equity investment in a special purpose entity ("SPC1") and convertible bonds ("SPC2") in relation to investments in KIOXIA Holdings Corporation ("KIOXIA") with total amount of ₩3,506,272 million, which represents 2.93% of total assets as at December 31, 2024, and the Group recognized ₩123,919 million as loss on valuation (including foreign exchange loss) of financial assets for the year ended December 31, 2024 with respect to the investments. The financial assets are measured at fair value using significant unobservable inputs; therefore, the financial assets are classified to Level 3 of the fair value hierarchy.

The fair value of SPC1 and SPC2 was measured considering the profit-sharing agreement between investors based on the stock price of KIOXIA, a listed company, and the Group used an independent external expert for the fair value measurement.

The carrying amount of the financial assets is material in the consolidated financial statements and the selection of the valuation techniques that will be applied in the fair value measurement, assumptions and estimates of inputs that have significant impact on the fair value measurement involve the Group management's judgement. Accordingly, we determined the fair value measurement of the financial assets 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 accounting policy, process and evaluated the design and operating effectiveness of internal control including management's review and approval in relation to the fair value measurements of the financial assets.
- Evaluated the qualification and independence of the external expert engaged by management.
- Inspected the underlying investment arrangement to understand the investment conditions related to the financial asset investment and reviewed whether it is appropriately reflected in management's valuation details.
- Assessed the appropriateness of the valuation technique used in estimating the fair value by management.
- Evaluated the results of sensitivity analysis performed by management to assess the impact of changes in key assumptions on the fair value measurement.
- Involved our internal valuation professionals with specialized skills and knowledge who assisted us in the following:
    a) Evaluating the reasonableness of key assumptions applied in the fair value estimates of SPC1; and
    b) Evaluating whether the key assumptions are reasonable and have been consistently applied in the measurement of KIOXIA's equity value.

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.

KPMG Samjong Accounting Corp.
Seoul, Korea
March 4, 2025

This report is effective as of March 4, 2025, 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, 2024 and 2023

(In millions of Korean won)	Notes		2024		2023
Assets					
Current assets					
Cash and cash equivalents	5,6	₩	11,205,117	₩	7,587,329
Short-term financial instruments	5,6,7		2,382,010		472,617
Short-term investment assets	5,6		569,236		860,972
Trade receivables, net	5,6,8,31		13,019,006		6,600,273
Loans and other receivables, net	5,6,8,31		293,061		357,641
Other financial assets	5,6,7		45,309		83,750
Inventories, net	9		13,313,937		13,480,659
Current tax assets			57,467		69,916
Assets held for sale			-		29,441
Other current assets	10		1,393,744		925,502
			42,278,887		30,468,100
Non-current assets					
Investments in associates and joint ventures	11		1,940,663		1,367,348
Long-term investment assets	5,6		4,041,276		4,105,704
Loans and other receivables, net	5,6,8,31		444,286		475,013
Other financial assets	5,6,7,21		346,749		68,217
Property, plant and equipment, net	12,15,32		60,157,474		52,704,853
Right-of-use assets, net	13,31		2,486,871		2,694,844
Intangible assets, net	14		4,018,847		3,834,567
Investment property, net			200		211
Deferred tax assets	20,29		2,811,559		2,989,472
Employee benefit assets	19		1,154,255		1,404,014
Other non-current assets	10		174,142		217,822
			77,576,322		69,862,065
Total assets		₩	119,855,209	₩	100,330,165

See accompanying notes to the consolidated financial statements.

SK hynix Inc. and Subsidiaries
Consolidated Statements of Financial Position, Continued
December 31, 2024 and 2023

(In millions of Korean won)	Notes		2024		2023
Liabilities					
Current liabilities					
Trade payables	5,6,31	₩	2,277,347	₩	1,845,537
Other payables	5,6,31,32		6,967,013		3,293,308
Other non-trade payables	5,6,15,31		3,983,543		1,688,631
Borrowings	5,6,16,31,32		5,252,238		9,857,189
Other financial liabilities	5,6,31		1,741,587		1,478,980
Provisions	18		270,235		286,517
Current tax liabilities			3,083,950		43,890
Lease liabilities	5,6,13,31		588,355		631,497
Other current liabilities	17		801,176		1,882,261
			24,965,444		21,007,810
Non-current liabilities					
Long-term other payables	5,6,32		477,027		3,143,636
Other non-trade payables	5,6,15,31		51,897		96,567
Borrowings	5,6,16,32		17,431,495		19,611,443
Other financial liabilities	5,6,21,32		5,909		3,247
Provisions	18		-		1,603
Defined benefit liabilities, net	19		68,090		63,932
Deferred tax liabilities	20		217,852		114,396
Lease liabilities	5,6,13,31		2,180,021		2,398,377
Other non-current liabilities	17		541,770		385,402
			20,974,061		25,818,603
Total liabilities			45,939,505		46,826,413
Equity					
Equity attributable to owners of the Parent Company					
Capital stock	22		3,657,652		3,657,652
Capital surplus	22		4,487,123		4,372,559
Other equity	22,34		(2,191,549)		(2,269,294)
Accumulated other comprehensive income	22		2,532,107		1,014,055
Retained earnings	23		65,418,061		46,729,313
Total equity attributable to owners of the Parent Company			73,903,394		53,504,285
Non-controlling interests			12,310		(533)
Total equity			73,915,704		53,503,752
Total liabilities and equity		₩	119,855,209	₩	100,330,165

See accompanying notes to the consolidated financial statements.

SK hynix Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
Years ended December 31, 2024 and 2023

(In millions of Korean won, except per share information)	Notes		2024		2023
Revenue	4,24,31	₩	66,192,960	₩	32,765,719
Cost of sales	26,31		34,364,814		33,299,167
Gross profit (loss)			31,828,146		(533,448)
Selling and administrative expenses	25,26		8,360,827		7,196,865
Operating profit (loss)			23,467,319		(7,730,313)
Finance income	5,27		4,855,082		2,261,801
Finance expenses	5,27		5,707,997		6,093,167
Share of profit of equity-accounted investees	11		(38,245)		15,061
Other income	28		1,476,579		623,867
Other expenses	28		167,388		735,065
Profit (loss) before income tax			23,885,350		(11,657,816)
Income tax expense (benefit)	29		4,088,448		(2,520,269)
Profit (loss) for the year		₩	19,796,902	₩	(9,137,547)
Other comprehensive income (loss)					
Item that will never be reclassified to profit or loss:					
Remeasurements of defined benefit liability, net of tax	19		(273,610)		(17,944)
Items that are or may be reclassified to profit or loss:					
Foreign operations – foreign currency translation differences, net of tax			1,374,587		132,561
Gain (loss) on valuation of derivatives, net of tax	21		637		(22,414)
Equity-accounted investees – share of other comprehensive income, net of tax	11		145,906		7,848
Other comprehensive income for the year, net of tax			1,247,520		100,051
Total comprehensive income (loss) for the year		₩	21,044,422	₩	(9,037,496)
Profit (loss) attributable to:					
Owners of the Parent Company		₩	19,788,681	₩	(9,112,428)
Non-controlling interests			8,221		(25,119)
Total comprehensive income (loss) attributable to:					
Owners of the Parent Company		₩	21,033,123	₩	(9,014,999)
Non-controlling interests			11,299		(22,497)
Earnings (loss) per share	30				
Basic earnings (loss) per share (in won)		₩	28,732	₩	(13,244)
Diluted earnings (loss) per share (in won)		₩	28,419	₩	(13,244)

See accompanying notes to the consolidated financial statements.

SK hynix Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
Years ended December 31, 2024 and 2023

(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, 2023		₩ 3,657,652	₩ 4,336,170	₩ (2,311,409)	₩ 898,682	₩ 56,685,260	₩ 63,266,355	₩ 24,187	₩ 63,290,542
Comprehensive income (loss):									
Loss for the year		-	-	-	-	(9,112,428)	(9,112,428)	(25,119)	(9,137,547)
Remeasurements of defined benefit liability, net of tax	19	-	-	-	-	(17,944)	(17,944)	-	(17,944)
Other comprehensive income of associate, net of tax	11	-	-	-	7,848	-	7,848	-	7,848
Gain(Loss) on valuation of derivatives, net of tax	21	-	-	-	(22,414)	-	(22,414)	-	(22,414)
Foreign currency translation differences for foreign operations, net of tax		-	-	-	129,939	-	129,939	2,622	132,561
Total comprehensive income (loss) for the year		-	-	-	115,373	(9,130,372)	(9,014,999)	(22,497)	(9,037,496)
Transactions with owners of the Parent Company:									
Dividends paid	23	-	-	-	-	(825,575)	(825,575)	-	(825,575)
Disposal of treasury shares	22	-	13,566	27,798	-	-	41,364	-	41,364
Share-based payment transactions	34	-	25,291	14,317	-	-	39,608	4,530	44,138
Issue of shares of Subsidiaries and changes in ownership to the subsidiaries		-	(2,468)	-	-	-	(2,468)	(6,753)	(9,221)
Total transactions with owners of the Parent Company		-	36,389	42,115	-	(825,575)	(747,071)	(2,223)	(749,294)
Balance at December 31, 2023		₩ 3,657,652	₩ 4,372,559	₩ (2,269,294)	₩ 1,014,055	₩ 46,729,313	₩ 53,504,285	₩ (533)	₩ 53,503,752

See accompanying notes to the consolidated financial statements.

SK hynix Inc. and Subsidiaries
Consolidated Statements of Changes in Equity, Continued
Years ended December 31, 2024 and 2023

(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 liability, 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(Loss) 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 (loss) 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 Cash Flows
Years ended December 31, 2024 and 2023

(In millions of Korean won)	Note		2024		2023
Cash flows from operating activities					
Cash generated from operations	33	₩	31,250,846	₩	6,688,866
Interest received			322,960		198,872
Interest paid			(1,276,564)		(1,261,540)
Dividends received			50,731		35,935
Income tax paid			(552,088)		(1,383,942)
Net cash provided by operating activities			29,795,885		4,278,191
Cash flows from investing activities					
Decrease in short-term financial instruments			1,499,026		1,409,187
Increase in short-term financial instruments			(3,370,863)		(1,469,396)
Decrease in short-term investment assets, net			457,163		199,912
Decrease in other financial assets			57		577
Increase in other financial assets			(109,646)		(5,358)
Decrease in loans and other receivables			38,222		47,564
Increase in loans and other receivables			(47,704)		(251,498)
Proceeds from disposal of long-term investment assets			2,373		18,279
Acquisitions of long-term investment assets			(19,460)		(30,537)
Proceeds from disposal of property, plant and equipment			47,126		1,539,825
Acquisitions of property, plant and equipment			(15,945,534)		(8,325,138)
Proceeds from disposal of intangible assets			19,703		484
Acquisitions of intangible assets			(717,106)		(454,710)
Proceeds from disposal of investments in associates			22,510		8,847
Acquisitions of investments in associates			(25,859)		(22,765)
Proceeds from disposal of assets held for sale			145,355		-
Net cash used in investing activities			(18,004,637)		(7,334,727)
Cash flows from financing activities					
Proceeds from borrowings	33		8,717,964		20,657,967
Repayments of borrowings	33		(16,093,621)		(13,689,433)
Repayments of lease liabilities	33		(601,821)		(461,466)
Dividends paid			(826,323)		(825,575)
Disposal of treasury stock			93,829		24,519
Exercise stock-option			-		53
Issue of shares of subsidiaries and changes in ownership to the subsidiaries			6,032		(9,220)
Net cash provided by financing activities			(8,703,940)		5,696,845
Effects of exchange rate changes on cash and cash equivalents			530,480		(29,987)
Net increase in cash and cash equivalents			3,617,788		2,610,322
Cash and cash equivalents at the beginning of the year			7,587,329		4,977,007
Cash and cash equivalents at the end of the year		₩	11,205,117	₩	7,587,329

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 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, 2024, 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	542,938,731	74.58
Treasury shares[1]	38,963,634	5.35
	728,002,365	100.00

[1] Treasury shares include 19,915,631 shares deposited with the Korea Securities Depository due to the issuance of exchangeable bonds. Excluding these, the number of treasury shares is 19,048,003 (equivalent to 2.62% of ownership interest).

The Parent Company's ordinary 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, 2024 and 2023 are as follows:

Company	Controlling company	Location	Business	Ownership (%) 2024	Ownership (%) 2023
SK hyeng Inc.	SK hynix Inc.	Korea	Construction and service	100	100
SK hystec Inc.	SK hynix Inc.	Korea	Business support and service	100	100
HappyNarae Co., Ltd.	SK hynix Inc.	Korea	Industrial material supply	100	100
Happymore Inc.	SK hynix Inc.	Korea	Semiconductor apparel manufacturing, baking and services	100	100
SK hynix system ic Inc.	SK hynix Inc.	Korea	Semiconductor research and development and business support	100	100
SK hynix America Inc.	SK hynix Inc.	U.S.A	Semiconductor sales	100	100
SK hynix Deutschland GmbH	SK hynix Inc.	Germany	Semiconductor sales	100	100
SK hynix Asia Pte. Ltd.	SK hynix Inc.	Singapore	Semiconductor sales	100	100
SK hynix Semiconductor Hong Kong Ltd.	SK hynix Inc.	Hong Kong	Semiconductor sales	100	100
SK hynix Japan Inc.	SK hynix Inc.	Japan	Semiconductor sales	100	100
SK hynix U.K. Ltd.	SK hynix Inc.	U.K.	Semiconductor sales	100	100
SK hynix Semiconductor India Private Ltd.	SK hynix Asia Pte. Ltd.	India	Semiconductor sales	100	100
SK hynix Semiconductor (Shanghai) Co., Ltd. [1]	SK hynix Inc.	China	Semiconductor sales	-	100
SK hynix (Wuxi) Semiconductor Sales Ltd.	SK hynix Inc.	China	Semiconductor sales	100	100
SK hynix Semiconductor Taiwan Inc.	SK hynix Inc.	Taiwan	Semiconductor sales	100	100
SK hynix Semiconductor (China) Ltd.	SK hynix Inc.	China	Semiconductor manufacturing	100	100
SK hynix Semiconductor (Chongqing) Ltd.	SK APTECH Ltd.	China	Semiconductor manufacturing	100	100
SK APTECH Ltd.	SK hynix Inc.	Hong Kong	Overseas investment	100	100
SK hynix Ventures Hong Kong Ltd.	SK hynix Inc.	Hong Kong	Overseas investment	100	100
SK hynix Italy S.r.l. [1]	SK hynix Inc	Italy	Semiconductor research and development	-	100
SK hynix memory solutions America Inc. [2]	SK hynix NAND Product Solutions Corp.	U.S.A	Semiconductor research and development	98.49	99.27
SK hynix memory solutions Taiwan Ltd.	SK hynix Inc.	Taiwan	Semiconductor research and development	100	100
SK hynix memory solutions Eastern Europe, LLC. [1]	SK hynix Inc.	Belarus	Semiconductor research and development	-	100
SK hynix (Wuxi) Investment Ltd.	SK hynix Semiconductor (China) Ltd.	China	Overseas investment	100	100
SK hynix (Wuxi) Industry Development Ltd.	SK hynix (Wuxi) Investment Ltd.	China	Foreign hospital construction	100	100
SK hynix Happiness (Wuxi) Hospital Management Ltd.	SK hynix (Wuxi) Investment Ltd.	China	Foreign hospital operation	70	70
SK hynix cleaning (Wuxi) Ltd.	SK hynix (Wuxi) Investment Ltd.	China	Building maintenance and others	100	100
SK hynix system ic (Wuxi) Co., Ltd. [6]	SK hynix system ic Inc.	China	Overseas Semiconductor manufacturing and sales	-	100

1. General Information, Continued

(2) Details of the Group's consolidated subsidiaries as of December 31, 2024 and 2023 are as follows, Continued:

Company	Controlling company	Location	Business	Ownership (%) 2024	Ownership (%) 2023
SUZHOU HAPPYNARAE Co., Ltd.	HappyNarae Co., Ltd.	China	Overseas industrial material supply	100	100
CHONGQING HAPPYNARAE Co., Ltd.	SUZHOU HAPPYNARAE Co., Ltd.	China	Overseas industrial material supply	100	100
SK hynix (Wuxi) Education Technology Co., Ltd.	SK hynix (Wuxi) Investment Ltd.	China	Overseas Education	100	100
SkyHigh Memory Limited	SK hynix system ic Inc.	Hong Kong	Overseas Semiconductor manufacturing and sales	60	60
Gauss Labs Inc. [2]	SK hynix Inc.	U.S.A	Overseas telecommunication of information	98.17	98.32
Skyhigh Memory China Limited	SkyHigh Memory Limited	China	Semiconductor sales support	60	60
Skyhigh Memory Limited Japan	SkyHigh Memory Limited	Japan	Semiconductor sales support	60	60
HappyNarae America LLC	HappyNarae Co., Ltd.	U.S.A	Overseas industrial material supply	100	100
HappyNarae Hungary Kft	HappyNarae Co., Ltd.	Hungary	Overseas industrial material supply	100	100
SK hynix (Wuxi) Education Service Development Co., Ltd.	SK hynix (Wuxi) Education Technology Co., Ltd.	China	Overseas education	100	100
SK hynix NAND Product Solutions Corp. [2]	SK hynix Inc.	U.S.A	Semiconductor sales, research and development and others	98.49	99.27
SK hynix NAND Product Solutions Taiwan Co., Ltd. [2]	SK hynix NAND Product Solutions Corp.	Taiwan	Semiconductor research and development and sales	98.49	99.27
SK hynix NAND Product Solutions Canada Ltd. [2]	SK hynix NAND Product Solutions Corp.	Canada	Semiconductor research and development	98.49	99.27
SK hynix NAND Product Solutions Mexico, S. DE R.L. DE C.V. [2]	SK hynix NAND Product Solutions Corp.	Mexico	Semiconductor research and development	98.49	99.27
SK hynix Semiconductor (Dalian) Co., Ltd.	SK hynix Inc.	China	Semiconductor manufacturing	100	100
SK hynix NAND Product Solutions UK Limited [2]	SK hynix NAND Product Solutions Corp.	U.K.	Semiconductor sales	98.49	99.27
SK hynix NAND Product Solutions Israel Ltd. [2]	SK hynix NAND Product Solutions Corp.	Israel	Semiconductor sales	98.49	99.27
SK hynix NAND Product Solutions Japan G.K [2, 3]	SK hynix NAND Product Solutions Corp.	Japan	Semiconductor sales	98.49	99.27
SK hynix NAND Product Solutions International LLC [2]	SK hynix NAND Product Solutions Corp.	U.S.A	Semiconductor sales	98.49	99.27
SK hynix NAND Product Solutions Asia Pacific LLC [2]	SK hynix NAND Product Solutions Corp.	U.S.A	Semiconductor sales	98.49	99.27
SK hynix NAND Product Solutions Singapore Pte. Ltd. [2]	SK hynix NAND Product Solutions Corp.	Singapore	Semiconductor sales	98.49	99.27
SK hynix NAND Product Solutions Malaysia Sdn. Bhd. [2]	SK hynix NAND Product Solutions Corp.	Malaysia	Semiconductor sales	98.49	99.27
SK hynix NAND Product Solutions Poland sp. z o.o. [2]	SK hynix NAND Product Solutions Corp.	Poland	Semiconductor research and development	98.49	99.27
SK hynix NAND Product Solutions (Beijing) Co., Ltd. [2]	SK hynix NAND Product Solutions Corp.	China	Semiconductor sales	98.49	99.27

1. General Information, Continued

(2) Details of the Group's consolidated subsidiaries as of December 31, 2024 and 2023 are as follows, Continued:

Company	Controlling company	Location	Business	Ownership (%) 2024	2023
SK hynix NAND Product Solutions (Shanghai) Co., Ltd.[2]	SK hynix NAND Product Solutions Corp.	China	Semiconductor research and development	98.49	99.27
SK Key Foundry Co., Ltd. [4]	SK hynix Inc.	Korea	Semiconductor sales, manufacturing and others	100	100
SK KEY FOUNDRY, INC. [8]	SK Key Foundry Co., Ltd.	U.S.A	Semiconductor sales	100	100
SK Keyfoundry Shanghai Co.,Ltd. [9]	SK Key Foundry Co., Ltd.	China	Semiconductor sales	100	100
KEY FOUNDRY LTD. [1]	SK Key Foundry Co., Ltd.	Taiwan	Semiconductor sales	-	100
Intel NDTM US LLC [5]	SK hynix NAND Product Solutions Corp.	U.S.A	Semiconductor research and development	-	-
Intel Semiconductor Storage Technology (Dalian) Ltd. [5]	SK hynix NAND Product Solutions Corp.	China	Semiconductor manufacturing support	-	-
SK hynix America Investment Corporation [7]	SK hynix America Inc.	U.S.A	Overseas investment advisory	-	100
SK hynix Semiconductor West Lafayette LLC	SK hynix America Inc.	U.S.A	Semiconductor manufacturing	100	-
SK hynix memory solutions Poland sp. z o.o.	SK hynix Inc.	Poland	Semiconductor research and development	100	-
SK hynix system ic Wuxi solutions Inc. [6]	SK hynix system ic (Wuxi) Co., Ltd.	Korea	Semiconductor research and development	-	-
MMT (Money Market Trust)	-	Korea	Money Market Trust	100	100

[1] The companies completed their liquidation during the year ended December 31, 2024, and excluded from the Group's consolidated subsidiaries.
[2] The Parent Company's ownership interest decreased due to exercise of stock options by employees of SK hynix NAND Product Solutions Corp. and its subsidiary during year ended December 31, 2024.
[3] Liquidation is in progress as of December 31, 2024.
[4] The company changed its name from Key Foundry Co., Ltd. to SK Key Foundry Co., Ltd. on January 1, 2024.
[5] Intel holds the legal ownership of these entities as of December 31, 2024 and the Group is expected to acquire ownership through the 2nd Closing of Intel NAND business acquisition expected in 2025. However, the Group consolidated these entities since the initial closing of the acquisition, because the management determined that it has control over these entities.
[6] The Group lost control of SK hynix system ic (Wuxi) Co., Ltd. through the disposal of its shares during the year ended December 31, 2024, SK hynix system ic (Wuxi) Co., Ltd. and subsidiaries were excluded from the Group's consolidated subsidiaries.
[7] SK hynix America Investment Corporation was merged with SK hynix America Inc. during the year ended December 31, 2024.
[8] The company changed its name from KEY FOUNDRY, INC. to SK KEY FOUNDRY, INC. during year ended December 31,2024.
[9] The company changed its name from KEY FOUNDRY SHANGHAI CO.,LTD. to SK Keyfoundry Shanghai Co., Ltd. during year ended December 31, 2024

1. General Information, Continued

(3) Changes in the Group's consolidated subsidiaries for the year ended December 31, 2024 are as follows:

Type	Company	Reason
Addition	SK hynix Semiconductor West Lafayette LLC	Establishment
Addition	SK hynix memory solutions Poland sp. z o.o.	Establishment
Addition	SK hynix system ic Wuxi solutions Inc.	Establishment
Derecognition	SK hynix America Investment Corporation	Consolidation
Derecognition	SK hynix memory solutions Eastern Europe, LLC.	Liquidation
Derecognition	KEY FOUNDRY LTD.	Liquidation
Derecognition	SK hynix Semiconductor (Shanghai) Co.,Ltd.	Liquidation
Derecognition	SK hynix Italy S.r.l	Liquidation
Derecognition	SK hynix system ic (Wuxi) Co., Ltd.	Divestment
Derecognition	SK hynix system ic Wuxi solutions Inc.	Divestment

(4) Major subsidiaries' summarized statements of financial position as of December 31, 2024 and December 31, 2023 are as follows:

(In millions of Korean won)

	December 31, 2024			December 31, 2023		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
SK hynix America Inc.	₩ 9,315,588	₩ 8,390,431	₩ 925,157	₩ 4,268,773	₩ 3,548,414	₩ 720,359
SK hynix Asia Pte. Ltd.	525,064	387,897	137,167	232,316	117,859	114,457
SK hynix Semiconductor Hong Kong Ltd.	285,057	67,108	217,949	535,915	350,981	184,934
SK hynix U.K. Ltd.	277,089	240,478	36,611	318,925	288,679	30,246
SK hynix Semiconductor Taiwan Inc.	597,357	566,553	30,804	332,031	308,755	23,276
SK hynix (Wuxi) Semiconductor Sales Ltd.	1,600,577	812,029	788,548	1,310,004	738,331	571,673
SK hynix Semiconductor (China) Ltd.	9,858,883	2,507,527	7,351,356	10,149,067	4,199,507	5,949,560
SK hynix Semiconductor (Chongqing) Ltd.	1,272,156	152,172	1,119,984	1,087,471	186,774	900,697
SK hynix NAND Product Solutions Corp. and subsidiaries	14,116,862	13,808,944	307,918	12,948,490	13,714,039	(765,549)

1. General Information, Continued

(5) Major subsidiaries' summarized statements of comprehensive income (loss) for years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	2024		2023	
	Revenue	Net profit (loss)	Revenue	Net profit (loss)
SK hynix America Inc.	₩ 33,458,964	₩ 104,908	₩ 12,541,884	₩ 82,105
SK hynix Asia Pte. Ltd.	2,293,110	6,265	1,160,358	4,722
SK hynix Semiconductor Hong Kong Ltd.	2,128,207	5,408	1,810,294	3,562
SK hynix U.K. Ltd.	1,099,705	1,976	705,478	2,415
SK hynix Semiconductor Taiwan Inc.	2,315,141	5,649	2,337,857	(1,071)
SK hynix (Wuxi) Semiconductor Sales Ltd.	13,010,424	143,158	7,920,707	86,535
SK hynix Semiconductor (China) Ltd.	5,612,652	598,485	5,140,087	(146,932)
SK hynix Semiconductor (Chongqing) Ltd.	1,093,190	110,484	1,068,083	115,921
SK hynix NAND Product Solutions Corp. and subsidiaries	8,848,824	830,678	3,010,985	(4,034,369)

(6) There are no significant non-controlling interests to the Group as of December 31, 2024 and December 31, 2023.

2. Material Accounting Policies

The principal accounting policies applied in the preparation of theses 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 revised IFRS Standards that are effective from January 1, 2024.

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

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

2. Material Accounting Policies, Continued

2.2 Changes in Accounting Policies and Disclosure, Continued

2.2.1 New and amended standards or interpretations adopted by the Group, Continued

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

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The information regarding its supplier finance arrangements is described in Note 5.

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

When subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right-of-use assets retained by the seller-lessee. The amendments do not have a significant impact on the consolidated financial statements.

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

The amendments require an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. The amendments do not have a significant impact on the consolidated financial statements.

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, 2024 reporting periods and have not been early adopted by the Group.

(a) Amendments to Korean IFRS 1021 The Effects of Changes in Foreign Exchange Rates and 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 should be applied for annual periods beginning on or after January 1, 2025, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

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

The amendments to Korean IFRS 1109 Financial Instruments and Korean IFRS 1107 Financial Instruments: Disclosure have been made to address questions raised in practice and 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 review for the impact of these amendments on the financial statements.

- The amendments allow payments via electronic payment systems and proposes an exception to settlement date accounting for derecognition of a financial liability.
- The amendments clarify the additional guidance on assessment in assessing whether the contractual cash flows are solely payments of principal and interest.
- The amendments require disclosure for each type of financial instrument of the impact on the Group and the extent to which the Group is exposed of contractual terms that change the timing or amount of contractual cash flows
- The amendments clarify the additional disclosure requirements for equity instruments classified as fair value through other comprehensive income (FVOCI)

(c) Korean IFRS Annual Improvements Volume 11

Korean IFRS Annual Improvements 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 for these amendments on the financial statements.

- Korean IFRS 1101 First-time adoption of Korean IFRS: Application of hedge accounting when Korean IFRS is first adopted
- Korean IFRS 1107 Financial Instruments: Disclosures: Gain or loss on disposals, Practical application guidance
- Korean IFRS 1109 Financial Instruments: Accounting for a lease termination and determining the 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

2.3 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 25.

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 other capital adjustments.

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

The trade receivables are initially recognized at fair value if it does not include a significant financing component, such as unconditional consideration if it includes a significant financing component. The trade receivables are subsequently measured by subtracting the loss allowance from the amortized cost applied with the effective interest method (See note 8 for additional information on the accounting for the Group's trade receivables, and 6.(1) for accounting for impairment).

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, 2024, 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 whose primary condition is that the Group purchases, constructs or otherwise acquires non-current assets are deducted in calculating the carrying amount of the asset. The grant is recognized in profit or loss over the useful lives of depreciable assets.

(b) Grants related to income

Government grants which are intended to compensate the Group for expenses incurred are recognized in profit or loss by 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 are 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 other current liabilities (See note 17) and right to recover products from customers is included in other current 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 interests in 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 22, 2025, which will be submitted for approval at the shareholders' meeting to be held on March 27, 2025.

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 is making judgments on the selection and assumptions of various evaluation techniques based on important market conditions as of the end of the reporting period (see note 6).

(2) Corporate tax

There is uncertainty in determining the final tax effect as corporate tax on the Group's taxable income is calculated by applying various national tax laws and tax authorities' decisions. The Group recognized the corporate 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 corporate 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 corporate 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 corporate 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 estimated date for the amount feasible from inventories. In addition, if the Group confirms the circumstances in which an event exists at the end of the reporting period, it shall estimate the change in price or cost directly related to the event.

(6) Revenue recognition

A refund liability and a right to the returned goods are recognized for the products expected to be returned once they are sold. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method), and the Group’s revenue is affected by changes in expected return rate.

The Group recognizes revenue from sales of goods based on considerations specified in the contract, net of sales incentives, when control of the goods has been transferred. Based on past experiences and contracts, the Group reasonably estimates sales deduction, and the Group's revenue is affected by the estimated sales deduction.

(7) Development cost

The recoverable amounts of development cost have been determined based on value-in-use calculations, and those calculations are based on estimates.

(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 generally quite certain that the Group exercises the option to extend (not to extend).
- It is generally fairly 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 will consider 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.

Reevaluate the lease term if the option is actually exercised (or not exercised) or the Group is liable to exercise (not exercised) the option. Only when significant events occur or there are significant changes in the circumstances that affect the lessee's control of the lease term, the Group changes its judgment to ensure that the option to extend (or will not be exercised) is significant.

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 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, 2024 and 2023 are as follows:

(In millions of Korean won)

		December 31, 2024		December 31, 2023
Korea	₩	54,926,692	₩	45,919,915
China		12,415,083		14,392,758
Asia(other than China)		19,044		22,328
U.S.A.		627,323		513,861
Europe		3,647		7,449
	₩	67,991,789	₩	60,856,311

(2) For the year ended December 31, 2024, revenue of ₩10,902,817 million, over 10% of the Group’s revenue, is derived from external customers A. For the year ended December 31, 2023, no revenue derived from a single customer reached over 10% of the Group’s revenue.

5. Carrying Amounts of Financial Instruments by Categories

(1) Carrying amounts of financial assets by categories as of December 31, 2024 and 2023 are as follows:

(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 as all the risks and rewards are substantially transferred. Accordingly, the Group recognized gain or loss on disposal of trade receivables.

(In millions of Korean won)

	December 31, 2023				
	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	₩ -	₩ -	₩ 7,587,329	₩ -	₩ 7,587,329
Short-term financial instruments	222,500	-	250,117	-	472,617
Short-term investment assets	860,972	-	-	-	860,972
Trade receivables[1]	-	470,808	6,129,465	-	6,600,273
Loans and other receivables	-	-	832,654	-	832,654
Other financial assets	-	-	5,389	146,578	151,967
Long-term investment assets	4,105,704	-	-	-	4,105,704
	₩ 5,189,176	₩ 470,808	₩ 14,804,954	₩ 146,578	₩ 20,611,516

[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.

5. Carrying Amounts of Financial Instruments by Categories, Continued

(2) Carrying amounts of financial liabilities by categories as of December 31, 2024 and 2023 are as follows:

(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 the year ended 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 the year ended December 31, 2024.

5. Carrying Amounts of Financial Instruments by Categories, Continued

(2) Carrying amounts of financial liabilities by categories as of December 31, 2024 and 2023 are as follows:, Continued

(In millions of Korean won)

	December 31, 2023			
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Others	Total
Trade payables	₩ -	₩ 1,845,537	₩ -	₩ 1,845,537
Other payables[1]	-	6,436,944	-	6,436,944
Other non-trade payables[2]	-	1,192,988	-	1,192,988
Borrowings[3]	-	29,468,632	-	29,468,632
Lease liabilities	-	3,029,874	-	3,029,874
Other financial liabilities	1,477,619	3,210	1,398	1,482,227
	₩ 1,477,619	₩ 41,977,185	₩ 1,398	₩ 43,456,202

[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. The unpaid amounts under the supplier financing arrangements were included in trade payables, amounting to KRW 1,175,105 million as of the year ended December 31, 2023.

[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. The short-term borrowings under the supplier financing arrangements were included in borrowings amounting to KRW 1,041,752 million as of the year ended December 31, 2023.

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, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Financial assets at amortized cost				
Interest income	₩	343,674	₩	215,234
Foreign exchange differences		2,962,818		267,611
Loss on disposal		(3,680)		(15,663)
Reversal (Loss) on impairment		1,433		(8,518)
		3,304,245		458,664
Financial assets at fair value through profit or loss				
Dividend income		29,313		13,392
Interest income		1,140		1,195
Gain on disposal		150,287		84,217
Loss on valuation		(195,773)		(1,457,915)
Foreign exchange differences		205,716		(245,564)
		190,683		(1,604,675)
Financial liabilities at amortized cost				
Interest expenses		(1,345,239)		(1,468,273)
Foreign exchange differences		(2,691,682)		(392,040)
		(1,913)		-
		(4,038,834)		(1,860,313)
Financial liabilities at fair value through profit or loss				
Loss on valuation		(79,495)		(855,216)
Loss on transaction		(20,344)		(58,985)
Foreign exchange differences		(212,444)		14,771
		(312,283)		(899,430)
Others				
Gain(Loss) on transaction		(3,391)		13,819
	₩	(859,580)	₩	(3,891,935)

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, 2024 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	19,847	₩	29,175,111	15,530	₩	22,829,784
JPY	514		4,817	116,986		1,095,553
CNY	1,282		257,983	1,715		345,224
EUR	14		20,916	399		609,451

Also, as described in note 21, the Group entered into a fixed-to-fixed cross currency swap and a floating-to-fixed cross currency interest rate swap to hedge foreign currency rate risk relating to bonds and borrowings denominated in foreign currencies

When the exchange rate of the functional currency for each foreign currency fluctuates by 10% as of December 31, 2024, the impact of the change in the exchange rate on profit before income tax expenses are as follows:

(In millions of Korean won)

		If increased by 10%		If decreased by 10%
USD	₩	781,121	₩	(781,121)
JPY		(109,074)		109,074
CNY		(8,724)		8,724
EUR		(58,854)		58,854

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, 2024. The Group has signed a currency interest rate swap contract on floating interest rate borrowings in foreign currency amount to ₩367,500 million and an interest rate swap contract on floating interest rate borrowings in local currency of ₩474,400 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, 2024.

As of December 31, 2024, 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 ₩49,875 million (2023: ₩103,259 million) lower/higher over the next year, mainly as a result of higher/lower net interest costs on floating-rate borrowings and interest costs 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, 2024.

(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 credit worthiness 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 creditworthiness 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, 2024 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, 2024 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, 2024 and 2023 term are as follows:

(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.

(In millions of Korean won)

		December 31, 2023					
		Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years		Total
Borrowings[1]	₩	9,035,883	6,195,067	14,117,031	4,260,384	₩	33,608,365
Lease liabilities		643,261	552,804	1,031,582	1,273,853		3,501,500
Trade payables		1,845,537	-	-	-		1,845,537
Other payables		3,295,640	2,837,255	221,459	255,301		6,609,655
Other non-trade payables		896,657	850	72,340	136		969,983
Other financial liabilities		126,841	327	1,341	-		128,509
	₩	15,843,819	9,586,303	15,443,753	5,789,674	₩	46,663,549

[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 and include estimated interest payments.

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, and sell assets.

The debt-to-equity ratio and net borrowing ratio as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		December 31, 2024		December 31, 2023
Total liabilities (A)	₩	45,939,505	₩	46,826,413
Total equity (B)		73,915,704		53,503,752
Cash and cash equivalents, and others[1] (C)		14,156,363		8,920,918
Total borrowings (D)		22,683,733		29,468,632
Debt-to-equity ratio (A/B)		62.15%		87.52%
Net borrowing ratio (D-C)/B		11.54%		38.40%

[1] Total amount of cash and cash equivalents, short-term investment assets and short-term financial instruments.

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, 2024.

(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, 2024 and 2023:

(In millions of Korean won)

	Carrying amounts	December 31, 2024 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
	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 some of the trade receivables and substantially transferred the risks and rewards to the customer. Accordingly, the Group derecognized trade receivables from the consolidated financial statement on the date of assets transfer and 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, 2024 and 2023, Continued:

(In millions of Korean won)

				December 31, 2023					
		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		860,972		-		860,972		-		860,972
Trade receivables[1]		470,808		-		470,808		-		470,808
Long-term investment assets		4,105,704		-		-		4,105,704		4,105,704
Other financial assets		146,578		-		146,578		-		146,578
		5,806,562		-		1,478,358		4,328,204		5,806,562
Financial assets not measured at fair value										
Cash and cash equivalents[2]		7,587,329		-		-		-		-
Short-term financial instruments[2]		250,117		-		-		-		-
Trade receivables[2]		6,129,465		-		-		-		-
Loans and other receivables[2]		832,654		-		-		-		-
Other financial assets[2]		5,389		-		-		-		-
		14,804,954		-		-		-		-
Total financial asset	₩	20,611,516	₩	-	₩	1,478,358	₩	4,328,204	₩	5,806,562
Financial liabilities measured at fair value										
Other financial liabilities	₩	1,479,017	₩	-	₩	1,479,017	₩	-	₩	1,479,017
		1,479,017		-		1,479,017		-		1,479,017
Financial liabilities not measured at fair value										
Trade payables[2]		1,845,537		-		-		-		-
Other payables[2]		6,436,944		-		-		-		-
Other non-trade payables[2]		1,192,988		-		-		-		-
Borrowings		29,468,632		-		28,563,668		-		28,563,668
Lease liabilities[2]		3,029,874		-		-		-		-
Other financial liabilities[2]		3,210		-		-		-		-
		41,977,185		-		28,563,668		-		28,563,668
Total financial liabilities	₩	43,456,202	₩	-	₩	30,042,685	₩	-	₩	30,042,685

[1] The Group transferred some of the trade receivables and substantially transferred the risks and rewards to the customer. Accordingly, the Group derecognized trade receivables from the consolidated financial statement on the date of assets transfer and 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	₩	569,236	2	Present value technique
Short-term financial instruments		222,500	3	Present value technique
Long-term investment assets		4,041,276	3	Present value technique and others
Financial assets at fair value through other comprehensive income:				
Trade receivables	₩	672,860	2	Present value technique
Others:				
Other financial assets	₩	269,118	2	Present value technique
Financial liabilities at fair value through profit or loss:				
Embedded derivative liabilities	₩	1,738,962	2	Binominal model and others
Others:				
Other financial liabilities	₩	6,434	2	Present value technique

Long-term investments 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 ₩2,096,154 million and BCPE Pangea Cayman2 Limited ("SPC2") amounting to ₩1,410,118 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 (14.4%).

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	₩	2,096,154	Option-pricing method	Expected expiration(years)	0.93
				Control premium	18.70%
				Volatility	37.90%
				Risk free rate	0.39%
SPC2 convertible bonds	₩	1,410,118	Adjusted net asset method	Control premium	18.70%

Among the level 3 inputs, an increase in control premium, 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 control premium 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. Accordingly, the investments are classified as fair value hierarchy level 3.

The sensitivity analysis results of the effect of changes in the control premium, a key assumption, in each long-term investment input classified as Level 3 on fair value are as follows:

(In millions of Korean won)

		Positive fluctuation		Negative fluctuation
Equity investment in SPC1[1]	₩	21,276	₩	(21,397)
SPC2 convertible bonds[1]		11,887		(11,887)

[1] Fair value fluctuations were calculated by increasing or decreasing the control premium, 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, 2024. The changes in financial assets classified as level 3 fair value measurements during the year ended December 31, 2024 are as follows:

(In millions of Korean won)

		Beginning Balance	Acquisition	Disposals	Loss on Valuation	Foreign Exchange Difference		Ending Balance
Financial assets:								
Short-term financial instruments	₩	222,500	-	-	-	-	₩	222,500
Long-term investment assets	₩	4,105,704	20,581	(14,972)	(208,339)	138,302	₩	4,041,276

7. Restricted Financial Instruments

Details of restricted financial instruments as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024	December 31, 2023
Short-term financial instruments:		
Restricted for supporting small businesses	₩ 222,500	₩ 222,500
Pledged for consumption tax	5,619	5,476
Guarantee deposits for repayments of borrowings	-	1,643
Others	256	181
	228,375	229,800
Other financial assets:		
Escrow account	110,391	-
Bank overdrafts guarantee deposit	11	11
Others	1,807	529
	112,209	540
	₩ 340,584	₩ 230,340

8. Trade Receivables and Loans and Other Receivables

(1) Details of loans and other receivables as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024	December 31, 2023
Current:		
Other receivables	₩ 215,385	₩ 274,211
Accrued income	27,519	11,339
Short-term loans	13,462	16,160
Short-term guarantee and other deposits	36,695	55,931
	293,061	357,641
Non-current:		
Long-term other receivables	95,122	3
Long-term loans	193,487	267,277
Guarantee deposits	155,409	207,492
Others	268	241
	444,286	475,013
	₩ 737,347	₩ 832,654

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, 2024 and 2023 are as follows:

(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

(In millions of Korean won)

	December 31, 2023		
	Gross amount	Provision for impairment	Carrying amount
Trade receivables	₩ 6,609,990	₩ (9,717)	₩ 6,600,273
Current loans and other receivables	357,680	(39)	357,641
Non-current loans and other receivables	475,926	(913)	475,013
	₩ 7,443,596	₩ (10,669)	₩ 7,432,927

(3) Details of provision for impairment

Changes in the provision for impairment of trade receivables for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	2024	2023
Beginning balance	₩ 9,717	₩ 1,110
Bad debt expense	46	8,496
Reversal	(1,327)	-
Write-off	(7,070)	-
Foreign exchange difference	(21)	111
Ending balance	₩ 1,345	₩ 9,717

Changes in the provision for impairment of current loans and other receivables for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	2024	2023
Beginning balance	₩ 39	₩ 1,313
Bad debt expense	94	-
Reversal	-	-
Write-off	(39)	(1,274)
Foreign exchange difference	-	-
Ending balance	₩ 94	₩ 39

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, 2024 and 2023 are as follows

(In millions of Korean won)

		2024		2023
Beginning balance	₩	913	₩	1,061
Bad debt expense		8		18
Reversal		(101)		(64)
Write-off		-		(102)
Foreign exchange difference		121		-
Ending balance	₩	941	₩	913

(4) The aging analysis of trade receivables and loans and other receivables as of December 31, 2024 and 2023 are as follows:

(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

(In millions of Korean won)

	December 31, 2023						
	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	₩ 6,600,273	-	-	-	9,717	₩	6,609,990
Current loans and other receivables	357,641	-	-	-	39		357,680
Non-current loans and other receivables	475,013	-	-	-	913		475,926
	₩ 7,432,927	-	-	-	10,669	₩	7,443,596

9. Inventories

(1) Details of inventories as of December 31, 2024 and 2023 are as follows:

(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

(In millions of Korean won)

	December 31, 2023		
	Acquisition cost	Inventory valuation allowance	Carrying amount
Merchandise	₩ 3,523	₩ (187)	₩ 3,336
Finished goods	4,626,922	(1,028,168)	3,598,754
Work-in-process	8,768,689	(1,203,637)	7,565,052
Raw materials	1,624,354	(119,309)	1,505,045
Supplies	773,460	(75,301)	698,159
Goods in transit	110,313	-	110,313
	₩ 15,907,261	₩ (2,426,602)	₩ 13,480,659

(2) The amount of the inventories recognized as cost of sales and loss(reversal) on valuation allowance of inventories charged to cost of sales for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	2024	2023
Inventories recognized as cost of sales	₩ 35,634,490	₩ 32,206,255
Loss(Reversal) on valuation allowance of inventories	(1,269,964)	1,091,254

10. Other Current and Non-current Assets

Details of other current and non-current assets as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		December 31, 2024		December 31, 2023
Current				
Advance payments	₩	62,928	₩	51,053
Prepaid expenses		247,166		218,260
Value added tax refundable		937,926		493,075
Contract assets		123,894		136,978
Others		21,830		26,136
		1,393,744		925,502
Non-current				
Long-term advance payments		113,564		139,940
Long-term prepaid expenses		25,997		46,311
Others		34,581		31,571
		174,142		217,822
	₩	1,567,886	₩	1,143,324

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 business
	Hystars Semiconductor (Wuxi) Co., Ltd. [5]	China	Foundry factory construction
	Specialized Investment-type Private Equity Investment Trust For Growth Of Semiconductor [3]	Korea	Investment
	Specialized Investment-type Private Equity Investment Trust For Win-win System Semiconductor [3]	Korea	Investment
	Others		

[1] Management of the Group is able to exercise significant influence over the entity by participating 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] 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.

[5] 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. 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.

11. Investments in Associates and Joint Ventures, Continued

(2) Details of investments in associates and joint ventures as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

Investee	December 31, 2024 Ownership (%)	December 31, 2024 Net asset value	December 31, 2024 Carrying amount	December 31, 2023 Ownership (%)	December 31, 2023 Carrying amount
Associates:					
SK China Company Limited	11.87	₩ 403,874	₩ 456,471	11.87	₩ 408,230
SK South East Asia Investment Pte. Ltd.	20.00	401,843	401,843	20.00	351,923
SiFive, Inc.	6.81	18,311	18,311	7.28	53,277
Wuxi xinfa IC industry park., Ltd.	30.00	44,895	44,895	30.00	42,458
Others		122,379	131,978		104,203
Joint ventures:					
HITECH Semiconductor (Wuxi) Co., Ltd.	45.00	155,737	157,255	45.00	137,655
SK hynix system ic (Wuxi) Co., Ltd.	50.10	115,535	688,702	-	-
Hystars Semiconductor (Wuxi) Co., Ltd.	-	-	-	50.10	220,373
Specialized Investment-type Private Equity Investment Trust For Growth Of Semiconductor	33.33	11,237	11,237	33.33	19,283
Specialized Investment-type Private Equity Investment Trust For Win-win System Semiconductor	37.50	22,459	22,459	37.50	29,779
Others		7,512	7,512		167
		₩ 1,303,782	₩ 1,940,663		₩ 1,367,348

11. Investments in Associates and Joint Ventures, Continued

(3) Changes in investments in associates and joint ventures for the years ended December 31, 2024 and 2023 are as follows:

(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

(3) Changes in investments in associates and joint ventures for the years ended December 31, 2024 and 2023 are as follows ,Continued:

(In millions of Korean won)

	2023						
	Beginning balance	Acquisition	Share of profit (loss)	Other equity moveme nt	Dividend	Recovery of principal	Ending balance
SK China Company Limited	₩ 399,116	₩ -	₩ 12,188	₩ (3,074)	₩ -	₩ -	₩ 408,230
SK South East Asia Investment Pte. Ltd.	352,411	-	(8,664)	8,176	-	-	351,923
Magnus Private Investment Co., Ltd.	2,983	-	(2,721)	-	(262)	-	-
SiFive, Inc.	62,917	-	(10,975)	1,335	-	-	53,277
Wuxi xinfa IC industry park., Ltd.	33,342	10,086	(550)	(420)	-	-	42,458
HITECH Semiconductor (Wuxi) Co., Ltd.	134,228	-	16,876	2,414	(15,863)	-	137,655
Hystars Semiconductor (Wuxi) Co., Ltd.	220,281	-	830	(738)	-	-	220,373
Specialized Investment-type Private Equity Investment Trust For Growth Of Semiconductor	23,078	-	5,206	(1)	(153)	(8,847)	19,283
Specialized Investment-type Private Equity Investment Trust For Win-win System Semiconductor	29,705	-	73	1	-	-	29,779
Others	94,784	12,679	2,798	155	(6,046)	-	104,370
	₩ 1,352,845	₩ 22,765	₩ 15,061	₩ 7,848	₩ (22,324)	₩ (8,847)	₩ 1,367,348

11. Investments in Associates and Joint Ventures, Continued

(4) Major associates and joint ventures' summarized financial information as of December 31, 2024 and 2023 are as follows:

(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.

(In millions of Korean won)

	December 31, 2023			
	Current assets	Non-current assets	Current liabilities	Non-current liabilities
SK China Company Limited	₩ 1,350,607	₩ 1,998,684	₩ 352,236	₩ -
SK South East Asia Investment Pte. Ltd.	217,959	3,002,468	511,291	13,783
HITECH Semiconductor (Wuxi) Co., Ltd.	302,172	314,426	78,198	234,049
Hystars Semiconductor (Wuxi) Co., Ltd.	205,206	486,625	14,617	240,522

(5) Major associates and joint ventures summarized financial information for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	2024		2023	
	Revenue	Net profit	Revenue	Net profit
SK China Company Limited	₩ 15,111	₩ 38,846	₩ 34,798	₩ 102,711
SK South East Asia Investment Pte. Ltd.	133,764	20,467	266,728	(43,317)
Magnus Private Investment Co., Ltd.[1]	-	-	-	(2,721)
HITECH Semiconductor (Wuxi) Co., Ltd.	688,331	37,292	702,074	35,718
SK hynix system ic (Wuxi) Co., Ltd.[2]	45,996	(57,481)	-	-
Hystars Semiconductor (Wuxi) Co., Ltd.[2]	55,620	1,660	54,772	1,659

[1] Liquidation was completed during the year ended December 31, 2023.
[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.

12. Property, Plant and Equipment

(1) Changes in property, plant and equipment for the years ended December 31, 2024 and 2023 are as follows:

(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
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

(In millions of Korean won)

		2023							
		Land	Buildings	Structures	Machinery	Vehicles	Others	Construction-in-progress	Total
Beginning balance	₩	1,219,204	10,250,632	2,484,463	38,941,841	34,243	726,191	6,571,954	₩ 60,228,528
Changes during 2023									
Acquisitions		125	344,127	243,291	2,466,415	127	108,541	3,428,824	6,591,450
Impairment		-	-	-	(165,704)	-	-	-	(165,704)
Disposals		(16,109)	(664,824)	(3,724)	(663,743)	-	(562)	(84)	(1,349,046)
Depreciation		-	(522,470)	(197,189)	(11,708,161)	(3,333)	(299,297)	-	(12,730,450)
Transfers		3,847	911,892	556,451	2,474,086	-	18,331	(3,996,845)	(32,238)
Exchange differences and others		921	21,885	(3,049)	126,791	7	820	14,938	162,313
Ending balance		1,207,988	10,341,242	3,080,243	31,471,525	31,044	554,024	6,018,787	52,704,853
Acquisition cost		1,207,988	13,018,599	4,245,060	109,027,339	49,107	2,568,873	6,018,787	136,135,753
Accumulated depreciation		-	(2,638,317)	(1,144,631)	(77,189,690)	(18,062)	(2,014,497)	-	(83,005,197)
Accumulated impairment		-	(23,226)	(18,853)	(325,469)	-	(13)	-	(367,561)
Government grants		-	(15,814)	(1,333)	(40,655)	(1)	(339)	-	(58,142)
	₩	1,207,988	10,341,242	3,080,243	31,471,525	31,044	554,024	6,018,787	₩ 52,704,853

12. Property, Plant and Equipment, Continued

(2) Details of depreciation expense allocation for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)		**2024**		**2023**
Cost of sales	₩	10,696,150	₩	11,810,720
Selling and administrative expenses		759,701		800,914
Development costs and other		79,784		118,816
	₩	11,535,635	₩	12,730,450

(3) Certain property, plant and equipment are pledged as collaterals for borrowings of the Group as of December 31, 2024 (See note 32).

(4) The Group capitalized borrowing costs amounting to ₩202,995 million (2023: ₩136,622 million) on qualifying assets during the year ended December 31, 2024. Borrowing costs were calculated using a capitalization rate of 6.32% (2023: 4.34%) for the year ended December 31, 2024.

(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, 2024 are ₩23,811 million (2023: ₩28,403 million).

13. Leases

(1) Leases as lessee

(a) Changes in right-of-use assets for the years ended December 31, 2024 and 2023 are as follows:

(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

(In millions of Korean won)

		2023						
		Properties	Structures	Machinery	Vehicles	Others		Total
Beginning balance	₩	436,779	1,037,141	267,563	12,433	26,069	₩	1,779,985
Increase		57,766	602,092	611,728	23,184	9,015		1,303,785
Depreciation		(77,984)	(114,485)	(169,238)	(12,073)	(16,893)		(390,673)
Foreign exchange difference		2,601	(751)	(80)	7	(30)		1,747
Ending balance		419,162	1,523,997	709,973	23,551	18,161		2,694,844
Acquisition cost		567,480	1,929,321	804,438	31,586	33,396		3,366,221
Accumulated depreciation		(117,056)	(405,324)	(94,465)	(8,035)	(15,235)		(640,115)
Government grants		(31,262)	-	-	-	-		(31,262)
	₩	419,162	1,523,997	709,973	23,551	18,161	₩	2,694,844

13. Leases, Continued

(1) Leases as lessee, Continued

(b) Changes in lease liabilities for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Beginning balance	₩	3,029,874	₩	1,797,081
Acquisition		266,528		1,660,609
Termination		(13,971)		-
Others		-		434
Interest expenses		105,238		71,422
Payments		(635,953)		(480,714)
Reclassified as assets held for sale		(144,505)		-
Foreign exchange difference		161,165		(18,958)
Ending balance	₩	2,768,376	₩	3,029,874

(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, 2024 are as follows:

(In millions of Korean won)

		2024
Less than one year	₩	602,620
One to five years		1,524,900
More than five years		1,128,611
Total lease liabilities undiscounted as of December 31, 2024		3,256,131
Present value of lease liabilities recognized as of December 31, 2024		2,768,376
Current lease liabilities		588,355
Non-current lease liabilities		2,180,021

(d) The amounts recognized in profit or loss in relation to right-of-use assets and lease liabilities for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Depreciation of right-to-use assets	₩	449,689	₩	390,673
Interest expenses of lease liabilities		105,238		71,422
Expenses relating to short-term leases or to leases of low-value assets		7,997		5,705

The total cash outflow from leases is ₩643,950 million (2023: ₩486,419 million).

14. Intangible Assets

(1) Changes in intangible assets for the years ended December 31, 2024 and 2023 are as follows:

(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

(In millions of Korean won)		2023					
		Goodwill	Industrial property rights	Development costs	Others		Total
Beginning balance	₩	798,723	90,451	360,494	2,262,439	₩	3,512,107
Changes during 2023							
Internal development		-	-	350,550	-		350,550
External acquisition		-	1,611	-	373,034		374,645
Disposals		-	(2,433)	-	(4,497)		(6,930)
Amortization		-	(18,038)	(133,329)	(401,174)		(552,541)
Impairment		-	-	(167,048)	323,741		156,693
Transfers		-	20,507	-	(21,349)		(842)
Others		4,625	(2)	-	(3,738)		885
Ending balance		803,348	92,096	410,667	2,528,456		3,834,567
Acquisition cost		1,722,707	234,465	4,528,542	4,982,771		11,468,485
Accumulated amortization and impairment		(919,359)	(142,369)	(4,117,875)	(2,454,315)		(7,633,918)
	₩	803,348	92,096	410,667	2,528,456	₩	3,834,567

(2) Details of amortization expense allocation for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)		2024		2023
Cost of sales	₩	311, 226	₩	234,001
Selling and administrative expenses		282,794		314,619
Development costs		2,180		3,921
	₩	596,200	₩	552,541

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, 2024 are as follows:

(In millions of Korean won)

		2024		2023
Existing CGU	₩	848,328	₩	803,348

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, 2024 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, 2024. No impairment loss of goodwill was recognized since the recoverable amount is higher than the carrying value of the CGU as of December 31, 2024.

(4) Among costs associated with development activities, ₩417,724 million (2023: ₩350,550 million) that met capitalization criteria, were capitalized as development cost for the year ended December 31, 2024. In addition, costs associated with research activities and other development expenditures that did not meet the criteria in the amount of ₩4,436,341 million (2023: ₩3,750,706 million) were recognized as expenses for the year ended December 31, 2024.

Meanwhile, the Group reviews whether indications for impairment of development costs exist at the end of the reporting period, and recognized a total impairment loss of ₩167,048 million for development projects whose recoverable value is less than the book value during the year ended December 31, 2023.

15. Other Payables

Details of other payables as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		December 31, 2024		December 31, 2023
Current				
Accrued expenses	₩	3,977,166	₩	1,680,914
Deposits payable		6,377		7,717
		3,983,543		1,688,631
Non-current				
Long-term accrued expenses		40,584		85,146
Deposits payable		11,313		11,421
		51,897		96,567
	₩	4,035,440	₩	1,785,198

16. Borrowings

(1) Details of borrowings as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		December 31, 2024		December 31, 2023
Current				
Short-term borrowings	₩	1,283,488	₩	4,145,647
Current portion of long-term borrowings		1,143,258		2,012,002
Current portion of debentures[1]		2,825,492		3,699,540
		5,252,238		9,857,189
Non-current				
Long-term borrowings		5,022,069		10,121,033
Debentures		12,409,426		9,490,410
		17,431,495		19,611,443
	₩	22,683,733	₩	29,468,632

[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, 2024, exchangeable bond equivalent to USD 35,200,000 were exchanged for 421,086 shares due to the exercise of exchange rights, and the conditions of issuance are as follows:

16. Borrowings, Continued

(1) Details of borrowings as of December 31, 2024 and 2023 are as follows, Continued:

Type of bond		Foreign exchangeable bond
Issue amount		USD 1,700,000,000 (Number of exchangeable shares: 20,336,717)
Outstanding balance of bonds issued		USD 1,664,800,000 (Number of exchangeable shares: 19,915,631)
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
	Initial conversion price	₩110,033 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: Free distribution, subdivision, consolidation, reclassification, rights issues of options or warrants over shares, share dividends, cash dividend, dividend of other assets, issues at less than Current Market Price, etc.
Put Option of Bondholders		The day 4 years from the payment date (April 11, 2027) In the case of a change of control of the Parent company In the case of the Shares cease 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.

16. Borrowings, Continued

(2) Details of borrowings as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	Financial institutions	Maturity date	Interest rate per annum in 2024 (%)		2024		2023
Short-term borrowings:							
Commercial Paper	Shinhan Bank	2025.01~2025.03	3.9	₩	300,000	₩	800,000
General borrowings	Nonghyup Bank and others	2025.01~2025.07	3.9~5.8		983,488		1,852,611
OAT Nego	Hana Bank and others	-	-		-		451,284
Banker's Usance	Industrial Bank of Korea and others	-	-		-		1,041,752
					1,283,488		4,145,647
Long-term borrowings:							
Funds for equipment	MUFG and others	2025.01~2032.05	1.0~6.6		5,076,594		6,955,507
General borrowings	The Export-Import Bank of Korea and others	2025.01~2027.12	3.4~5.1		1,104,402		802,825
Syndicated loan	Korea Development Bank and others	-	-		-		4,406,263
					6,180,996		12,164,595
Less: Current portion					(1,143,258)		(2,012,002)
Less: Discounts on borrowings					(15,669)		(31,560)
				₩	5,022,069	₩	10,121,033

16. Borrowings, Continued

(3) Details of debentures as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	Maturity date	Interest rate per annum in 2024 (%)		December 31, 2024		December 31, 2023
Unsecured notes in local currency:						
Unsecured corporate bonds 219-2nd	2025.08.27	2.67		90,000		90,000
Unsecured corporate bonds 220-2nd	2024.05.09	1.99		-		200,000
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		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 223-1st	2024.04.12	1.51		-		550,000
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		-
Unsecured corporate bonds 225-2nd	2029.04.08	3.72		300,000		-
Unsecured corporate bonds 225-3rd	2031.04.08	3.84		100,000		-
				4,120,000		4,120,000
Unsecured notes in foreign currency:						
Unsecured global bonds 9th	2024.09.17	3.00		-		644,700
Unsecured global bonds 10-1st	2024.01.19	1.00		-		644,700
Unsecured global bonds 10-2nd	2026.01.19	1.50		1,470,000		1,289,400
Unsecured global bonds 10-3rd	2031.01.19	2.38		1,470,000		1,289,400
Unsecured global bonds 11-1st	2026.01.17	6.25		1,102,500		967,050
Unsecured global bonds 11-2nd	2028.01.17	6.38		1,470,000		1,289,400
Unsecured global bonds 11-3rd	2033.01.17	6.50		1,102,500		967,050
Unsecured global bonds 12th	2025.11.17	6.19		441,000		386,820
Unsecured global bonds 14-1st	2027.01.16	5.50		735,000		-
Unsecured global bonds 14-2nd	2029.01.16	5.50		1,470,000		-
				9,261,000		7,478,520
Foreign exchangeable bond:						
Unsecured global bonds 13th[1]	2030.04.11	1.75		2,447,256		2,191,980
				2,447,256		2,191,980
				15,828,256		13,790,500
Less: Discounts on debentures				(593,338)		(600,550)
Less: Current portion				(2,825,492)		(3,699,540)
			₩	12,409,426	₩	9,490,410

17. Other Current and Non-current Liabilities

Details of other current and non-current liabilities as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		December 31, 2024		December 31, 2023
Current				
Advance receipts	₩	40,161	₩	57,489
Unearned income		3,730		3,312
Withholdings		157,970		198,104
Contract liabilities[1]		543,477		1,585,143
Others		55,838		38,213
		801,176		1,882,261
Non-current				
Other long-term employee benefits		302,141		212,233
Contract liabilities[1]		-		14,015
Others		239,629		159,154
		541,770		385,402
	₩	1,342,946	₩	2,267,663

[1] Contract liabilities include advance receipts from customers and return liabilities, and advance receipts from customers at the beginning of the year were recognized as revenue during the year ended December 31, 2024.

18. Provisions

(1) Changes in provisions for the years ended December 31, 2024 and 2023 are as follows:

(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

(In millions of Korean won)

	2023				
	Beginning Balance	Increase	Utilization	Reversal	Ending Balance
Purchase commitments	₩ -	₩ 29,656	₩ -	₩ -	₩ 29,656
Warranty	249,316	153,189	(146,103)	-	256,402
Emission allowances	2,150	232	(1,826)	(322)	234
Restoration	1,827	-	-	-	1,827
	₩ 253,293	₩ 183,077	₩ (147,929)	₩ (322)	₩ 288,119

(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 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	539	533	2,648

18. Provisions, Continued

(b) Changes in the emission permits rights for the years ended December 31, 2024 are as follows:

(In ten thousand tons CO2-eq)

	2023
Beginning balance	-
Allocated	504
Purchase	32
Submission	(515)
Banking	(19)
Disposal	(2)
Ending balance	-

(c) The estimated net volume of emission made by the Group is 5.8 million tons as of December 31, 2024.

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, 2024 and 2023 are as follows:

(In millions of Korean won)

		December 31, 2024		December 31, 2023
Present value of defined benefit obligations	₩	3,125,802	₩	2,511,541
Fair value of plan assets		(4,211,967)		(3,851,623)
Net defined benefit liabilities(assets)	₩	(1,086,165)	₩	(1,340,082)
Defined benefit liabilities	₩	68,090	₩	63,932
Employee benefit assets[1]	₩	1,154,255	₩	1,404,014

[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 ₩1,154,255 million(2023: ₩1,404,014 million) as of December 31, 2024.

(2) Principal actuarial assumptions as of December 31, 2024 and 2023 are as follows:

	December 31, 2024 (%)	December 31, 2023 (%)
Discount rate for defined benefit obligations	3.46 ~ 5.07	4.29 ~ 6.05
Expected rate of salary increase	3.50 ~ 6.84	3.00 ~ 6.89

(3) Weighted average durations of defined benefit obligations as of December 31, 2024 and 2023 are 11.57 years and 13.18 years, respectively.

(4) Changes in defined benefit obligations for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Beginning balance	₩	2,511,541	₩	2,259,125
Current service cost		244,640		229,788
Past service cost		2,965		4,323
Interest expense		144,914		138,313
Transfer from associates		3,069		14,039
Remeasurements:		343,386		(6,669)
Demographic assumption		33,869		(42,111)
Financial assumption		238,461		109,342
Adjustment based on experience		71,056		(73,900)
Benefits paid		(125,654)		(127,301)
Others		941		(77)
Ending balance	₩	3,125,802	₩	2,511,541

19. Defined Benefit Liabilities(Assets), Continued

(5) Changes in plan assets for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Beginning balance	₩	3,851,623	₩	3,521,426
Contributions		269,436		250,173
Interest income		223,602		220,454
Transfer from associates		2,672		14,300
Benefits paid		(108,727)		(124,913)
Remeasurements		(26,751)		(29,813)
Others		112		(4)
Ending balance	₩	4,211,967	₩	3,851,623

(6) The amounts recognized in profit or loss for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Current service cost	₩	244,640	₩	229,788
Past service cost		2,965		4,323
Net interest income		(78,688)		(82,141)
	₩	168,917	₩	151,970

(7) The amounts in which defined benefit plan related expenses are included for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Cost of sales	₩	83,640	₩	76,187
Selling and administrative expenses		85,277		75,783
	₩	168,917	₩	151,970

(8) Details of plan assets as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Deposits	₩	4,210,840	₩	3,850,433
Others		1,127		1,190
	₩	4,211,967	₩	3,851,623

Actual return on plan assets for the years ended December 31, 2024 and 2023 amounted to ₩196,851 million and ₩190,641 million, respectively.

(9) As of December 31, 2024, 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, 2025 is ₩382,726 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, 2024 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)	₩ (316,825)	₩ 373,991
Expected salary increase rate (if changed by 1% point)	378,508	(325,824)

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) The Group adopted defined contribution plan for retirement benefit for employees subject to peak wage system. Contributions to defined contribution plans amounting to ₩13,350 million (2023: ₩9,903 million) were recognized as cost for the year ended December 31, 2024.

20. Deferred Income Tax

(1) Changes in deferred income tax assets and liabilities for the years ended December 31, 2024 and 2023 without taking into consideration the offsetting of balances within the same tax authority, are as follows:

(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	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

(In millions of Korean won)

	2023				
	Beginning	Profit or loss	Equity	Foreign exchange differences	Ending
Inventories, net	₩ 327,318	270,239	-	862	₩ 598,419
Property, plant and equipment, net	230,806	(93,802)	-	(32,434)	104,570
Defined benefits liabilities, net	(263,729)	(100,390)	5,200	(12)	(358,931)
Short-term and long-term investment assets and others	(345,371)	437,609	-	-	92,238
Employee benefits	81,662	9,157	-	15	90,834
Provisions	26,446	(21,189)	-	(84)	5,173
Other assets and other liabilities	65,102	(38,926)	-	(14)	26,162
Accrued expenses	151,993	(36,375)	-	-	115,618
Other financial liabilities	390	250,289	7,991	-	258,670
Others	(19,341)	25,389	-	30,277	36,325
Deferred tax assets for temporary differences, net	255,276	702,001	13,191	(1,390)	969,078
Tax loss carryforwards recognized	14,824	1,254,974	-	288	1,270,086
Tax credit carryforwards recognized	4,538	631,281	-	93	635,912
Deferred tax assets recognized, net	₩ 274,638	2,588,256	13,191	(1,009)	₩ 2,875,076

20. Deferred Income Tax, Continued

(2) As of December 31, 2024 and 2023, the temporary differences and etc., that are not recognized as deferred tax assets (liabilities) are as follows:

(In millions of Korean won)		December 31, 2024		December 31, 2023
Investments in subsidiaries, associates, and joint ventures and others:				
Deductible temporary differences	₩	11,656,682	₩	12,024,583
Taxable temporary differences		(2,429,861)		(2,976,887)
Other deductible temporary differences		2,858,306		2,610,087
		12,085,127		11,657,783
Tax losses and others[1]	₩	4,143,307	₩	4,312,885

[1] As of December 31, 2024 and 2023, 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, 2024			December 31, 2023	
		Amount	Maturity		Amount	Maturity
Tax losses	₩	11,532	2025~2029	₩	10,629	2024~2029
		941	2031~2036		1,127	2031~2036
		13,027	2037~2038		16,538	2037~2038
		394,929	2042~2043		281,067	2042~2043
		3,661,995	-		3,932,626	-
Tax credits		6,759	2025~2029		16	2027
		3,559	2033~2034		489	2033
		19,689	2042~2044		45,404	2042~2043
		30,876	-		24,989	-

(3) Details of period when the deferred income tax assets (liabilities) are recovered (settled) as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)		December 31, 2024		December 31, 2023
Deferred income tax assets to be recovered after more than 12 months	₩	2,973,435	₩	2,762,080
Deferred income tax assets to be recovered within 12 months		2,096,919		2,468,925
Deferred income tax assets recognized		5,070,354		5,231,005
Deferred income tax liabilities to be recovered after more than 12 months		(2,472,027)		(2,353,625)
Deferred income tax liabilities to be settled within 12 months		(4,620)		(2,304)
Deferred income tax liabilities recognized		(2,476,647)		(2,355,929)
Net income deferred tax assets recognized	₩	2,593,707	₩	2,875,076

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, 2024 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 250,000)	Foreign currency risk and interest rate risk	Floating-to-fixed cross currency interest rate swap	Korea Development Bank	2019.10.02 ~ 2026.10.02
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 374,400)	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, 2024, 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)	₩	182,508	₩	182,508
Floating-to-fixed cross currency interest rate swap	Foreign currency denominated borrowing for equipment with floating rate (Par value: USD 250,000)		77,918		77,918
Derivative financial assets				₩	260,426
Interest rate swap	Borrowing for equipment with floating rate (Par value: KRW 474,400)	₩	6,434	₩	6,434
Derivative financial liabilities				₩	6,434

As of December 31, 2024, 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 ₩249,435 million (2023: ₩123,197 million) for the year ended December 31, 2024.

21. Derivative Financial Instruments, Continued

(2) Embedded Derivatives

The fair value of embedded derivatives held by the Group are presented in other financial liabilities in the consolidated financial statements of financial position as of December 31, 2024 and December 31, 2023 are as follows:

(In millions of Korean won)

Derivative financial liabilities		December 31, 2024		December 31, 2023		Fair value
Embedded Derivatives[1]	₩	1,738,962	₩	1,477,619	₩	1,738,962

[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 has 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. The fair value of the call option is presented in other financial assets in the consolidated financial statement, and changes in the option value during the year ended December 31, 2024, are recognized in finance income. The details of the call option are as follows:

(In millions of Korean won)

Derivative financial assets		December 31, 2024		December 31, 2023		Fair value
Call options	₩	8,692	₩	-	₩	8,692

22. Capital Stock, Capital Surplus and Other Equity

(1) The Parent Company has 9,000,000,000 authorized shares and the face value per share is ₩5,000 as of December 31, 2024. The number of shares issued, common stock, capital surplus and other equity as of December 31, 2024 and 2023, are as follows:

(In millions of Korean won and shares)		December 31, 2024		December 31, 2023
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]		861,326		746,762
	₩	4,487,123	₩	4,372,559
Other equity:				
Acquisition cost of treasury shares [2]		(2,221,277)		(2,272,589)
Share options		48,760		22,327
Others		(19,032)		(19,032)
	₩	(2,191,549)	₩	(2,269,294)
Accumulated other comprehensive income:				
Equity-accounted investees – share of other comprehensive income		278,804		132,898
Foreign operations – foreign currency translation differences		2,246,876		875,367
Gain on valuation of derivatives		6,427		5,790
	₩	2,532,107	₩	1,014,055
Number of treasury shares [2]		38,963,634		39,863,716

[1] The number of issued shares decreased due to share retirement from the past.
[2] The Group disposed 900,082 treasury shares and, accordingly, gained on disposal of treasury shares of ₩75,995 million occurred.

(2) The number of outstanding shares, which deducted treasury shares held by the Parent Company from listed shares, as of December 31, 2024 and 2023, are as follows:

(In shares)

	December 31, 2024		
	Outstanding shares	Treasury shares	Total
The number of outstanding shares	728,002,365	38,963,634	689,038,731

(In shares)

	December 31, 2023		
	Outstanding shares	Treasury shares	Total
The number of outstanding shares	728,002,365	39,863,716	688,138,649

23. Retained Earnings and Dividends

(1) Retained earnings as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		December 31, 2024		December 31, 2023
Legal reserve[1]	₩	693,015	₩	610,436
Discretionary reserve[2]		235,507		235,506
Unappropriated retained earnings		64,489,539		45,883,371
	₩	65,418,061	₩	46,729,313

[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 ₩206,442 million, which were approved at shareholders' meeting held on March 27, 2024, ₩206,584 million, which were approved at board of directors' meeting held on April 24, 2024, ₩206,585 million, which were approved at board of directors' meeting held on July 26, 2024, and ₩206,712 million, which were approved at board of directors' meeting held on October 29, 2024 were distributed as of December 31, 2024.

23. Retained Earnings and Dividends, Continued

(2) Dividends of the Parent Company

(a) Details of dividends for the years ended December 31, 2024 and 2023 are as follows:

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

		2024		2023
Type of dividends		Cash Dividends		Cash Dividends
Outstanding ordinary shares		690,345		688,139
Par value (in won)	₩	5,000	₩	5,000
Dividend rate		44.08%		24.00%
Total dividends	₩	1,520,090	₩	825,721

(b) Dividend payout ratio for the years ended December 31, 2024 and 2023 is as follows:

(In millions of Korean won)

		2024		2023
Dividends	₩	1,520,090	₩	825,721
Profit (loss) attributable to owners of the Parent Company		19,788,681		(9,112,428)
Dividend payout ratio[1]		7.68%		-

[1] As the dividend payout ratio was calculated as negative (-) due to loss attributable to owners of the Parent Company for the year ended December 31, 2023, it is not stated.

(c) Dividend yield ratio for the years ended December 31, 2024 and 2023 is as follows:

(In Korean won)

		2024		2023
Dividends per share	₩	2,204	₩	1,200
Closing stock price		173,900		141,500
Dividend yield ratio		1.27%		0.85%

24. Revenue

(1) Details of the Group's revenue for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Sale of goods and other products	₩	66,100,890	₩	32,680,033
Providing services		92,070		85,686
	₩	66,192,960	₩	32,765,719

(2) Details of the Group's revenue by product and service types for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
DRAM	₩	44,731,664	₩	20,768,662
NAND Flash		19,274,112		9,653,061
Others		2,187,184		2,343,996
	₩	66,192,960	₩	32,765,719

(3) The Group's revenue information by region based on the location of selling entities for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Korea	₩	1,904,112	₩	2,033,857
U.S.A.		41,961,072		15,390,229
China		15,533,563		10,110,084
Asia (other than China)		5,381,439		4,296,937
Europe		1,412,774		934,612
	₩	66,192,960	₩	32,765,719

(4) Details of the Group's revenue by the timing of revenue recognition during the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Performance obligations satisfied at a point in time	₩	66,100,890	₩	32,680,033
Performance obligations satisfied over time		92,070		85,686
	₩	66,192,960	₩	32,765,719

25. Selling and Administrative Expenses

Selling and administrative expenses for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Selling and administrative expenses:				
Salaries	₩	1,257,824	₩	829,260
Defined benefit plan		41,440		35,537
Employee benefits		234,562		220,675
Commission		773,853		769,489
Depreciation		302,775		304,389
Amortization		256,853		282,685
Freight and custody charges		54,473		53,680
Taxes and dues		100,974		85,672
Advertising		123,462		83,575
Supplies		112,233		120,607
Sales promotion expenses		216,473		117,811
Quality control cost		48,465		146,604
Others		401,099		396,174
		3,924,486		3,446,158
Research and development:				
Expenditure on research and development		4,854,065		4,101,257
Development cost capitalized		(417,724)		(350,550)
		4,436,341		3,750,707
	₩	8,360,827	₩	7,196,865

26. Expenses by Nature

Nature of expenses for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Changes in finished goods, work-in-process and others	₩	19,983	₩	1,769,061
Raw materials, supplies and consumables		10,574,809		9,547,151
Employee benefit		8,215,773		5,406,915
Depreciation and Amortization		12,544,767		13,619,161
Commission		3,536,261		3,133,975
Utilities		2,817,646		2,563,624
Repair		2,366,654		1,763,270
Outsourcing		1,865,024		1,496,271
Others		1,240,758		1,534,757
Transfer: capitalized development cost and others		(456,034)		(338,153)
Total[1]	₩	42,725,641	₩	40,496,032

[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, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Finance Income:				
Interest income	₩	344,814	₩	216,429
Dividend income		29,313		13,392
Foreign exchange differences[1]		4,220,985		1,903,535
Others		259,970		128,445
		4,855,082		2,261,801
Finance Expenses:				
Interest expense		1,345,239		1,468,273
Foreign exchange differences[1]		3,952,159		2,222,368
Loss on valuation of financial instruments		293,719		1,488,321
Loss on valuation of derivatives		103,229		914,201
Others		13,651		4
		5,707,997		6,093,167
Net finance income (expenses)	₩	(852,915)	₩	(3,831,366)

[1] The foreign exchange differences gain (loss) from long-term investment assets amounting to ₩94,839 million (2023: ₩ (223,687) million) are included for the year ended December 31, 2024.

28. Other Income and Expenses

(1) Other income for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Reversal on impairment of intangible assets	₩	34	₩	323,772
Gain on disposal of property, plant and equipment		70,082		249,647
Gain on disposal of non-current assets held for sale		1,316,592		-
Gain on disposal of subsidiaries		35,861		-
Others		54,010		50,448
	₩	1,476,579	₩	623,867

(2) Other expenses for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Donation	₩	82,954	₩	65,234
Loss on impairment of property, plant and equipment		-		165,704
Loss on disposal of property, plant and equipment		17,686		74,222
Loss on impairment of intangible assets		281		167,079
Loss on disposal of trade receivables		3,680		15,663
Depreciation expenses on assets not in use		36,769		54,515
Others		26,018		192,648
	₩	167,388	₩	735,065

29. Income Tax Expense (Benefit)

(1) Income tax expense (benefit) for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Current tax:				
Current tax on profits for the year	₩	3,736,506	₩	321,949
Adjustments for income tax expense attributable to prior year, but recognized in current year		(115,414)		(253,962)
Pillar 2 tax		1,026		-
		3,622,118		67,987
Deferred tax:				
Changes in net deferred tax assets, tax loss carryforwards and others		466,330		(2,588,256)
Income tax expense (benefit)	₩	4,088,448	₩	(2,520,269)

(2) The relationship between income tax expense (benefit) and accounting profit (loss) for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Profit (Loss) before income tax	₩	23,885,350	₩	(11,657,816)
Tax calculated at domestic tax rates applicable to profits in the respective countries		6,009,019		(2,731,494)
Tax effects of:				
Tax-exempt income		(103,356)		(55,316)
Non-deductible expenses		212,291		91,091
Change in unrecognized deferred tax assets		63,865		976,261
Tax credits		(1,868,839)		(585,050)
Adjustments for income tax expense attributable to prior year, but recognized in current year		(115,414)		(253,962)
Others		(109,118)		38,201
Income tax expense (benefit)	₩	4,088,448	₩	(2,520,269)

(3) Income taxes recognized in other comprehensive income (loss) for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Remeasurements of defined benefit liabilities	₩	96,418	₩	5,200
Loss(gain) on valuation of derivatives		(779)		7,991
Gain on disposal of treasury stock		(27,259)		(4,866)
	₩	68,380	₩	8,325

29. Income Tax Expense (Benefit), 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 Group’s own calculations based on the relevant detailed regulations, except for subsidiaries conducting business in Poland and Hong Kong, all companies within the consolidated entity have a GloBE effective tax rate of higher than 15% in the relevant country, and the Pillar 2 corporate tax expense to be recognized is ₩ 1,026 million for the year ended December 31, 2024.

The Group has completed cross-verification with external experts on the above Pillar 2 tax calculation details by country.

30. Earnings (losses) per Share

Basic earnings (losses) per share is calculated by dividing the profit (loss) attributable to ordinary shareholders of the Parent Company by the weighted average number of outstanding ordinary shares for the years ended December 31, 2024 and 2023.

(1) Basic earnings (losses) per share for the years ended December 31, 2024 and 2023 are as follows:

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

		2024		2023
Profit (loss) attributable to ordinary shareholders of the Parent Company	₩	19,788,681	₩	(9,112,428)
Weighted average number of outstanding ordinary shares[1]		688,730,603		688,051,238
Basic earnings (losses) per share (in Korean won)	₩	28,732	₩	(13,244)

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

(In shares)

	2024	2023
Outstanding ordinary shares	728,002,365	728,002,365
Acquisition of treasury shares	(39,271,762)	(39,951,127)
Weighted average number of outstanding ordinary shares	688,730,603	688,051,238

(2) Diluted earnings (losses) per share for the years ended December 31, 2024 and 2023 are as follows:

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

		2024		2023
Profit (loss) attributable to ordinary shareholders of the Parent Company	₩	19,788,681	₩	(9,112,428)
Adjustment:				
Changes in profit (loss) attributable to ordinary shareholders of the Parent Company due to the exercise of Restricted Stock Units (RSUs) related to subsidiaries		(29,846)		-
Interest expense(After-tax)		82,364		-
Loss on foreign currency translation(After-tax)		331,349		-
Diluted profit (loss) attributable to ordinary shareholders of the Parent Company		20,172,548		(9,112,428)
Weighted average number of diluted outstanding ordinary shares[1]		709,834,641		688,051,238
Diluted earnings (losses) per share (in Korean won)	₩	28,419	₩	(13,244)

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

(In shares)

	2024	2023
Weighted average number of outstanding ordinary shares	688,730,603	688,051,238
Share options	957,919	-
Exchangeable bond	20,146,119	-
Weighted average number of diluted outstanding ordinary shares [1]	709,834,641	688,051,238

[1] There was a potential dilutive effect of 20,126,911 shares due to the issuance of exchangeable bonds, but it was not considered when calculating diluted earnings (losses) per share due to the antidilution during December 31, 2023.

31. Transactions with Related Parties and Others

(1) Details of related parties as of December 31, 2024 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 telecom 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, 2024 and 2023 are as follows:

(In millions of Korean won)

	Company	For the year ended December 31, 2024 Sales and others	Purchase and others	Asset acquisition
Associate	SK China Company Limited	₩ 3	₩ 11,964	₩ -
	Prume Social Farm, Co., Ltd.	-	101	-
	SK telecom Japan Inc.	-	3,496	-
Joint venture	HITECH Semiconductor (Wuxi) Co., Ltd.	11,307	697,217	26,445
	SK hynix system ic (Wuxi) Co., Ltd. [1]	2,271	-	-
	SystemIC Solution [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.

31. Transactions with Related Parties and Others, Continued

(2) Significant transactions with related parties for the years ended December 31, 2024 and 2023 are as follows, Continued:

(In millions of Korean won)

	Company	For the year ended December 31, 2023 Sales and others	Purchase and others	Asset acquisition
Associates	SK China Company Limited	₩ 38	₩ 13,505	₩ -
	Prume Social Farm, Co., Ltd.	-	112	-
	SK telecom Japan Inc.	-	84	2,496
Joint ventures	HITECH Semiconductor (Wuxi) Co., Ltd.	6,109	711,627	82,994
	Hystars Semiconductor (Wuxi) Co., Ltd.	46	15,639	38,637
Other related parties	SK Telecom Co., Ltd.	110,932	51,803	6,281
	SK Holdings Co., Ltd.[1]	19,679	282,827	39,704
	ESSENCORE Limited	754,144	-	-
	SK Ecoplant Co., Ltd.	33,791	176	464,685
	SK Energy Co., Ltd.	63,220	140,614	18,700
	SK Networks Co., Ltd.	7,030	5,282	974
	SK enpulse Co., Ltd. (formerly, SKC Solmics Co., Ltd.)	1,021	131,140	97
	Chungcheong energy service Co., Ltd.	17	54,931	5
	SK Specialty Co., Ltd. (formerly, SK Materials Co., Ltd.)	5,081	134,057	-
	SK Siltron Co., Ltd.	36,555	416,726	-
	SK Airplus Inc. (formerly, SK Materials Airplus Inc.)	458	64,089	88,105
	Techdream Co., Ltd.	-	122,486	-
	SK Tri Chem Co., Ltd.	893	142,710	-
	SK Shieldus Co., Ltd.	3,701	99,021	13,699
	SK Innovation Co., Ltd.	18,202	72,414	35
	SK Square Co., Ltd.	106	-	-
	SK REIT Co., Ltd.	-	7,183	-
	Clean Industrial REIT Co., Ltd[2]	1,120,315	7,938	495,320
	FSK L&S Co., Ltd.	63	44,174	2,199
	SK E&S Co., Ltd.	198	15,849	1,951
	SK LNG Trading Pte., Ltd.	-	214,582	14,143
	Others	258,573	225,155	165,650
		₩ 2,440,172	₩ 2,974,124	₩ 1,435,675

[1] Royalty expense for the use of the SK brand for the year ended December 31, 2023 is included.
[2] Sales and others to Clean Industrial REIT Co., Ltd for the year ended December 31, 2023 include proceeds from asset disposal that amount to ₩ 1,120,315 million.

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, 2024 and 2023 are as follows:

(In millions of Korean won)

		December 31, 2024	
	Company	Trade receivables and others	Other payables and others
Associate	SK China Company Limited	₩ -	₩ 13,101
	Prume Social Farm, Co., Ltd.	-	5
	SK telecom Japan Inc.	640	2,670
Joint venture	HITECH Semiconductor (Wuxi) Co., Ltd.	457	401,028
	SK hynix system ic (Wuxi) Co., Ltd.	129,832	-
	SystemIC Solution [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 W163,897 million of borrowings.

31. Transactions with Related Parties and Others, Continued

(3) The balances from significant transactions as of December 31, 2024 and 2023 are as follows, Continued:

(In millions of Korean won)

		December 31, 2023	
	Company	**Trade receivables and others**	**Other payables and others**
Associate	SK China Company Limited	₩ -	₩ 13,587
	Prume Social Farm, Co., Ltd.	-	8
	SK telecom Japan	616	2,419
Joint ventures	HITECH Semiconductor (Wuxi) Co., Ltd.	248	380,520
	Hystars Semiconductor (Wuxi) Co., Ltd.[1]	-	80,836
Other related parties	SK Telecom Co., Ltd.	6,137	13,211
	SK Holdings Co., Ltd.	21,258	111,043
	ESSENCORE Limited	139,326	-
	SK Ecoplant Co., Ltd.	5,460	326,831
	SK Energy Co., Ltd.	3,818	35,749
	SK Networks Co., Ltd.	288	8,035
	SK enpulse Co., Ltd. (formerly, SKC Solmics Co., Ltd.)	81	29,824
	Chungcheong energy service Co., Ltd.	-	5,887
	SK Specialty Co., Ltd. (formerly, SK Materials Co., Ltd.)	491	15,805
	SK Siltron Co., Ltd.	141,152	40,002
	SK Airplus Inc. (formerly, SK Materials Airplus Inc.)	103	515,618
	Techdream Co., Ltd.	-	3,935
	SK Tri Chem Co., Ltd.	220	15,989
	SK Shieldus Co., Ltd.	251	29,790
	SK Innovation Co., Ltd.	1,132	6,385
	SK Square Co., Ltd.	1,073	-
	SK REIT Co., Ltd.	17,330	162,557
	Clean Industrial REIT Co., Ltd	-	605,333
	FSK L&S Co., Ltd.	12	3,442
	SK E&S Co., Ltd.	57	391
	SK LNG Trading Pte., Ltd.	-	35,421
	Others	35,946	157,164
		₩ 374,999	₩ 2,599,782

[1] Other payables and others include ₩41,262 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, 2024 and 2023 is as follows:

(In millions of Korean won)

Details		2024		2023
Salaries	₩	7,410	₩	6,469
Defined benefit plan related expenses		907		468
Share-based payment		2,733		10,847
	₩	11,050	₩	17,784

(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, 2024 and 2023 are as follows. These entities are not related parties according to Korean IFRS 1024 *Related Party Disclosures*.

(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		-
SM Core Co., Ltd.		111		1,151		2,912
Korea Nexlene Company		5,007		-		-
Others		1,975		-		-
	₩	16,962	₩	14,712	₩	2,912

(In millions of Korean won) 2023

Name of entity		Sales and others		Purchase and others		Asset acquisition
SK Chemicals Co., Ltd.	₩	7,726	₩	822	₩	-
SK Bioscience Co., Ltd.		2,341		248		-
UNA Digital Inc.(formerly, ANTS Co., Ltd.)		6		10,989		-
SM Core Co., Ltd.		12		2,635		3,985
Korea Nexlene Company		4,665		-		-
Others		1,914		-		-
	₩	16,664	₩	14,694	₩	3,985

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, 2024 and 2023 are as follows. These entities are not related parties according to Korean IFRS 1024 *Related Party Disclosures*.

(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

(In millions of Korean won)	December 31, 2023	
Name of entity	Trade receivables and others	Other payables and others
SK Chemicals Co., Ltd.	₩ 792	₩ -
SK Bioscience Co., Ltd.	163	1
UNA Digital Inc.(formerly, ANTS Co., Ltd.)	1	-
SMCore Inc.	-	1,725
Korea Nexlene Company	225	-
Others	167	-
	₩ 1,348	₩ 1,726

(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, 2024 amount to ₩68,623 million (2023: ₩117,543 million) and ₩68,996 million (2023: ₩117,543 million), respectively, and lease payments to HITECH Semiconductor (Wuxi) Co., Ltd., and Hystars Semiconductor(Wuxi) Co., Ltd., a joint venture amount to ₩84,155 million (2023: ₩120,578 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, 2024 amount to ₩174,063 million (2023: ₩649,406 million) and ₩174,063 million (2023: ₩769,412 million), respectively, and lease payments to the related parties SK Airplus Inc. (formerly, SK Materials Airplus Inc.) for the year ended December 31, 2024 amount to ₩166,381 million (2023: ₩108,034 million).

(8) The Group provides a payment guarantee amounting to RMB 742 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, 2024 and 2023 are as follows:

(In millions of Korean won)

	Company	For the year ended December 31, 2024 Proceeds from borrowings	Dividend received	Dividend paid
Joint venture	Hystars Semiconductor (Wuxi) Co., Ltd [1]	₩ 120,084	-	₩ -
	HITECH Semiconductor (Wuxi) Co., Ltd.	-	17,064	-
	Specialized Investment-type Private Equity Investment Trust For Growth Of Semiconductor,	-	3,107	-
Associate	Mirae Asset Committee Semiconductor No.1 Startup Venture Private Equity Investment Co., Ltd.	-	94	-
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.

(In millions of Korean won)

	Company	For the year ended December 31, 2023 Dividend received	Dividend paid
Joint venture	HITECH Semiconductor (Wuxi) Co., Ltd.	₩ 15,863	₩ -
	Specialized Investment-type Private Equity Investment Trust For Growth Of Semiconductor,	153	-
Associate	Magnus Private Investment Co., Ltd.	262	-
Other related parties	SK Square Co., Ltd.	-	175,320
		₩ 16,278	₩ 175,320

32. Commitments and Contingencies

(1) Significant pending litigations and claims of the Group as of December 31, 2024 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 on major DRAM companies' sales in China in May 2018. The pending case currently is under investigation. As of December 31, 2024, 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 includes package, package test, modules and others. According to the agreement, the Group has paid a certain level of margin guaranteed 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, 2024 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	₩	109,169	USD	70	102,780	Borrowings for equipment and others
			KRW	-	-	
Machinery		2,032,236	USD	878	1,290,645	
			KRW	-	750,000	
	₩	2,141,405	USD	948	1,393,425	
			KRW	-	750,000	

(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	₩	109,169	USD	6	8,379	Borrowings for equipment and others
			KRW	-	2,599	
Machinery		2,032,236	USD	462	679,789	
			KRW	-	866,667	
	₩	2,141,405	USD	468	688,168	
			KRW	-	869,266	

32. Commitments and Contingencies, Continued

(4) Financing agreements

Details of credit lines with financial institutions as of December 31, 2024 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 including usance	USD	330
		Comprehensive limit contract for import and export including usance	USD	1,693
		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 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	957
Domestic subsidiaries	Hana Bank and others	Import finance and others	KRW	10,000
		Import finance 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, 2024 are ₩8,837,748 million (as of December 31, 2023: ₩12,008,592 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, equity shares in KIOXIA owned, directly or indirectly, by the Group are limited to a certain percentage during certain periods after the date of acquisition. In addition, during the same periods, the Group does not have the right in appointing KIOXIA's directors and is unable to exercise significant influence over decision-making for KIOXIA's operations and 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. Pursuant to the master purchase agreement, the entire business shall be transferred in two separate processes through subsidiaries that newly established overseas, and payment shall be made in two installments. Total consideration to be paid amount to US$ 8,844 million and US$ 2,235 million, out of total consideration, will be paid after the first deal closing by March 2025, at the second deal closing. The second deal closing of the business transfer depends on the satisfaction of an agreed upon set of conditions that include regulatory approvals of governmental authorities, and the agreed termination fee shall be paid when the contract is terminated under certain circumstances. However, the Group believes that the possibility that the second deal closing will not occur is low.

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 authorities will decide whether to accept the application in consideration of the competition in the Chinese eSSD market.

33. Cash Flows

(1) Reconciliations between profit for the years and cash generated from operations for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Profit (Loss) for the year	₩	19,796,902	₩	(9,137,547)
Adjustment				
Income tax expense (benefit)		4,088,448		(2,520,269)
Defined benefit plan		170,659		152,374
Depreciation		11,985,337		13,121,135
Amortization		596,200		552,541
Loss on impairment of property, plant and equipment		-		165,704
Loss on impairment of intangible assets		281		167,079
Loss on valuation of financial instruments		293,719		1,488,321
Interest expense		1,345,239		1,468,273
Loss on foreign currency translation		2,244,407		906,120
Gain on disposal of property, plant and equipment		(70,082)		(249,647)
Gain on derivatives		94,538		900,383
Gain on disposal of financial instruments		(162,023)		(84,220)
Interest income		(344,814)		(216,429)
Gain on foreign currency translation		(1,892,306)		(573,884)
Reversal on impairment of intangible assets		(34)		(323,772)
Gain on disposal of non-current assets held for sale		(1,316,592)		-
Others, net		20,786		78,916
Changes in operating assets and liabilities				
Increase in trade receivables		(5,098,005)		(1,406,188)
Decrease (increase) in loans and other receivables		13,717		(20,307)
Decrease in inventories		166,722		2,288,020
Decrease (increase) in other assets		(370,258)		113,317
Increase (decrease) in trade payables		274,980		(168,095)
Increase (decrease) in other payables		(1,378,294)		251,297
Increase (decrease) in other non-trade payables		2,228,576		(1,454,172)
Increase in provisions		5,397		8,622
Increase (decrease) in other liabilities		(1,160,573)		1,436,515
Payment of defined benefit liabilities		(12,645)		(5,048)
Contributions to plan assets		(269,436)		(250,173)
Cash generated from operations	₩	31,250,846	₩	6,688,866

(2) Details of significant transactions without inflows and outflows of cash for the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Increase in other payables related to property, plant and equipment	₩	1,807,294	₩	-
Decrease in borrowings related to sale and leaseback contract		-		(342,070)
Excluded from subsidiaries and transferred to investments in joint ventures		483,721		-

33. Cash Flows, Continued

(3) Changes in liabilities arising from financing activities during the years ended December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		2024		2023
Beginning balance	₩	32,498,506	₩	24,791,685
Cash flows from financing activities				
- Proceeds from borrowings		8,717,964		20,657,967
- Repayments of borrowings		(16,093,620)		(13,689,433)
- Repayments of lease liabilities		(601,821)		(461,466)
Increase of lease liabilities		266,528		1,661,043
Others(foreign currency differences, etc.)		1,850,514		(602,382)
Present value discount (interest expense)		213,830		160,341
Interest paid		(34,132)		(19,249)
Reclassified as assets held for sale		(1,365,660)		-
Ending balance	₩	25,452,109	₩	32,498,506

(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, based on the substance of such transactions and the details of the share options as of December 31, 2024 are as follows:

(In shares)

	Total numbers of share option granted	Forfeited or Cancelled	Exercised	Outstanding at December 31, 2024
3rd [1]	99,600	-	99,600	-
10th [1]	54,020	10,764	5,193	38,063
11th [1]	6,397	-	6,397	-
12th	6,469	-	-	6,469
13th	75,163	29,851	-	45,312
14th [2]	195,460	59,167	-	136,293
	437,109	99,782	111,190	226,137

	Grant date	Service Period for Vesting	Exercisable Period		Exercise price (in Korean won)
3rd [1]	March 24, 2017	March 24, 2017 - March 24, 2021	March 25, 2021 - March 24, 2024	₩	56,460
10th [1]	March 20, 2020	March 20, 2020 - March 20, 2023	March 21, 2023 - March 20, 2027		84,730
11th [1]	March 20, 2020	March 20, 2020 - March 20, 2023	March 21, 2023 - March 20, 2027		84,730
12th	March 30, 2021	March 30, 2021 - March 30, 2023	March 31, 2023 - March 30, 2026		136,060
13th	March 30, 2021	March 30, 2021 - March 30, 2023	March 31, 2023 - March 30, 2026		136,060
14th [2]	March 30, 2022	March 30, 2022 - March 30, 2024	March 31, 2024 - March 30, 2027		121,610

[1] During the year ended December 31, 2024, the share options were exercised as cash-settled share-based payment.

[2] During the year ended December 31, 2024, 39,546 shares of options have forfeited.

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 Parent Company 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	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[4]	3 years' service from January 1, 2024[4]

[1] TSR (Total shareholder return) is calculated as "(Stock price on exercise notification date - Base stock price + Parent 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] 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	125,942,441	37,329,128	25,187,842

34. Share-based Payment, Continued

(2) Details of liabilities recognized for stock appreciation rights as of December 31, 2024 are as follows:

(In millions of Korean won)

		December 31, 2024
Stock appreciation rights liabilities [1]	₩	88,659

[1] As of December 31, 2024, the intrinsic value of the vested salary for the above stock appreciation right liabilities is ₩12,480 million and stock appreciation rights liabilities include RSU for the subsidiaries' shares amount to ₩75,565 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, 2024. The inputs used are as follows:

	10th	12th	13th	14th
Share price (Closing stock price on valuation date, in Korean won)	₩ 159,900	₩ 159,900	₩ 159,900	₩ 159,900
Expected volatility	44.10%	44.10%	44.10%	44.10%
Estimated fair value of share option (in Korean won)	₩ 82,494	₩ 44,198	₩ 44,198	₩ 60,149
Dividend yield ratio	0.75%	0.75%	0.75%	0.75%
Risk free ratio	2.65%	2.71%	2.71%	2.64%

In addition, the fair value of RSUs granted by subsidiaries to their executives and employees was calculated using the stock price of the underlying assets as of December 31, 2024.

(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, 2024 is ₩118,867 million (2023: ₩75,395 million).

35. Disposal of a Subsidiary's Ownership Interest

During the year ended December 31, 2024, Wuxi Industry Development Group Co., Ltd. acquired 28.57% of its shares in SK hynix system ic (Wuxi) Co., Ltd. through increasing its paid-in capital by USD 200,000,000. and the Group disposed 21.33% of its shares to Wuxi Industry Development Group Co., Ltd. for USD 149,300,000. As a result of this transaction, the Group lost control of SK hynix system ic (Wuxi) Co., Ltd. and the gain on disposal of the subsidiary was KRW 1,316,592 million. Details of the assets and liabilities which were derecognized from the consolidated financial statements are as follows:

(In millions of Korean won)

		2024
Assets:		
Cash and cash equivalents	₩	104,881
Trade receivables		24,534
Inventories		106,221
Other current assets		25,157
Property, plant and equipment and intangible assets		508,176
Right-of-use assets		143,158
Other non-current assets		29,641
	₩	941,768
Liabilities:		
Current liabilities	₩	1,155,838
Non-current liabilities		284,016
	₩	1,439,854

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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, 2024, 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, 2024, 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, 2024, 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, 2025 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.

KPMG Samjong Accounting Corp.
Seoul, Korea
March 4, 2025

This report is effective as of March 4, 2025, 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, 2024.

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 the 'Management Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting' established by the ICFR Committee.

Based on our assessment, we concluded that the Group's ICFR is designed and operated effectively as of December 31, 2024, 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.

Feb 19, 2025

Noh Jung Kwak Chief Executive Officer

Woo Hyun Kim, Internal Accounting Manager