IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing. If you are not the intended recipient of this message, please do not distribute or copy the information contained in this e-mail, but instead, delete and destroy all copies of this e-mail including all attachments. The following applies to the Offering Circular following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from SK hynix Inc. (the "Company") as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES. THE SECURITIES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S AND WITHIN THE UNITED STATES TO "QUALIFIED INSTITUTIONAL BUYERS" IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"). PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE SECURITIES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF THE SECURITIES AND DISTRIBUTION OF THIS OFFERING CIRCULAR, SEE "PLAN OF DISTRIBUTION" AND "TRANSFER RESTRICTIONS."

THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE SECURITIES OR THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE RELEVANT SECURITIES. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, an investor must be either (I) a non-U.S. person within the meaning of Regulation S under the Securities Act and the securities are purchased pursuant to Regulation S or (II) a qualified institutional buyer within the meaning of Rule 144A ("QIB"). The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to the Company that (1) you and any customers you represent are either (a) a QIB or (b) a non-U.S. person and that the e-mail address that you gave to the Company and to which this e-mail has been delivered is not located in the United States and, to the extent you purchase the securities, you will be doing so pursuant to Regulation S and (2) you consent to the delivery of the Offering Circular and any amendments and supplements thereto by electronic transmission.

You are reminded that the following Offering Circular has been delivered to you on the basis that you are a person into whose possession the following Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of the following Offering Circular to any other person. If this is not the case, you must return this Offering Circular to the Company immediately.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the issuer in such jurisdiction.

The following Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of Citigroup Global Markets Inc., Crédit Agricole Corporate and Investment Bank, The Hongkong and Shanghai Banking Corporation Limited, Mizuho Securities Asia Limited, Morgan Stanley & Co. International plc and MUFG Securities Asia Limited (collectively, the "Initial Purchasers") nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

You should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

OFFERING CIRCULAR **STRICTLY CONFIDENTIAL**

SK hynix Inc.

(a corporation organized under the laws of the Republic of Korea)

US$600,000,000 4.250% Notes due 2028

US$600,000,000 4.375% Notes due 2030

SK hynix Inc. (the "Company") is offering US$600,000,000 aggregate principal amount of 4.250% Notes due 2028 (the "2028 Notes") and US$600,000,000 aggregate principal amount of 4.375% Notes due 2030 (the "2030 Notes," and together with the 2028 Notes, the "Notes"). The 2028 Notes will mature on September 11, 2028 and will bear interest at the rate of 4.250% per annum from, and including, September 11, 2025 to, but excluding, September 11, 2028. The 2030 Notes will mature on September 11, 2030 and will bear interest at the rate of 4.375% per annum from, and including, September 11, 2025 to, but excluding, September 11, 2030. Interest on each of the Notes will be payable semi-annually in arrear on March 11 and September 11 of each year, commencing March 11, 2026.

The Company may, at its option, redeem all, but not some only, of the Notes at any time at their principal amount plus accrued interest in the event of certain changes in tax law as described under "Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Taxation Reasons."

The Notes will be unsecured and will be the direct, unconditional and unsubordinated general obligations of the Company and will rank *pari passu* among themselves and at least equally with all other outstanding unsecured and unsubordinated general obligations of the Company, except as may be required by mandatory provisions of law.

Application will be made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company or the Notes.

The Notes are each expected to be rated "Baa2" by Moody's Investors Service, Inc. ("Moody's"), "BBB" by S&P Global Ratings, a division of S&P Global, Inc. ("S&P"), and "BBB" by Fitch Ratings, Inc. ("Fitch"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")). The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and within the United States to "qualified institutional buyers" in reliance on Rule 144A under the Securities Act ("Rule 144A"). Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Notes and distribution of this Offering Circular, see "Plan of Distribution" and "Transfer Restrictions."

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offense in the United States.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 10 to read about certain risk factors you should consider before investing in the Notes.

Issue Price:

2028 Notes: 99.905%
2030 Notes: 99.632%

(in each case, plus accrued interest, if any, from September 11, 2025)

Delivery of the Notes in book-entry form will be made on or about September 11, 2025.

Joint Bookrunners and Lead Managers

Citigroup	**Crédit Agricole CIB**	**HSBC**
Mizuho	**Morgan Stanley**	**MUFG**

The date of this Offering Circular is September 4, 2025.

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You should rely only on the information contained in this Offering Circular. The Company has not authorized anyone to provide you with information that is different. This Offering Circular may only be used where it is legal to sell these securities. The information in this Offering Circular may only be accurate as of the date of this Offering Circular.

IN CONNECTION WITH THIS OFFERING, TO THE EXTENT PERMITTED BY, AND IN ACCORDANCE WITH, APPLICABLE LAWS AND REGULATIONS, ANY OF THE INITIAL PURCHASERS APPOINTED AS A STABILIZATION MANAGER (THE "STABILIZATION MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILIZATION MANAGER) MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZATION MANAGER) WILL UNDERTAKE SUCH STABILIZATION. ANY STABILIZATION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS SUCH TERM IS DEFINED UNDER THE FOREIGN EXCHANGE TRANSACTIONS ACT OF KOREA AND ITS PRESIDENTIAL DECREE) OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENTS OF KOREA, EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, DURING THE FIRST YEAR AFTER THE ISSUANCE OF THE NOTES, THE NOTES MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA OTHER THAN A KOREAN QUALIFIED INSTITUTIONAL BUYER (A "KOREAN QIB," AS DEFINED IN THE REGULATION ON ISSUANCE AND PUBLIC DISCLOSURE, ETC. OF SECURITIES OF KOREA) WHO IS REGISTERED WITH THE KOREA FINANCIAL INVESTMENT ASSOCIATION AS A KOREAN QIB, PROVIDED THAT THE AMOUNT OF THE NOTES ACQUIRED BY SUCH KOREAN QIBS IN THE PRIMARY MARKET IS LIMITED TO NO MORE THAN 20% OF THE AGGREGATE PRINCIPAL AMOUNT OF THE NOTES.

No person has been authorized in connection with any offering of the Notes to give any information or make any representation other than as contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorized by the Company, by any Agent (as defined in "Terms and Conditions of the Notes") or by the Initial Purchasers (as defined in "Plan of Distribution"). This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy any Notes by any person except in compliance with all applicable laws and regulations. The Initial Purchasers and the Agents have not separately verified the information contained in this Offering Circular. No representation or warranty, express or implied, is made by the Initial Purchasers or any of their affiliates or advisors, or any Agent, as to the accuracy or completeness of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Initial Purchasers or their affiliates or advisors, or any Agent. Neither the delivery of this Offering Circular nor any sale made in connection with this Offering Circular shall under any circumstances imply that the information in this Offering Circular is correct as of any date subsequent to the date of this Offering Circular or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the Company's affairs since the date of this Offering Circular. To the fullest extent permitted by law, none of the Initial Purchasers or the Agents accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Initial Purchasers or the Agents on their respective behalf in connection with the Company or the issue and offering of the Notes. Each Initial Purchaser and each Agent accordingly disclaims any and all responsibility or liability whether arising in tort or contract or otherwise which it might otherwise have in respect of the information contained in this Offering Circular, any other information provided by the Company in connection with the offering or any other such statement. Each person receiving this Offering Circular acknowledges that such person has not relied on the Initial Purchasers or any of their affiliates or advisors in connection with investigation of the accuracy of such information or such person's investment decisions.

The Notes have not been registered with or approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission or other regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offense.

This Offering Circular is for distribution only to, and is only directed at, persons who (i) are outside of the United Kingdom, (ii) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (iii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, or (iv) are persons to whom, in connection with the issue or sale of any securities, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offering Circular or any of its contents.

This Offering Circular does not constitute, and may not be used for purposes of, an offer, invitation or solicitation by anyone in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is not authorized or to any person to whom it is unlawful to make such offer, invitation or solicitation. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular may come are required by the Company and the Initial Purchasers to inform themselves about and to observe the relevant restrictions. For a description of certain restrictions on offers and sales of the Notes and distribution of this Offering Circular, see "Plan of Distribution – Selling Restrictions" and "Transfer Restrictions." No action is being taken in any jurisdiction to permit an offering to the general public of Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for those purposes.

In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the offering of the Notes, including the merits and risks involved. The Company is not and no Agent is making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or tax advice.

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT

Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including all Initial Purchasers, are "capital market intermediaries" (together, the "CMIs") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "SFC Code"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" (together, the "OCs") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Company (as defined in this Offering Circular), a CMI or its group companies would be considered under the SFC Code as having an association (an "Association") with the Company, the CMI or the relevant group company (as the case may be). Prospective investors associated with the Company or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Initial Purchaser, such prospective investor should so indicate when placing an order if it is for a fund or portfolio where the Initial Purchaser or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order." If a prospective investor is otherwise affiliated with any Initial Purchaser, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should so indicate to the relevant Initial Purchaser when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order." Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Initial Purchasers and/or any other third parties as may be required by the SFC Code, including to the Company, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

CERTAIN DEFINED TERMS AND CONVENTIONS

References to "Korea" or the "Republic" are references to The Republic of Korea. References to the "Government" are references to the government of the Republic of Korea. All references to the "United States" and the "U.S." are to the United States of America. All references to the "Issuer" or the "Company" herein are references to SK hynix Inc. and its subsidiaries, as the context requires.

In this Offering Circular, references to "Won" or "₩" are to the currency of Korea and references to "U.S. dollars," "USD" or "US$" are to the currency of the United States of America, references to "Euro" are to the currency of the European Union, references to "Chinese Yuan" are to the currency of the People's Republic of China and references to "Japanese Yen" are to the currency of Japan. This Offering Circular contains a translation of certain Won amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Won amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated. Unless otherwise specified, all conversions of Won into U.S. dollars were made at the base rate under the market average exchange rate system, announced by Seoul Money Brokerage Services, Ltd. in Seoul, between U.S. dollars and Won, rounded to the nearest tenth of one Won (the "Market Average Exchange Rate"). Unless otherwise specified, all conversions of U.S. dollars into Won have been made at the Market Average Exchange Rate in effect on June 30, 2025, which was ₩1,356.4 to US$1.00. For a discussion of historical information regarding the rate of exchange between Won and the U.S. dollar, see "Exchange Rate Information." No representation is made that the Won or U.S. dollar amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate or at all.

ENFORCEABILITY OF CIVIL LIABILITIES

The Company is a corporation organized under the laws of Korea. A majority of its directors and officers and certain other persons named in this Offering Circular reside in Korea, and a significant portion of the assets of the directors and officers and certain other persons named in this Offering Circular and a substantial majority of the Company's assets are located in Korea. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce against any of them in the United States court judgments obtained in U.S. courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States. There is doubt as to the enforceability in Korea, either in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated on the securities laws of the United States or any State or territory within the United States.

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with the sale of the Notes, the Company will be required under the Fiscal Agency Agreement to be entered into as of the closing date of this offering (the "Fiscal Agency Agreement") among the Company, Citicorp International Limited, as the fiscal agent (the "Fiscal Agent") and Citibank, N.A., London Branch, as the paying agent, transfer agent and registrar with respect to the Notes, to furnish, upon request, to a Holder (as defined in "Terms and Conditions of the Notes") of a Note and a prospective investor designated by such Holder, the information required to be delivered under Rule 144A(d)(4) under the Securities Act unless at the time of the request the Company is a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), or the Company is exempt from the registration requirements of Section 12(g) of the Exchange Act (and therefore is required to publish on the Company's website, in English, certain information pursuant to Rule 12g3-2(b) under the Exchange Act). In accordance with the Fiscal Agency Agreement, the Fiscal Agent also will make available for inspection by Holders of the Notes upon prior written notice and satisfaction of proof of holding, at the corporate trust office of the Fiscal Agent or, in certain cases, arrange for the mailing to such Holders, certain reports or communications received from the Company. See "Terms and Conditions of the Notes."

PRESENTATION OF FINANCIAL INFORMATION

The Company's audited consolidated financial statements as of and for the years ended December 31, 2024 and 2023 (the "Annual Financial Statements") included in this Offering Circular have been prepared in accordance with the Korean International Financial Reporting Standards ("K-IFRS"), which may differ in certain respects from generally accepted accounting principles in other countries, including generally accepted accounting principles in the United States and International Financial Reporting Standards applied in other countries. The Company's unaudited condensed consolidated interim financial statements as of June 30, 2025 and for the six months ended June 30, 2025 and 2024 (the "Interim Financial Statements") included in this Offering Circular have been prepared in accordance with K-IFRS No. 1034 "*Interim Financial Reporting*."

All financial information, descriptions and other information regarding the Company are, unless indicated otherwise, given on a consolidated basis. Any discrepancies in the tables included in this Offering Circular between the listed amounts and totals thereof are due to rounding.

SUMMARY

The following summary highlights information appearing elsewhere in this Offering Circular and does not contain all of the information you should consider in making your investment decision. You should read this summary together with the more detailed information, including the financial statements and the related notes, appearing elsewhere in this Offering Circular. You should carefully consider, among other things, the matters discussed in "Risk Factors."

The Company is one of the world's largest memory semiconductor companies and engages in the design, manufacture and sale of advanced memory semiconductors. In the dynamic random access memory ("DRAM") market, the Company is ranked first globally based on revenue with a market share of 37% in the first quarter of 2025, according to market research conducted by Omdia ("Omdia"). In addition, the Company was the third largest supplier of NAND flash memory in terms of revenue, with a worldwide market share of 17% in the first quarter of 2025, according to Omdia. The Company's memory products can be used in virtually all electronic devices, including graphics cards, personal computers ("PC"), servers, mobile devices such as smartphones and tablets, and other consumer electronics products. The Company has also been engaging in the foundry business through SK hynix system ic Inc. ("SK hynix system ic"), a wholly-owned subsidiary, and SK keyfoundry Inc. ("SK keyfoundry"), a wholly-owned subsidiary acquired by the Company in August 2022.

The Company sells a wide variety of DRAM and NAND flash memory products with various configuration options, architectures and performance characteristics tailored to meet application- and customer-specific needs. The Company believes that it is one of the world's leading companies in developing DRAM with advanced specifications, particularly those relating to higher density, faster data-processing speed and lower power consumption. The Company is continually developing higher-density modules, solid state drives ("SSDs") and other customized DRAM and NAND flash memory products that are optimized for use in specific applications. In particular, the Company offers next-generation graphics memory products in a high-bandwidth memory ("HBM") configuration. HBM is designed to meet the greater data-processing speed requirements of graphics applications that incorporate deep learning and artificial intelligence technologies. The Company seeks to strengthen its relationships with leading graphics processing units ("GPU"), PCs and information technology ("IT") manufacturers to more effectively meet their needs for customized high-bandwidth graphics memory solutions. The Company believes that offering customized products provides opportunities to mitigate the negative effects of the cyclicality of the memory products market, and its customized products typically command higher prices than commodity DRAM because of their superior performance and specifically-tailored characteristics.

The Company owns and operates wafer fabrication facilities ("fabs") in Icheon and Cheongju, Korea and Wuxi and Dalian, China. The Company also owns and operates assembly and testing facilities for back-end processing of its products in Icheon and Cheongju, Korea and Chongqing, China. As part of the Company's efforts to reduce unit manufacturing costs, improve manufacturing yields and enhance its profitability, the Company periodically phases out the operations of its older fabs and also upgrades them to new fabs that implement more advanced processing technologies. In addition to regular maintenance and enhancement of existing fabs, the Company is currently constructing a new extension fab called M15X in Cheongju, which the Company plans to utilize to further increase its production capacity of next-generation DRAM products such as HBM. The Company currently expects to complete the construction of the M15X fab in October 2025 and begin mass production in mid-2026. As part of its efforts to ensure its long-term competitiveness, the Company has also announced initiatives to construct an integrated industrial complex in Yongin, Korea for its next generation of fabs and research and development facilities. The Company began construction of its first fab at the Yongin complex in February 2025 with target completion by May 2027. In December 2024, the Company also announced plans to build an advanced packaging plant in Indiana, United States, with target commencement of operation in the second half of 2028.

In order to maintain its technological leadership, as well as to access new markets for its products, the Company engages in strategic initiatives, including entering into joint ventures and joint product development and supply agreements. From time to time, the Company may also acquire equity stakes in other industry players to further strengthen its business relationships as well as acquire complementary businesses that further strengthen the Company's leading position in the industry. In October 2020, the Company agreed to acquire the NAND flash memory and storage business of Intel Corporation ("Intel") (the "Intel NAND Business Acquisition"). In the first phase of such acquisition completed in December 2021, the Company acquired Intel's NAND SSD business (including NAND SSD-related intellectual property and employees), as well as the NAND flash memory manufacturing facility in Dalian, China (the "Dalian Manufacturing Facility"), for US$6.6 billion. The Company created a subsidiary in the United States called SK hynix NAND Product Solutions Corp. (doing business as "Solidigm") to operate the acquired business. In the second phase of the acquisition completed in March 2025, the Company acquired the remaining assets, including the intellectual property related to the manufacture and design of NAND flash wafers, NAND flash wafers-related research and development employees and NAND flash wafers-related workforce at the Dalian Manufacturing Facility, for US$2.2 billion. See "Business – Strategic Alliances, Investments and Acquisitions."

The Company's revenue was ₩32,766 billion in 2023, ₩66,193 billion in 2024, ₩28,853 billion in the first half of 2024 and ₩39,871 billion in the first half of 2025. The Company recorded loss for the year of ₩9,138 billion in 2023 and profit for the year of ₩19,797 billion in 2024, and profit for the period of ₩6,037 billion in the first half of 2024 and ₩15,104 billion in the first half of 2025. The Company had total assets of ₩119,855 billion and total equity of ₩73,916 billion as of December 31, 2024 and total assets of ₩129,088 billion and total equity of ₩87,142 billion as of June 30, 2025.

THE OFFERING

The following is a brief summary of the terms of the offering and is qualified in its entirety by the remainder of this Offering Circular. Words and expressions defined in "Terms and Conditions of the Notes" have the same meanings in this summary.

Issuer	SK hynix Inc.
Offering	US$600,000,000 aggregate principal amount of 4.250% Notes due 2028 (the "2028 Notes") and US$600,000,000 aggregate principal amount of 4.375% Notes due 2030 (the "2030 Notes," and together with the 2028 Notes, the "Notes").
Issue Price.	2028 Notes: 99.905% of the principal amount of the Notes.
	2030 Notes: 99.632% of the principal amount of the Notes.
Issue Date	September 11, 2025
Maturity Date	2028 Notes: September 11, 2028
	2030 Notes: September 11, 2030
Interest	4.250% per annum for the 2028 Notes and 4.375% per annum for the 2030 Notes, in each case, from, and including, September 11, 2025 to, but excluding, the applicable maturity date. Interest on each of the Notes will be payable semi-annually in arrear on March 11 and September 11 of each year, commencing March 11, 2026. See "Terms and Conditions of the Notes – Interest."
Ranking of the Notes . . .	The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves and with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Company, except as may be required by mandatory provisions of law. See "Terms and Conditions of the Notes – Status."
Certain Covenants	The Notes contain certain limitations on the ability of the Company to create or permit to be outstanding any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its property, assets or revenues, present or future to secure certain types of indebtedness and to engage in a consolidation, merger or sale of all or substantially all of its assets. See "Terms and Conditions of the Notes – Certain Covenants."

Taxation and Additional Amounts	Payment of principal and interest in respect of the Notes, including payment of any additional amounts, by or on behalf of the Company, shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, except as required by applicable law. In that event, the Company will, subject to certain exceptions and limitations, pay to a holder of any Note such additional amounts as may be necessary in order that every net payment by the Company or a paying agent of the principal of and interest on the Notes and any other amounts payable on the Notes after withholding or deduction for or on account of any present or future tax, duty, assessment or governmental charge imposed or levied by a Relevant Jurisdiction will not be less than the amount provided for in the Notes to be then due and payable thereunder. See "Terms and Conditions of the Notes – Taxation" and "Taxation – Korean Taxation."
Redemption for Taxation Reasons	Prior to the applicable maturity date, each of the Notes will be redeemable at the option of the Company at any time in whole, but not in part, at 100% of their principal amount plus accrued and unpaid interest, if any, to the date fixed for redemption, in the event of certain changes in the tax law of the Relevant Jurisdiction. See "Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Taxation Reasons."
Change of Control	Noteholders will have the right to require the Company to redeem all or any part of their Notes at a purchase price equal to 100% of their principal amount plus accrued and unpaid interest, if any, to the date of redemption, upon the occurrence of a Change of Control Triggering Event as described under "Terms and Conditions of the Notes – Redemption and Purchase – Change of Control Put Right."
Further Issuances	The Company may from time to time, without notice to or the consent of the holders of the Notes, create and issue further debt securities ranking *pari passu* with the Notes in all respects so that such further issue shall be consolidated and form a single series with the outstanding Notes. However, any additional debt securities shall be issued under a separate CUSIP, ISIN and/or other identifying number, as applicable, unless the additional debt securities are issued pursuant to a "qualified reopening" of the original series, are otherwise treated as part of the same "issue" of debt instruments as the original series or are issued with less than a de minimis amount of original issue discount, in each case for U.S. federal income tax purposes.

Listing	Application will be made to the SGX-ST for the listing and quotation of the Notes on the SGX-ST. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies). Accordingly, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US$200,000. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a global note is exchanged for the Notes in certificated form, the Company will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption. In addition, in the event that a global note is exchanged for the Notes in certificated form, an announcement of such exchange will be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the Notes in certificated form, including details of the paying agent in Singapore.
Use of Proceeds	The net proceeds from the sale of the 2028 Notes are estimated to be US$596,430,000 and the net proceeds from the sale of the 2030 Notes are estimated to be US$594,792,000, in each case, after deduction of underwriting commissions but not estimated offering expenses. The net proceeds from the Notes will be used principally for general corporate purposes, including repayment of outstanding borrowings. See "Use of Proceeds."
Ratings	The Notes are each expected to be rated "Baa2" by Moody's, "BBB" by S&P and "BBB" by Fitch. Such ratings of the Notes do not constitute a recommendation to buy, sell or hold the Notes and may be subject to revision or withdrawal at any time by the rating organizations. Such ratings should be evaluated independently of any other rating of the Notes, of other securities of the Company or of the Company.
Form and Denomination.	The Notes will be issued in minimum denomination of US$200,000 and integral multiples of US$1,000 in excess thereof. The Notes initially offered and sold outside the United States to non-U.S. persons in reliance on Regulation S (the "Unrestricted Notes") will originally be represented by one or more unrestricted global notes. Notes initially offered and sold in the United States to qualified institutional buyers ("QIBs") in reliance on Rule 144A (the "Restricted Notes") will originally be represented by one or more restricted global notes. The Notes will be issued in the form of one or more fully registered global notes, deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company ("DTC"). Except as described herein, the global notes will not be exchangeable for Notes in definitive registered form and will not be issued in definitive registered form. Any secondary market trading of book-entry interests in the Notes will take place through DTC participants, including Euroclear Bank SA/NV and Clearstream Banking, S.A. The Notes may not be sold or otherwise transferred except in accordance with the restrictions described under "Transfer Restrictions."
Delivery of the Notes . . .	Delivery of the Notes, against payment in same-day funds, is expected on or about September 11, 2025.

Risk Factors	See "Risk Factors" for a discussion of certain factors that investors should consider in connection with an investment in the Notes.
Fiscal Agent, Paying Agent, Registrar and Transfer Agent	Citicorp International Limited will act as the fiscal agent (the "Fiscal Agent") and Citibank, N.A., London Branch will act as the paying agent, transfer agent and registrar under the Fiscal Agency Agreement for the Notes.
Governing Law	The Notes and the Fiscal Agency Agreement are governed by, and will be construed in accordance with, the laws of the State of New York.
Security Codes.	

	Restricted Notes	**Unrestricted Notes**
2028 Notes		
CUSIP:	78392B AJ6	Y8085F BY5
ISIN:	US78392BAJ61	USY8085FBY52
2030 Notes		
CUSIP:	78392B AK3	Y8085F BZ2
ISIN:	US78392BAK35	USY8085FBZ28

LEI.	988400XAIK6XISWQV045

SUMMARY FINANCIAL DATA

The following tables present summary financial and other information of the Company. The summary financial information as of and for the years ended December 31, 2024 and 2023 are derived from the Annual Financial Statements of the Company included in this Offering Circular, which have been prepared in accordance with K-IFRS. The summary financial information presented as of June 30, 2025 and for the six months ended June 30, 2025 and 2024 are derived from the Interim Financial Statements of the Company included in this Offering Circular, which have been prepared in accordance with K-IFRS No. 1034 "*Interim Financial Reporting*."

The Company's results of operations for the six months ended June 30, 2025 may not be indicative of its results of operations for any future interim period or for the full year 2025.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) DATA

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2023	**2024**	**2024**	**2025**
	(In billions of Won)			
Revenue	₩32,766	₩66,193	₩28,853	₩39,871
Cost of sales	33,299	34,365	16,562	17,786
Gross profit (loss)	(533)	31,828	12,291	22,085
Selling and administrative expenses	7,197	8,361	3,937	5,432
Operating profit (loss)	(7,730)	23,467	8,355	16,653
Finance income	2,262	4,855	2,033	4,407
Finance expenses	6,093	5,708	2,938	2,937
Share of profit (loss) of equity-accounted investees	15	(38)	7	(24)
Other income	624	1,477	44	109
Other expenses	735	167	76	186
Profit (loss) before income tax	(11,658)	23,886	7,425	18,022
Income tax expense (benefit)	(2,520)	4,088	1,388	2,917
Profit (loss) for the period	₩ (9,138)	₩19,797	₩ 6,037	₩15,104

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DATA

	As of December 31,		As of June 30,
	2023	2024	2025
	(In billions of Won)		
Assets			
Current assets:			
Cash and cash equivalents	₩ 7,587	₩ 11,205	₩ 9,075
Short-term financial instruments	473	2,382	6,220
Short-term investment assets	861	569	1,667
Trade receivables, net	6,600	13,019	13,125
Inventories, net	13,481	13,314	13,408
Other current assets	1,466	1,790	1,707
Total current assets	30,468	42,279	45,203
Non-current assets:			
Investments in associates and joint ventures	1,367	1,941	1,791
Long-term investment assets	4,106	4,041	5,831
Loans and other receivables, net	475	444	404
Property, plant and equipment, net	52,705	60,157	64,473
Right-of-use assets, net	2,695	2,487	2,350
Intangible assets, net	3,835	4,019	3,945
Deferred tax assets	2,989	2,812	3,507
Other non-current assets	1,690	1,675	1,583
Total non-current assets	69,862	77,576	83,885
Total assets	100,330	119,855	129,088
Liabilities			
Current liabilities:			
Trade payables	1,846	2,277	1,862
Other payables	3,293	6,967	4,306
Other non-trade payables	1,689	3,984	3,995
Borrowings	9,857	5,252	8,521
Other financial liabilities	1,479	1,742	1,599
Current tax liabilities	44	3,084	3,470
Lease liabilities	631	588	536
Other current liabilities	2,169	1,071	1,036
Total current liabilities	21,008	24,965	25,324
Non-current liabilities:			
Long-term other payables	3,144	477	400
Other non-trade payables	97	52	42
Borrowings	19,611	17,431	13,320
Deferred tax liabilities	114	218	234
Lease liabilities	2,398	2,180	1,992
Other non-current liabilities	455	616	633
Total non-current liabilities	25,819	20,974	16,621
Total liabilities	46,826	45,940	41,945
Equity			
Equity attributable to owners of the parent company:			
Capital stock	3,658	3,658	3,658
Capital surplus	4,373	4,487	4,726
Other equity	(2,269)	(2,192)	(2,104)
Accumulated other comprehensive income	1,014	2,532	1,490
Retained earnings	46,729	65,418	79,358
	53,504	73,903	87,127
Non-controlling interests	(1)	12	15
Total equity	53,504	73,916	87,142
Total liabilities and equity	₩100,330	₩119,855	₩129,088

OTHER FINANCIAL DATA

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2023	2024	2024	2025
	(In billions of Won)			
Capital expenditures[(1)]	₩8,325	₩15,946	₩5,166	₩10,616
Net cash provided by operating activities	4,278	29,796	11,016	18,190
Net cash used in investing activities	(7,335)	(18,005)	(5,775)	(18,670)
Net cash provided by (used in) financing activities	5,697	(8,704)	(5,033)	(1,271)
Adjusted EBITDA[(2)]	5,889	36,012	14,664	23,430

(1) Capital expenditures represent cash outflows for acquisition of property, plant and equipment.

(2) "Adjusted EBITDA" for a given period is defined as operating profit (loss) for such period, excluding depreciation and others. Adjusted EBITDA is not a measure defined under K-IFRS and should not be construed as an alternative to operating profit (loss), cash flows from operating activities or profit for the period; however, Adjusted EBITDA is a widely used financial indicator of a company's ability to incur and service debt. Adjusted EBITDA should not be considered in isolation or construed as an alternative to cash flows, profit for the period or any other measure of performance or as an indicator of the Company's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. Adjusted EBITDA is presented herein because the Company believes Adjusted EBITDA facilitates operating performance comparisons from period to period and company to company. The Company's Adjusted EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Company's Adjusted EBITDA to the Adjusted EBITDA presented by other companies because not all companies use the same definition of Adjusted EBITDA.

A reconciliation of the Company's operating profit (loss) to Adjusted EBITDA is as follows:

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2023	2024	2024	2025
	(In billions of Won)			
Operating profit (loss)	₩(7,730)	₩23,467	₩8,355	₩ 16,653
Depreciation and others[(1)]	13,619	12,545	6,309	6,777
Adjusted EBITDA	5,889	36,012	14,664	23,430

(1) "Depreciation and others" consist of (i) depreciation of property, plant and equipment, (ii) depreciation of investment property, (iii) amortization and (iv) depreciation of right-of-use assets.

RISK FACTORS

An investment in the Notes is subject to numerous risks, including those listed below. Investors should carefully consider the following risks as well as the other information contained in this Offering Circular before purchasing the Notes. These risks could materially affect the Company's ability to meet its obligations under the Notes. In such case, investors may lose all or part of their investment in, and the expected return on, the Notes.

Risks Relating to the Company

The memory semiconductor industry is subject to cyclical fluctuations, including recurring periods of oversupply, which may result in volatility in the Company's operating results, which in turn may adversely affect its financial position and cash flows.

The Company's DRAM products accounted for 67.6% of its total sales in 2024 and 78.2% in the first half of 2025, and the Company's NAND flash memory products accounted for 29.1% of its total sales in 2024 and 20.0% in the first half of 2025. Accordingly, the Company's business is affected by market conditions in the highly cyclical memory semiconductor industry. The industry's cyclicality results primarily from fluctuations in demand for the end products that use memory semiconductors, particularly from the information and technology industry and the consumer electronics industry, which are sensitive to general conditions in the global economy. Uncertainties in the global economy have increased in recent years, with global financial and capital markets experiencing substantial volatility. In particular, the COVID-19 pandemic that began in late 2019 and fluctuations in interest rates globally have materially and adversely affected the global economy and financial markets in recent years. A prolonged period of high interest rates may negatively impact the demand for the Company's products. Such uncertainties have been caused by, and continue to be exacerbated by, among other things, deterioration in economic and trade relations between major economies (particularly between the United States and China), the outbreak of the Russia-Ukraine war in February 2022 that has destabilized the global energy sector and the ensuing sanctions against Russia, the slowdown of economic growth in China and other major emerging market economies, adverse economic and political conditions in Europe and Latin America and continuing geopolitical and social instability in North Korea and various parts of the Middle East, including the Israel-Hamas war and the Iran-Israel conflict. Any future deterioration in global economic conditions may result in a decline in demand for the Company's memory semiconductors.

The long lead times for new facilities to become operational have in some cases resulted in significant increases in the industry's production capacity coinciding with weakening demand, resulting in global oversupply of products and declining prices. Demand growth expectations in the end markets that use memory semiconductors have typically been accompanied by increased capital investment by manufacturers. In addition, semiconductor manufacturers worldwide have migrated to finer line-width processes and advanced stacking technologies, which have increased the number of bits produced per wafer. These capital investments and adoption of new technologies may result in increases in the supply of memory semiconductors that are not matched by commensurate growth in demand in the end markets for such products. From time to time, the memory semiconductor industry has experienced significant and sometimes prolonged periods of oversupply and weak prices.

As a result of such fluctuations in global demand as well as in the manufacturing capacity available to produce memory semiconductors, the Company's results of operations may be volatile from period to period. Following a period of strong global demand for memory semiconductors in 2021 and the first half of 2022, the global prices of memory products meaningfully decreased starting in the third quarter of 2022, reflecting weakening demand and a general oversupply in the market, which in turn negatively impacted the Company's results of operations. As a result, in 2023, the Company recorded operating loss of ₩7,730 billion and net cash provided by operating activities of ₩4,278 billion. However, in 2024, global demand for DRAM, particularly for HBM designed to meet the greater data-processing speed requirements of graphics applications that incorporate deep learning and artificial intelligence technologies, and NAND flash memory products rebounded strongly, and in 2024, the Company recorded operating profit of ₩23,467 billion and its net cash provided by operating activities increased significantly to ₩29,796 billion.

Actual or anticipated deterioration in market conditions may result in a decline in demand for the Company's products that may have a negative impact on the prices at which they can be sold. In such a case, the Company will likely face pressure to reduce prices and may need to rationalize its production capacity and reduce fixed costs. In general, the Company's ability to significantly reduce expenditures for production facilities and research and development during an industry downturn is limited because of the need to maintain its competitive position. If the Company is unable to reduce its expenses sufficiently to offset reductions in prices and sales volume, the Company's margins will deteriorate and its business, financial condition and results of operations may be materially and adversely affected.

The memory semiconductor industry is highly competitive and the Company's failure to successfully compete would adversely affect its business.

The Company operates in an intensely competitive market, which has been characterized by erosion of selling prices, frequent product enhancements from changes in technology and relatively short product life cycles. During the past decade, the memory semiconductor industry has experienced consolidation as well as the formation of strategic alliances, such as a joint venture between KIOXIA Holdings Corporation ("Kioxia" and formerly Toshiba Memory Corporation) and Western Digital Corporation ("Western Digital") targeting the NAND flash memory market. The Company's major competitors in the DRAM market include Samsung Electronics Co., Ltd. ("Samsung Electronics"), Micron Technology, Inc. ("Micron Technology") and ChangXin Memory Technologies ("CXMT"). The Company's major competitors in the NAND flash memory market include Samsung Electronics, Kioxia, Western Digital and Micron Technology.

The Company competes in its principal product lines based on the following factors:

- pricing;
- manufacturing costs, yields and product availability;
- product performance, quality and reliability;
- successful and timely development of new products and manufacturing processes;
- ability to deliver in large volumes on a timely basis and the ability to meet changes in the customers' demands;
- marketing and distribution capability;
- customer service, including technical support; and
- brand recognition and financial strength.

Entry into memory semiconductor manufacturing requires substantial capital expenditures and significant technological and manufacturing expertise. Although the Company believes that its existing investment, experience and technological expertise provide "time to market" and economies of scale advantages, the Company faces increasing competition from emerging companies that may significantly expand the scale of their operations, as well as from potential repositioning and expansion by storage solution companies and existing customers that develop memory solutions in-house. In addition, in recent years, various industrialized countries have taken measures to promote high-technology industries, which may intensify the competitive landscape of the semiconductor industry. For example, in August 2022, the U.S. Government enacted the CHIPS Act, which provides federal aid to promote emerging industries in the United States, including measures to strengthen its domestic semiconductor manufacturing capabilities. Such efforts may incentivize U.S. semiconductor companies to invest in the expansion of their production capabilities. As part of its efforts to promote a robust semiconductor supply chain, the U.S. Government also initiated the Chip 4 Alliance, a new U.S.-Asian semiconductor partnership among the United States, Korea, Japan and Taiwan. In recent years, such an alliance has led China to take measures to more actively develop its semiconductor manufacturing capabilities, which may further intensify competition in the global semiconductor industry.

Some of the Company's existing and new competitors may have greater financial, marketing, technical or other resources than the Company. Greater resources may allow such competitors to respond to changes in market demand more quickly and produce, market and distribute advanced products, as well as withstand downturns in the memory semiconductor markets in which the Company competes. There is no assurance that the Company will be able to continue to compete successfully, and its failure to do so could have a material adverse effect on its business, financial condition and results of operations.

The Company's future long-term growth depends to a significant extent on its ability to increase production capacity.

The Company's future long-term growth will be dependent on its ability to continue to expand its production capacity and total output beyond current levels. As part of the Company's efforts to reduce unit manufacturing costs, improve manufacturing yields and enhance its profitability, the Company periodically phases out the operations of its older fabs and also upgrades them to new fabs that implement more advanced processing technologies. In addition to regular maintenance and enhancement of existing fabs, the Company is currently constructing a new extension fab called M15X in Cheongju, which the Company plans to utilize to further increase its production capacity of next-generation DRAM products such as HBM. The Company currently expects to complete the construction of the M15X fab in October 2025 and begin mass production in mid-2026. As part of its efforts to ensure its long-term competitiveness, the Company has also announced initiatives to construct an integrated industrial complex in Yongin, Korea for its next generation of fabs and research and development facilities. The Company began construction of its first fab at the Yongin complex in February 2025 with target completion by May 2027. In December 2024, the Company also announced plans to build an advanced packaging plant in Indiana, United States, with target commencement of operation in the second half of 2028.

The Company's ability to expand and successfully operate additional production facilities and increase output is subject to significant risks and uncertainties, including:

- its ability to secure adequate purchase orders from customers to maintain optimal production capacity;
- its ability to raise sufficient funds to build and operate new production facilities, including securing adequate working capital for labor costs and the purchase of raw materials and other supplies;
- delays and cost overruns associated with the build-out of additional facilities due to factors, many of which may be beyond the Company's control, such as delays in government approvals, problems with equipment vendors or raw material suppliers and equipment malfunctions and breakdowns; and
- diversion of significant management attention and other resources.

The Company's cash outflows for acquisition of property, plant and equipment amounted to ₩8,325 billion in 2023, ₩15,946 billion in 2024 and ₩10,616 billion in the first half of 2025. In 2025, the Company plans to increase its capital expenditures compared to 2024, but flexibly adjust such increase taking into consideration market conditions and the Company's financial condition at the time.

The Company periodically adjusts its capital expenditure plans on an ongoing basis subject to market demand for the Company's products, the production outlook of the global memory semiconductor industry as well as general global economic conditions. The Company may delay or not implement some of its announced capital expenditure plans based on its assessment of such market conditions. If the Company is unable to expand its production capacity and ramp up its operations within its anticipated timeframe and budgeted costs, the Company may not be able to meet customer demand and pursue additional economies of scale and growth, which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's revenue and profitability may decline if it is unable to obtain adequate supplies of raw materials, fresh water and equipment in a timely manner and at reasonable prices.

The Company requires timely and adequate supplies of raw materials, fresh water and equipment in order to manufacture its products. The Company sources most of its raw materials, including wafers, from suppliers in Korea, Japan and the United States. The Company is not dependent on any one supplier for a substantial portion of its raw material requirements for assembly and testing, and the Company believes that it generally has access to alternative sources of supply for its principal raw materials. However, from time to time, the Company and other semiconductor manufacturers have experienced shortages and increases in lead times for delivery of raw materials, which in turn have resulted in interruptions in production and delivery of products in the past. To minimize the potential for significant interruptions of supplies of principal raw materials, the Company has entered into multi-year supply agreements with its key material suppliers and plans to enter into similar agreements with other major suppliers, as well as diversify the geographic location of key international suppliers and increase sourcing from suppliers in Korea.

Like other memory semiconductor manufacturers, the Company also depends on a limited number of manufacturers in the Netherlands, the United States and Japan for its key equipment. The Company generally seeks to obtain testing equipment with similar functionality from various vendors. However, the Company's purchases of high-end equipment meeting the Company's standards are limited to several manufacturers. In periods of high market demand, the lead times from order to delivery of such equipment can be as long as six to twenty-four months. The Company seeks to manage this process through early reservation of appropriate delivery slots and constant communication with its equipment suppliers. However, unavailability of equipment, delays in delivery of key equipment or failure of equipment to meet the Company's specifications could delay implementation of the Company's expansion plans and impair its ability to deliver products to its customers in a timely manner.

It is possible that any of the Company's key supplier relationships could be interrupted or terminated due to events beyond the Company's control, including international supply disruptions caused by geopolitical issues, natural disasters or severe health pandemics such as COVID-19. For example, in October 2022, the Bureau of Industry and Security of the U.S. Department of Commerce (the "BIS") announced export controls to restrict China's ability to obtain advanced computing chips, develop and maintain supercomputers, and manufacture advanced semiconductors. As part of such measures, the BIS added certain semiconductor manufacturing equipment and related items to the Commerce Control List as well as new license requirements for items destined to semiconductor fabrication facilities in China that fabricate certain advanced semiconductors. In October 2022, the Company received permission from the BIS that enables the Company to supply its China-based manufacturing facilities with the equipment and items needed for one year without meeting additional licensing requirements. In October 2023, the Company was designated as a Validated End-User ("VEU") by the BIS, thereby obtaining a general authorization for supplying its China-based manufacturing facilities with necessary equipment and items, subject to certain restrictions, without having to seek multiple individual licenses. On August 29, 2025, the BIS announced that the designation of the Company as a VEU would be revoked effective December 31, 2025. Upon such revocation, equipment and items that were previously exported and re-exported under the VEU authorization will be subject to applicable license requirements as set forth in the Export Administration Regulations enforced by the BIS. Failure to obtain the required licenses in a timely manner may materially impact the Company's manufacturing operations in China, which in turn may have a material adverse effect on its business, financial condition and results of operations.

There can be no assurance that the Company will be able to secure sufficient supplies of the relevant raw materials that meet its quality standards from alternative suppliers in a timely manner and at reasonable prices to satisfy its long-term needs. Furthermore, in the event that trade restrictions are imposed in the future by foreign governments in countries where the Company's key suppliers are located, the Company's failure to mitigate the impact of such restrictions could materially and adversely affect its operations. If the Company is unable to obtain adequate amounts of key raw materials, fresh water and equipment that meet its quality standards in a timely manner and at a reasonable cost, the production of its products could be disrupted, which would negatively impact the Company's business, financial condition and results of operations.

The complexity of memory semiconductor production makes the Company highly susceptible to potential manufacturing issues.

Manufacturing memory semiconductors is a highly complex and precise process, requiring production in a tightly controlled, clean environment. Even very small impurities in raw materials, flaws in the wafer fabrication process, defects in the masks used to print circuits on a wafer or other factors can cause a substantial percentage of wafers to be rejected or numerous chips on each wafer to be nonfunctional. The Company may experience problems in achieving an acceptable yield rate in the manufacture of chips and memory module products, and the likelihood of facing such difficulties is higher in connection with the transition to new manufacturing methods. From time to time, the Company has experienced minor disruptions in its manufacturing process as a result of temporary power outages. The Company may also experience manufacturing problems in its assembly and test operations as a result of the introduction of new packaging materials. In addition, as technological advances in semiconductors become more rapid, manufacturing activities become more complex and prone to problems. Disruption of operations may also occur due to fire, flood or other natural disasters or calamities, the effects of climate change (such as sea level rise, drought, flooding, wildfires, increased average temperatures and increased storm severity), human error, or acts of terrorism or war. Any interruption of wafer fabrication at any of the Company's facilities resulting in the failure to achieve acceptable manufacturing yields or inability to meet its customers' requirements would adversely affect the Company's business, financial condition and results of operations.

The Company's long-term profitability depends on its ability to respond to rapid technological changes in the manufacturing process in a timely and cost-effective manner.

The average selling prices of memory semiconductors have declined in general and are expected to continually decline with time irrespective of industry-wide cyclical fluctuations, as a result of, among other factors, technological advancements and cost reductions in the memory semiconductor manufacturing process. The Company may be able to take advantage of temporary higher selling prices typically associated with the launch of new products or the emergence of external factors that increase demand, but such prices will likely decline over time, and in certain cases, very rapidly. If the average per-bit selling price for DRAM and NAND flash memory products that the Company produces decreases faster than the pace at which the Company is able to reduce its per-bit manufacturing costs, the Company's gross margins would decrease. Accordingly, the Company's ability to respond to rapid technological changes in the manufacturing process and achieve higher manufacturing yields in a timely and cost-effective manner is critical to its long-term profitability.

Due to the competitive nature of the memory semiconductor market, manufacturers are continually seeking to optimize their production methods. For example, the Company continues to invest in enhancing TSV (Through Silicon Via) interconnection technology that links upper and lower chips with an electrode that vertically passes through the base logic chip and DRAM chips, which is critical in the development of the Company's next-generation of HBM products. In addition, the Company continues to invest in enhancing its 3D NAND technology, which enables NAND flash memory cells to be stacked vertically in multiple layers, and is working toward transitioning its mass production of NAND flash memory products from utilizing 3D 176 layers to 3D 321 layers technology. If the Company does not anticipate enhancements in manufacturing technology and fails to adopt new process technologies in a timely and cost-effective manner, it may not be able to produce products that meet its customers' demands at competitive prices. Although new technologies typically yield more chips per wafer once ramp-up has been successfully completed, yields are typically low during the initial stage of transition where new technologies are applied to existing manufacturing processes. There is no guarantee that the Company will not experience material delays in connection with future migrations to new technologies. If the Company is unable to respond to rapid technological changes in the manufacturing process in a timely and cost-effective manner, it may lose market share, which in turn could have a material adverse effect on its business, financial condition and results of operations.

Requirements of the customers in the information and technology industry and the consumer electronics industry are continually and rapidly evolving, and the Company's success depends on its ability to anticipate and respond to these changes and trends.

Memory semiconductors are becoming increasingly diversified in terms of specifications, with customers demanding solutions that are optimized for their particular needs to manufacture specific electronic devices, including PCs, servers, graphics cards, mobile devices such as smartphones and tablets, and other consumer electronics products. The Company is continually developing higher-density modules, SSDs and other customized DRAM and NAND flash memory products that are optimized for use in specific applications. In particular, the Company offers next-generation graphics memory products in an HBM configuration. HBM is designed to meet the greater data-processing speed requirements of graphics applications that incorporate deep learning and artificial intelligence technologies. The Company's continued success will depend on its ability to respond quickly to evolving customer requirements and industry standards in its target markets and to offer its customers a variety of products with reliable quality and advanced features.

If the Company's products do not keep pace with evolving industry standards, the Company could be required to invest significant resources to redesign its products to ensure compatibility with relevant standards. If the Company is slow to anticipate changing trends and respond to such changes in a timely manner, it could miss opportunities to capture potential customers, and it could lose its existing customers. In order for the Company to respond effectively to these and other market trends, it needs to dedicate significant resources to product design, research and development and marketing. There can be no assurance that the Company will have sufficient financial resources to fund all of the required research to develop technical innovations and meet changing industry standards. If the Company is unable to invest sufficient resources to satisfy the diversifying memory needs of its customers, or if it does so in an inefficient or untimely manner, it may lose market share, which in turn could have a material adverse effect on its business, financial condition and results of operations.

The Company sells a substantial portion of its products to a select group of key customers in the United States and China, and any significant decrease in their order levels will negatively affect the Company's business.

A substantial portion of the Company's sales is attributable to a limited number of customers located in the United States and China. The Company's largest customer represented 16.5% of the Company's total revenue in 2024 and 27.3% in the first half of 2025. The Company cannot provide any assurance that its key customers will continue to place orders with the Company in the future at the same levels as in prior periods, or at all. For conventional memory semiconductors, the Company typically enters into mutually non-binding long-term supply agreements of one to three years with its customers, which usually do not establish fixed pricing and volume commitments. Key customers may reduce quantities purchased, delay or cancel purchase orders or elect to terminate their business relationship with the Company at any time for a number of reasons, including industry consolidation through mergers and acquisitions. Because much of the Company's costs and operating expenses are relatively fixed, termination of business relationships with key customers or significant reductions in sales to any key customers would have a material adverse effect on the Company's business, financial condition and results of operations.

In recent years, the Company has relied on sales to customers in the United States and China, and prolonged tensions in economic and trade relations between the two countries may have a material adverse effect on demand for the Company's products from key customers in such countries. Revenue of sales subsidiaries located in the United States accounted for 63.4% of the Company's revenue in 2024 and 69.8% in the first half of 2025, while revenue of sales subsidiaries located in China accounted for 23.5% of the Company's revenue in 2024 and 18.5% in the first half of 2025. Ongoing tensions between the United States and China and tariffs and other trade restrictions imposed by them on each other, including restrictions and penalties imposed by their respective governmental agencies such as the BIS, may lead to a decrease in the volume of products manufactured by the Company's key customers located in such countries, which in turn could decrease demand for the Company's memory semiconductors used as components in their products. In addition, the Company may be prohibited from selling products to certain of its key customers as a result of the ongoing trade tensions. For example, on August 20, 2020, the BIS published a final rule that further tightened restrictions under the Export Administration Regulations on Huawei Technologies Co., Ltd. ("Huawei") and its affiliates designated on the Entity List administered by the BIS. Under the final rule, any item produced based on the relevant categories of U.S.-origin technology or software in any meaningful way may no longer be provided to Huawei for use by it or for use in any Huawei product without obtaining a license. Sales of any such items without obtaining the proper license would result in a violation of U.S. law. Starting on September 15, 2020, the Company has suspended sale of its products to Huawei and its affiliates designated on the Entity List administered by the BIS. In May 2025, the BIS also issued guidance alerting the semiconductor industry that the use of semiconductors manufactured by Chinese companies risks violating U.S. export controls and may subject companies to BIS enforcement action.

In addition, in August 2022, the U.S. Government enacted the CHIPS Act, which provides federal aid to promote emerging industries in the United States, including measures to strengthen its domestic semiconductor manufacturing capabilities. Such efforts may incentivize U.S. semiconductor companies to invest in the expansion of their production capabilities, which in turn may reduce the Company's sales in the United States. In February 2023, the U.S. Government announced the requirements for the federal subsidies to be granted under the CHIPS Act, including (i) a ban on certain new, high-tech investments in China or other "countries of concern" for at least a decade, (ii) provision of affordable child care for the workers, (iii) limitation of stock buybacks, (iv) sharing of certain excess profits with the U.S. Government and (v) the submission of certain information regarding management and technology. Both U.S. and non-U.S. semiconductor companies that choose to invest in the United States and meet such terms are eligible for the federal subsidies. In September 2023, the U.S. Government released the final rules on the guardrails applicable to such federal subsidy program. The final rules prohibit recipients of the federal subsidy from materially expanding their semiconductor manufacturing capacities in foreign countries of concern for 10 years and restrict them from certain joint research or technology licensing efforts with foreign entities of concern. In April 2024, the Company announced its intention to build an advanced packaging plant in Indiana, United States, and the Company entered into a non-binding preliminary memorandum of terms with the U.S. Department of Commerce in August 2024 to receive certain federal subsidies and loans under the CHIPS Act. In December 2024, the Company announced plans to build such packaging plant with target completion of operations in the second half of 2028. In March 2025, U.S. President Donald J. Trump signed an executive order establishing the United States Investment Accelerator, an office within the U.S. Department of Commerce that is responsible for administering and overseeing the implementation of the programs under the CHIPS Act. Although the Company believes that its investment to construct an advanced packaging plant in Indiana, United States currently meets the requirements of the CHIPS Act, there can be no assurance that the CHIPS Act will not be further amended or terminated, or that the Company's Indiana investment will continue to satisfy such requirements.

As part of its efforts to promote a robust semiconductor supply chain, the U.S. Government also initiated the Chip 4 Alliance, a new U.S.-Asian semiconductor partnership among the United States, Korea, Japan and Taiwan. Such an alliance has led China to take measures to more actively develop its semiconductor manufacturing capabilities, which in turn has reduced the percentage of the Company's sales in China in recent years. See "– The memory semiconductor industry is highly competitive and the Company's failure to successfully compete would adversely affect its business."

In response to the above measures adopted by the United States, the Cybersecurity Administration of China announced in May 2023 that Micron Technology had failed a security review and banned China's critical information infrastructure operators from purchasing products from Micron Technology. The Company is unable to predict the duration of tensions in economic and trade relations between the two countries, and prolonged trade restrictions could have a material adverse effect on the Company's business, financial condition and results of operations.

Impositions of anti-dumping duties, safeguard duties, countervailing duties, quotas or tariffs may have an adverse impact on the Company's export sales.

The Company sells substantially all of its products outside Korea. The Company continues to carefully monitor developments with respect to trade remedy policies, including anti-dumping duties, safeguard duties, countervailing duties, quotas or tariffs, in all major markets in which the Company sells its products and seeks to mitigate the related risks by adjusting supply and export arrangements as necessary and entering into trade agreements and, where necessary, vigorously defend its rights. However, there can be no assurance that the trade agreements between Korea and its major trading partners will not be amended or that anti-dumping duties, safeguard duties, countervailing duties, quotas or tariffs will not be imposed on the Company's sales of products outside Korea in the future. The occurrence of any such events, including those described below, may have a material adverse impact on the Company's business, financial condition and results of operations.

In April 2025, the U.S. government imposed a universal "reciprocal" tariff which applies to all imports from all of its trading partners (including those with free trade agreements with the United States), with a base rate of 10%, subject to certain exceptions including semiconductors. In addition, the U.S. government announced higher rates to be imposed on imports from certain enumerated countries (including Korea at 15%) on a country-by-country basis, subject to certain exceptions including semiconductors, which implementation became effective on August 7, 2025. In addition, in August 2025, the U.S. government threatened to impose a tariff of 100% on all imports of semiconductors, subject to certain exceptions for businesses that make a commitment to build semiconductor facilities and invest in the United States. The imposition of any such tariffs may have a material adverse effect on the Company's sales of semiconductor products in the United States as well as on the Company's downstream customers that produce finished products using the Company's products in countries subject to such tariffs and export those products to the United States. The increases in costs and prices due to the imposition of any such tariffs may reduce consumer demand for such products in the United States, which may in turn adversely affect the demand for the Company's products.

Historically, tariffs have led to increased trade and political tensions. In response to the recent tariffs imposed by the U.S. government, various countries have implemented, or have announced plans to implement, retaliatory tariffs on goods produced in the United States. Political tensions as a result of trade policies could reduce trade volume, investment, technological exchange and other economic activities between major international economies, resulting in a material adverse effect on global economic conditions and the stability of global financial markets. If further tariffs are imposed on a broader range of the Company's or its customers' exports, or if further retaliatory trade measures are taken by impacted foreign countries in response to additional tariffs, the Company or its customers may be required to adjust their prices or incur additional expenses, which may have a material adverse impact on the Company's business, financial condition and results of operations.

The Company may not be able to realize the anticipated benefits of its acquisitions, which could harm its business, financial condition and results of operations.

The Company's success will depend, in part, on its ability to expand its product offerings, and grow its business in response to changing technologies, consumer demands and competitive pressures. In some circumstances, the Company may determine to do so through the acquisition of complementary businesses and technologies rather than through internal development. For example, in October 2020, the Company agreed to acquire the NAND flash memory and storage business of Intel. In the first phase of such acquisition completed in December 2021, the Company acquired Intel's NAND SSD business (including NAND SSD-related intellectual property and employees), as well as the Dalian Manufacturing Facility, for US$6.6 billion. The Company created a subsidiary in the United States called Solidigm to operate the acquired business. In the second phase of the acquisition completed in March 2025, the Company acquired the remaining assets, including the intellectual property related to the manufacture and design of NAND flash wafers, NAND flash wafers-related research and development employees and NAND flash wafers-related workforce at the Dalian Manufacturing Facility, for US$2.2 billion. See "Business – Strategic Alliances, Investments and Acquisitions."

The identification of suitable acquisition candidates can be difficult, time-consuming and costly, and the Company may not be able to successfully complete its identified acquisitions. In addition, there is no guarantee that the Company will be able to realize the anticipated benefits of its acquisitions. The Company has limited experience acquiring other businesses, and its ability to acquire and integrate other companies and assets, particularly large or complex companies, products or technologies, in a successful manner remains subject to uncertainty.

The risks the Company faces in connection with acquisitions also include:

- diversion of management time and focus from operating the Company's business to addressing acquisition and integration challenges;
- challenges associated with the integration of product development and sales and marketing functions of the acquired business;
- challenges associated with the retention of key employees from the acquired business;
- cultural and operational challenges associated with integrating employees from the acquired business into the Company;
- challenges associated with the integration of the acquired business's accounting, management information, human resources and other administrative systems;
- the need to implement or improve controls, procedures and policies at a business that prior to the acquisition may have lacked effective controls, procedures and policies;
- liability for activities of the acquired business before the acquisition, including intellectual property infringement claims;
- unanticipated impairment of goodwill; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former shareholders or other third parties.

The Company's failure to address these risks or other problems encountered in connection with its past or future acquisitions could result in its failure to realize the anticipated benefits of these acquisitions, cause it to incur unanticipated liabilities, or could otherwise harm its business generally. Future acquisitions could also result in dilutive issuances of its equity securities or the incurrence of debt, contingent liabilities, amortization expenses or incremental operating expenses.

The Company's strategic alliances and investments may not be successful, which may adversely affect its competitive position and impair the Company's ability to achieve its business objectives.

The Company continually seeks out opportunities to further its strategic objectives, including by entering into joint ventures and joint product development and supply agreements, to further solidify its market position as a leading semiconductor company in the world. Cooperation in product design, manufacturing and sales and marketing between partner companies has increased in response to the growing diversity and complexity of memory semiconductors and applications, demand for technological enhancements and increasing costs associated with keeping pace with industry developments. The Company believes that such strategic initiatives will not only assist in maintaining and growing its presence in existing markets but also provide the Company with a cost-effective means of accessing new markets, products and technologies.

As part of the efforts to expand the Company's foundry business, the Company acquired SK keyfoundry in August 2022. From time to time, the Company has also acquired equity stakes in other industry players to further strengthen its business relationships and may do so again in the future. For example, in June 2018, the Company participated as a member of a consortium led by Bain Capital (the "Bain Consortium") in its purchase of a controlling stake in Kioxia from Toshiba Corporation. As a member of the Bain Consortium, the Company invested ₩2,637 billion for an indirect limited partnership interest in BCPE Pangea Intermediate Holdings Cayman, L.P. ("SPC 1"), which in turn holds an equity interest in Kioxia. In addition, the Company invested ₩1,279 billion to acquire a convertible bond issued by a second special purpose company, BCPE Pangea Cayman2 Limited ("SPC 2"), which is convertible into an approximately 15.0% equity interest in SPC 2 upon the occurrence of certain specified events. SPC 2 in turn holds an equity interest in Kioxia. As of June 30, 2025, the book value of the Company's investment in SPC 1 was ₩3,292 billion, and the book value of the Company's investment in the convertible bond issued by SPC 2 was ₩2,152 billion, which are accounted for as debt investments and classified as financial assets measured at fair value through profit or loss.

The Company also enters into joint product development efforts with strategic partners. In April 2024, the Company entered into a memorandum of understanding with Taiwan Semiconductor Manufacturing Company Limited ("TSMC"), a leading global foundry, to collaborate on the research and development of advanced packaging technology and production of next-generation HBM4 (generation 4) products. The Company plans to adopt TSMC's advanced logic process for HBM4's base die in order to pack additional functionality, as well as further promote customization of HBM products that meet a wider range of customer demands for performance and power efficiency. The parties also agreed to collaborate to optimize the integration of the Company's HBM products with TSMC's Chip on Wafer on Substrate ("CoWoS") technology, which connects GPUs, logic chips and HBMs on a special substrate called an interposer.

Strategic initiatives involve a number of risks, including potential disagreements with strategic partners, diversion of management attention and, in the case of joint ventures, cultural and operational challenges associated with operation of the joint venture. The Company's strategic, joint venture or consortium partners may have economic or business interests that are inconsistent with those of the Company, take actions contrary to agreed policies or objectives, undergo a change of control, experience financial and other difficulties or be unable or unwilling to fulfill their obligations. The Company's failure to address such risks or other problems encountered in connection with its past or future investments could cause the Company to fail to realize the anticipated benefits of such investments, cause the Company to incur unanticipated liabilities, or could otherwise harm the Company's business relationships and reputation. In addition, the Company's investments may become subject to unanticipated impairment losses (or losses for financial assets measured at fair value through profit or loss) if the value of the invested assets declines. Any such developments could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may not be able to successfully execute its diversification strategy.

As part of its overall strategy, the Company has been striving to diversify its business to areas other than DRAM and NAND flash memory semiconductors in recent years, and some of its diversification efforts may not succeed. As part of the efforts to expand its foundry business, the Company acquired SK keyfoundry in August 2022. In addition, from time to time, the Company has expanded its product portfolio into non-memory semiconductors, including complementary metal oxide semiconductor ("CMOS") image sensors that are used to perform the role of electronic film in digital photographing devices such as smartphones, tablets, PC laptops and surveillance cameras. The Company discontinued its production of CMOS image sensors in March 2025.

The success of the Company's diversification strategy will depend, in part, on its ability to realize the growth opportunities and anticipated synergies among its diversified businesses, which in turn will be subject to numerous factors, including the recruitment of qualified personnel and establishment of new business relationships, as well as expansion of existing relationships with various customers and suppliers, procurement of necessary technology and know-how and access to investment capital at a reasonable cost. The Company's failure to successfully execute its diversification strategy may adversely affect its business, financial condition and results of operations.

The Company may be unable to adequately protect its intellectual property rights or successfully defend against third-party infringement claims, which could impair the Company's operations and competitiveness and harm its business and future prospects.

Protection of the Company's intellectual property rights is essential to keep others from copying the innovations that are central to the Company's current and future products. As of June 30, 2025, the Company and three of its subsidiaries (SK hynix system ic, SK keyfoundry and Solidigm) owned 4,870 patents and 142 trademarks in Korea and 18,710 patents and 369 trademarks outside Korea. As of the same date, the Company and its three subsidiaries had 11,557 patent, trademark and design applications pending in Korea and outside Korea. The Company's ability to compete successfully also depends on its ability to operate without infringing the proprietary rights of others. The memory semiconductor industry is characterized by frequent disputes and litigation regarding patent and other intellectual property rights. As is typical in the industry, the Company has from time to time received communications from third parties asserting their patents against its products and alleging the Company's infringement of their intellectual property rights. The Company expects to receive similar communications in the future.

In the event that any third party is adjudicated to have a valid intellectual property claim against the Company, the Company may be required to:

- refrain from selling the affected products in certain markets;
- make royalty payments or pay significant monetary damages, which may exceed the Company's reserves for such matters;
- seek to develop non-infringing technologies, which may be costly or time-consuming or may not be feasible; and
- seek to acquire licenses to the infringed technology, which may not be available on commercially reasonable terms, if at all.

Any of the foregoing, as well as the Company's inability to adequately protect its intellectual property rights, could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company relies on technology provided by third parties, and its business may suffer if it is unable to renew its licensing arrangements with them.

The Company has entered into technology license and cross-license agreements with third parties that give those parties the right to use patents and other technologies developed by the Company, as well as provide the Company with the right to use patents and other technologies developed by them. The Company anticipates that it will continue to enter into various licensing and cross-licensing arrangements in the future, which may increase its payments of licensing fees and royalties. If the Company is unable to enter into or renew technology licensing arrangements on acceptable terms, it may lose the legal right to use certain of the technologies it employs in manufacturing its products, which may prevent the Company from manufacturing and selling key products. In addition, the Company could be disadvantaged if its competitors obtain licenses for important technologies on more favorable terms than the Company. In the future, the Company may also need to obtain additional licenses for new or existing technologies. The Company's failure to secure or renew license agreements on acceptable terms may materially and adversely affect its business, financial condition and results of operations.

Products that do not meet customer specifications, contain or are perceived to contain defects or are otherwise incompatible with their intended uses could impose significant costs on the Company.

The design and production processes for the Company's products, including DRAM and HBM, are highly complex. The Company may produce products that do not meet customer specifications, contain or are perceived to contain defects or are otherwise incompatible with their intended uses. Under the Company's general terms and conditions of sale and in accordance with industry practice, the Company provides a one-year warranty that is usually limited to repair or replacement of defective items or return of, or a credit with respect to, amounts paid for such items. From time to time, the Company may provide more extensive warranty coverage to certain customers. The Company may incur substantial costs in remedying defects in its products, which could include material inventory write-downs. Moreover, if actual or perceived problems with nonconforming, defective or incompatible products occur after the Company has shipped its products, the Company may not only have liability for providing replacements or otherwise compensating customers but also suffer damage to its relationship with important customers or to its reputation, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Sanctions against the Company and other memory semiconductor producers for anti-competitive practices may have a direct or indirect material adverse impact on the Company's operations.

From time to time, the Company may become subject to investigations by government authorities as well as legal proceedings related to alleged involvement in anti-competitive practices. In the past, the Company and other DRAM manufacturers have been investigated by the Antitrust Division of the U.S. Department of Justice, and a number of class action lawsuits have been filed against the Company and other DRAM manufacturers in various federal district courts and state courts alleging violation of U.S. antitrust laws, unfair competition laws and other related laws. Generally, such class action cases are filed on behalf of classes of individuals and entities which purchased DRAM directly or indirectly from the various DRAM suppliers. The "indirect purchaser" plaintiffs include purchasers of consumer products, such as computers, in which DRAM is a component, and other purchasers that did not purchase DRAM directly from a DRAM manufacturer.

The Company has resolved a number of the class action lawsuits and other legal proceedings related to its alleged involvement in anti-competitive practices. For example, in May 2018, the State Administration for Market Regulation of China initiated an investigation into alleged violation of antitrust laws relating to the Company's sales of DRAM in China. The investigation is ongoing, and the Company is currently unable to predict the outcome of the investigation. An adverse final resolution of such matter or any sanctions imposed against the Company for anti-competitive practices could result in liability to the Company, damage to its reputation, loss of experienced personnel or other consequences, any of which may have a material adverse effect on the Company's business, financial condition and results of operations.

Severe health epidemics (including the global COVID-19 pandemic and any possible occurrences of other types of widespread infectious diseases) could materially and adversely affect the Company's business, results of operations or financial condition.

If severe health epidemics were to occur in the future in any area where any of the Company's assets, suppliers or customers are located, the Company's business, results of operations or financial condition could be adversely affected. For example, COVID-19, an infectious disease caused by severe acute respiratory syndrome coronavirus 2, was declared a "pandemic" by the World Health Organization in March 2020. The global outbreak of COVID-19 had led to global economic and financial disruptions and had adversely affected the Company's business operations. Risks associated with COVID-19 or other types of widespread infectious diseases include:

- disruption in the normal operations of the Company's business resulting from contraction of infectious diseases by the Company's employees, which may necessitate its employees to be quarantined and/or its manufacturing facilities or offices to be temporarily shut down;

- fluctuations of the Won against major foreign currencies (see "– Fluctuations in exchange rates may result in foreign exchange losses");

- an increase in unemployment among, and/or decrease in disposable income of, consumers who purchase the products manufactured by the Company's customers and a decline in overall consumer confidence and spending levels, which in turn may decrease demand for the Company's products;

- disruption in the normal operations of the businesses of the Company's customers, which in turn may decrease demand for the Company's products;

- disruption in the supply of raw materials, components and equipment from the Company's suppliers and vendors;

- disruption in the delivery of the Company's products to its customers;

- unstable global and Korean financial markets, which may adversely affect the Company's ability to meet its funding needs on a timely and cost-effective basis; and

- decreases in the fair value of the Company's investments in companies that may be adversely affected by the pandemic.

In the event that a future recurrence of COVID-19 or an occurrence of other types of widespread infectious diseases cannot be effectively and timely contained, the Company's business, financial condition and results of operations may be materially and adversely affected.

The Company may be unable to operate its business successfully if it is unable to retain and recruit qualified personnel.

The Company's success depends to a significant extent on the continued services of its senior management and research and development, engineering and other specialized personnel, and on its ability to continue to attract, retain and motivate such key employees. Generally, the Company's employees are not bound by employment or non-competition agreements and competition within the memory semiconductor industry for highly qualified employees is intense. There can be no assurance that the Company will not experience difficulty in recruiting and retaining qualified employees. The Company's business could suffer if it loses the services of any of its key personnel and cannot adequately replace them in a timely manner.

Work stoppages and other labor-related issues may adversely affect the Company's operations.

As of June 30, 2025, the Company had three labor unions, all of which have collective bargaining agreements with the Company. As of such date, the two largest of such labor unions had 15,079 of the Company's employees as their members. The Company's latest collective bargaining agreements with such labor unions came into effect in November 2024 for a two-year term. The Company is currently negotiating supplemental terms to such collective bargaining agreements, including bonus levels. In recent years, the Company has not experienced a strike or other material work stoppage. However, there can be no assurance that the Company's relationship with its employees will not deteriorate in the future and any labor unrest, work stoppages or strikes could prevent the Company's production facilities from continuing normal operations, which in turn may have a material adverse effect on its business, financial condition and results of operations.

The Company is subject to strict environmental, health and safety regulations, and it may become subject to penalties or restrictions that could cause its operations to be interrupted or result in significant compliance expenses.

The Company has manufacturing facilities in Korea and China. The Company's operations involve the use of chemicals and generate chemical waste, wastewater and other industrial waste at various stages in the manufacturing process, and the Company is subject to a variety of environmental, health and safety laws and regulations of local or national governments relating to the use, storage, discharge and disposal of such chemical by-products and waste substances. The Company is also subject to restrictions on using certain raw materials in its manufacturing process in fabs located in certain locations. The Company has installed various types of anti-pollution equipment, consistent with industry standards, for the treatment of chemical waste and equipment for the recycling of treated water and other industrial waste at its various facilities. However, the Company cannot provide assurance that environmental, health and safety claims will not be brought against it or that local or national governments will not take steps toward adopting more stringent standards. Sourcing of raw materials could also present reputational risks if the Company's direct or indirect suppliers are found to be in violation of environmental, health and safety regulations, or of ethical or human rights regulations or standards. Any failure on the Company's part to comply with any present or future environmental, health and safety regulations could result in the assessment of damages or clean-up costs or the imposition of fines or other penalties against it, a suspension of production, cessation of operations or relocation of manufacturing facilities to different locations. In addition, new environmental, health and safety regulations could require the Company to acquire costly equipment or to incur other significant compliance expenses that may materially and negatively affect its business, financial condition and results of operations.

Fluctuations in exchange rates may result in foreign exchange losses.

There has been considerable volatility in exchange rates in recent years, including exchange rates between the Won and the U.S. dollar. To the extent that the Company incurs costs in one currency and makes sales in another, its profit margins may be affected by changes in the exchange rates between the two currencies. In particular, the Company's investments in manufacturing facilities in China have increased the proportion of its expenses that are incurred in Chinese Yuan, while the Company's sales in China are denominated in U.S. dollars. Accordingly, an unhedged increase in the value of the Chinese Yuan would increase the Company's construction and manufacturing costs and adversely impact its profitability. Changes in exchange rates can also affect the Won value of sales proceeds and operating and non-operating costs that are denominated in foreign currencies. The Company is unable to increase the prices of its products to adjust fully for the negative effects of exchange rate movements because prices in the memory semiconductor industry are dictated by worldwide supply and demand. In addition, exchange rate fluctuations can affect the Won value of the Company's equity investments and monetary assets and liabilities denominated in foreign currencies. See "Exchange Rate Information."

Appreciation of the Won may materially and adversely affect the Company's results of operations because, among other things, it reduces the Won value of the Company's export sales, which are primarily denominated in U.S. dollars, and causes the Company's export products to be less competitive by raising their prices in U.S. dollar terms. On the other hand, depreciation of the Won would create foreign exchange translation losses and increase the amount, in Won terms, of interest and principal of the Company's foreign currency-denominated debt, as well as increase in Won terms the cost of raw materials and equipment that the Company purchases from overseas sources. Under the Company's current operating and capital structure, appreciation of the Won generally has a net negative impact on the Company's operating income. Although the impact of exchange rate fluctuations has in the past been partially mitigated by hedging strategies, the Company cannot provide any assurance that it will be able to effectively manage such risks, and its results of operations have historically been affected by exchange rate fluctuations. Volatility in currency exchange rates may lead to losses, which could have a material adverse effect on the Company's financial condition and results of operations.

Related party transactions that the Company engages in are subject to scrutiny by the Korea Fair Trade Commission and the Korean tax authorities.

The Company's business relationships and transactions with its subsidiaries and affiliates are subject to ongoing scrutiny by the Korea Fair Trade Commission as to, among other things, whether such relationships and transactions constitute undue financial support among companies of the same business group. The Company engages in various transactions with its subsidiaries and affiliates on an arm's-length basis. See "Certain Relationships and Related Party Transactions." The Company is also subject to fair trade regulations limiting guarantees of debt and cross-shareholdings among member companies of the SK Group. In addition, the Company's material business transactions with its subsidiaries, affiliates and member companies of the SK Group are subject to approval by its board of directors pursuant to the Korean Commercial Code and the Monopoly Regulation and Fair Trade Act and are subject to public disclosure requirements under the Monopoly Regulation and Fair Trade Act. Any future determinations by the Korea Fair Trade Commission that the Company has engaged in transactions that violate applicable fair trade laws and regulations may result in fines or other punitive measures and may have a material adverse effect on the Company's reputation and its business.

In addition, under Korean tax law, there is an inherent risk that the Company's transactions with its subsidiaries, affiliates or any other person or company that is related to the Company may be challenged by the Korean tax authorities if such transactions are viewed as having been made on terms that were not on an arm's-length basis. If the Korean tax authorities determine that any of the Company's transactions with related parties was not on an arm's-length basis, the Company would not be permitted to deduct the amount equivalent to such undue financial support as expenses, which may have adverse tax consequences for the Company.

Risks Relating to Korea

If economic conditions in Korea deteriorate, the Company's current business and future growth could be materially and adversely affected.

The Company is incorporated in Korea and a significant portion of its assets are located in Korea. As a result, the Company is subject to political, economic, legal and regulatory risks specific to Korea, and the Company's performance and successful execution of its operational strategies are dependent on the overall Korean economy. The economic indicators in Korea in recent years have shown mixed signs of growth and uncertainty, and future growth of the Korean economy is subject to many factors beyond the Company's control, including developments in the global economy.

Following a period of deterioration due to the debilitating effects of the COVID-19 pandemic on the Korean economy as well as on the economies of Korea's major trading partners in 2020, the overall Korean economy showed signs of recovery in 2021. However, adverse conditions and volatility in the worldwide financial markets, fluctuations in oil and commodity prices, supply chain disruptions and the increasing weakness of the global economy, as well as significant fluctuations in policy interest rates globally (including Korea), have contributed to the uncertainty of global economic prospects in recent years and have adversely affected, and may continue to adversely affect, the Korean economy. The value of the Won relative to major foreign currencies, in particular the U.S. dollar, has fluctuated significantly and, as a result of uncertain global and Korean economic, social and political conditions, there has been significant volatility in the stock prices of Korean companies recently. Future declines in the Korea Composite Stock Price Index (the "KOSPI"), and large amounts of sales of Korean securities by foreign investors and subsequent repatriation of the proceeds of such sales may adversely affect the value of the Won, the foreign currency reserves held by financial institutions in Korea, and the ability of Korean companies to raise capital. Any future deterioration of the Korean or global economy could adversely affect the Company's business, financial condition and results of operations and the market price of the Notes.

Other developments that could have an adverse impact on Korea's economy include:

- declines in consumer confidence and a slowdown in consumer spending, including as a result of higher levels of market interest rates;
- rising inflationary pressures leading to increases in costs of goods and services and a decrease in purchasing power;
- political uncertainty or increasing strife among or within political parties in Korea following the declaration of martial law by former President Yoon Suk-yeol in December 2024 that led to his impeachment and subsequent removal in April 2025 and the election of Mr. Lee Jae-myung as President in June 2025;
- hostilities or political or social tensions involving Russia (including the Russia-Ukraine war and the ensuing actions against Russia) and any resulting adverse effects on the global supply of oil and other natural resources or the global financial markets;
- adverse conditions or developments in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe and Japan, or in emerging market economies in Asia or elsewhere, including as a result of the deterioration of economic and trade relations among such countries (including escalations of tariffs) and increased uncertainties in the global financial markets and industry;
- adverse changes or volatility in foreign currency reserve levels, interest rates, inflation rates, commodity prices (including oil prices), exchange rates (including fluctuations of the U.S. dollar, Euro or Japanese Yen exchange rates or revaluation of the Chinese Yuan) or stock markets;
- the occurrence of severe health epidemics in Korea or other parts of the world;
- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy;
- the economic impact of any pending or future free trade agreements or of any changes to existing free trade agreements;
- increased sovereign default risks in select countries and the resulting adverse effects on the global financial markets;
- deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea;

- investigations of large Korean business groups and their senior management for possible misconduct;

- continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail and small- and medium-sized enterprise borrowers in Korea;

- shortages of imported raw materials, natural resources, rare earth minerals or component parts due to disruptions to the global supply chain;

- social and labor unrest;

- substantial changes in the market prices of Korean real estate;

- a substantial decrease in tax revenues and a substantial increase in the Government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programs, which would likely lead to a national budget deficit as well as an increase in the Government's debt;

- financial problems or lack of progress in the restructuring of Korean business groups, other large troubled companies, their suppliers or the financial sector;

- loss of investor confidence arising from corporate accounting irregularities or corporate governance issues concerning certain Korean companies;

- increases in social expenditures to support an aging population in Korea or decreases in economic productivity due to the declining population size in Korea;

- a continued decrease in the population and birthrates in Korea;

- geopolitical uncertainty and the risk of further attacks by terrorist groups around the world;

- hostilities or political or social tensions involving countries in the Middle East (including those resulting from the hostilities in the Middle East following the Israel-Hamas war and the Iran-Israel conflict) and Northern Africa and any material disruption in the global supply of oil or sudden increase in the price of oil;

- natural or man-made disasters that have a significant adverse economic or other impact on Korea or its major trading partners; and

- an increase in the level of tensions or an outbreak of hostilities between North Korea and Korea or the United States.

Escalations in tensions with North Korea could have an adverse effect on the Company and the market value of the Notes.

Relations between Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapon, ballistic missile and satellite programs as well as its hostile military actions against Korea. Some of the significant incidents in recent years include the following:

- North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and has conducted six rounds of nuclear tests since October 2006, including claimed detonations of hydrogen bombs and warheads that can be mounted on ballistic missiles. Over the years, North Korea has continued to conduct a series of missile tests, including missiles launched from submarines and intercontinental ballistic missiles that it claims can reach the United States mainland. North Korea has increased the frequency of such activities since the beginning of 2022, firing numerous ballistic missiles, including intercontinental ballistic missiles, and in November 2023, successfully launched its first spy satellite. In response, the Government has repeatedly condemned the provocations and flagrant violations of relevant United Nations Security Council resolutions. In February 2016, the Government also closed the inter-Korea Gaeseong Industrial Complex in response to North Korea's fourth nuclear test in January 2016. Internationally, the United Nations Security Council has passed a series of resolutions condemning North Korea's actions and significantly expanding the scope of sanctions applicable to North Korea. Over the years, the United States and the European Union have also expanded their sanctions applicable to North Korea.

- In March 2010, a Korean naval vessel was destroyed by an underwater explosion, killing many of the crewmen on board. The Government formally accused North Korea of causing the sinking, while North Korea denied responsibility. Moreover, in November 2010, North Korea fired more than 100 artillery shells that hit Korea's Yeonpyeong Island near the Northern Limit Line, which acts as the de facto maritime boundary between Korea and North Korea on the west coast of the Korean peninsula, causing casualties and significant property damage. The Government condemned North Korea for the attack and vowed stern retaliation should there be further provocation.

North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea. Although bilateral summit meetings between Korea and North Korea were held in April, May and September 2018 and between North Korea and the United States in June 2018, February 2019 and June 2019, there can be no assurance that the level of tensions affecting the Korean peninsula will not escalate in the future. Any increase in tensions, which may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between Korea and North Korea or between the United States and North Korea break down or military hostilities occur, could have a material adverse effect on the Korean economy and on the Company's business, financial condition and results of operations and the market value of the Notes.

There are special risks involved with investing in securities of Korean companies.

As the Company is a Korean company and operates in a business and cultural environment that is different from that of other countries, there are risks associated with investing in its securities that are not typical for investments in securities of companies in other jurisdictions.

Under the Foreign Exchange Transactions Act of Korea and the decree, rules and regulations promulgated thereunder, if the Government deems that certain emergency circumstances, including sudden fluctuations in interest rates or exchange rates, extreme difficulty in stabilizing the balance of payments or substantial disturbance in the Korean financial and capital markets, are likely to occur, it may impose any necessary restriction such as requiring Korean or foreign investors to obtain prior approval from the Minister of Economy and Finance for the acquisition of Korean securities or for the repatriation of interest, dividends or sales proceeds arising from Korean securities or other types of capital transactions. Moreover, if the Government deems it necessary on account of war, armed conflict, natural disaster or grave and sudden changes in domestic or foreign economic circumstances or similar events or circumstances, the Minister of Economy and Finance may temporarily suspend performance under any or all foreign exchange transactions, in whole or in part, to which the Foreign Exchange Transaction Laws apply (including suspension of payment and receipt of foreign exchange) or impose an obligation to deposit or sell any means of payment to the Bank of Korea, the Foreign Exchange Equalization Fund of Korea, or certain other governmental agencies or financial institutions.

In addition, the Company's condensed consolidated financial statements included in this Offering Circular are presented in accordance with K-IFRS and its future financial statements will be prepared in accordance with K-IFRS, which differ in certain respects from accounting principles applicable to companies in certain other countries. In making an investment decision, investors must rely upon their own examination of the Company, the terms of the offering and the financial and other information contained in this Offering Circular.

Risks Relating to the Notes

The Notes are unsecured obligations.

Because the Notes are unsecured obligations, their repayment may be compromised if:

- the Company enters into bankruptcy, liquidation, reorganization or other winding-up proceedings;

- there is a default in payment under the Company's future secured indebtedness or other unsecured indebtedness; or

- there is an acceleration of any of the Company's indebtedness.

If any of these events occurs, the Company's assets may not be sufficient to pay amounts due on the Notes. In addition, any secured indebtedness incurred by the Company would have priority over its unsecured indebtedness to the extent of the assets securing such indebtedness.

The Notes are subject to transfer restrictions.

The Notes will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States, except to QIBs in reliance on the exemption provided by Rule 144A, to certain persons in offshore transactions in reliance on Regulation S, or if available, pursuant to another exemption from, or in another transaction not subject to, the registration requirements of the Securities Act and, in each case, in accordance with applicable state securities laws. In addition, subject to the conditions set forth in the Fiscal Agency Agreement (as defined in "Terms and Conditions of the Notes"), a Note may be transferred only if the principal amount of Notes transferred is at least US$200,000. For a further discussion of the transfer restrictions applicable to the Notes, see "Terms and Conditions of the Notes" and "Transfer Restrictions."

The Notes have limited liquidity.

The Notes constitute a new issue of securities for which there is no existing market. Application will be made to the SGX-ST for the listing and quotation of the Notes on the SGX-ST. The offer and sale of the Notes are not conditioned on obtaining a listing of the Notes on the SGX-ST or any other exchange. Although the Initial Purchasers have advised the Company that they currently intend to make a market in the Notes, they are not obligated to do so, and any market-making activity with respect to the Notes, if commenced, may be discontinued at any time without notice at their sole discretion.

No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for, the Notes. If an active trading market for the Notes does not develop or is not maintained, the liquidity and market price of the Notes may be adversely affected. If an active trading market for the Notes were to develop, the Notes could trade at prices that may be higher or lower than the price at which the Notes are issued depending on many factors, including:

- prevailing interest rates;

- the financial condition, results of operations and future prospects of the Company;

- the rate of exchange between the Won and the U.S. dollar;

- political and economic developments in and affecting Korea and other regions;

- the market conditions for similar securities; and
- the financial condition and operating performance of the global memory semiconductor sector.

The Notes are subject to prescription regulations in Korea.

Failure to exercise a right of action for more than a certain period of time may operate as a bar to exercise of such right. Under Korean laws, claims against the issuer in respect of the payment of principal of notes or bonds are prescribed upon the expiry of 10 years, and claims for payment of interest in respect of notes or bonds are prescribed upon the expiry of five years, in each case, from the relevant due date as adjusted by any acceleration or otherwise, in respect thereof. If the holders of the Notes fail to exercise his or her right of payment for more than the period set forth above, the Korean courts may not enforce a claim for payment for principal or interest in respect of the Notes.

The Notes contain limited restrictive covenants and will not restrict the Company's ability to make investments, incur unsecured indebtedness or pay dividends.

The Notes contain limited restrictive covenants and will not restrict the Company's ability to:

- invest in affiliates, associates or subsidiaries;
- repurchase common or preferred shares, make distributions or issue dividends;
- issue preferred securities or incur unsecured indebtedness; or
- make capital expenditures.

The Company taking such actions could adversely affect its ability to pay amounts due on the Notes.

Credit ratings are periodically assigned to the Company and the Notes.

The Company and its debt securities, including the Notes, are subject to periodic review by independent credit rating agencies. Accordingly, increases in the level of the Company's outstanding indebtedness, a deterioration in its operating performance or other events could cause the rating agencies to downgrade the Company's credit ratings generally and the ratings on the Notes, which could adversely impact the trading prices for, or the liquidity of, the Notes. Any such downgrade could also adversely affect the Company's cost of borrowing, limit its access to the capital markets or result in more restrictive covenants in future debt agreements.

The Notes are each expected to be rated "Baa2" by Moody's, "BBB" by S&P and "BBB" by Fitch. The credit ratings assigned to the Notes are limited in scope, and may not reflect the potential impact of all risks that may affect the value of the Notes. Each agency's rating should be evaluated independently of any other agency's rating. A credit rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. There can be no assurance that these ratings will remain in effect for a given period or that these ratings will not be revised or withdrawn by the relevant rating agency if in its judgment circumstances in the future so warrant. None of the Company or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them has any obligation to inform holders of the Notes of any such revision, suspension or withdrawal. A revision, suspension or withdrawal at any time of a rating assigned to the Notes may adversely affect the market price of the Notes.

Risks Relating to Forward-Looking Statements

This Offering Circular contains forward-looking statements. The Company cautions you not to rely on the forward-looking statements, which speak only as of the date of this Offering Circular.

In addition to the risks related to the Company's business discussed above, other factors could cause actual results to differ materially from those described in the various forward-looking statements contained in this Offering Circular, including the statements relating to the Company's capital expenditure plans and its use of proceeds from the offering. These factors include, but are not limited to, the following:

- general economic, business and political conditions;
- trends in the global semiconductor industry;
- market conditions and business outlook for the Company's products;
- occurrences of widespread infectious diseases such as COVID-19;
- fluctuations in prices of raw materials;
- adverse trends in regulatory, legislative and judicial developments;
- changes in interest rates and currency exchange rates;
- factors affecting future profitability;
- seasonality;
- the Company's leverage and its ability to meet its debt obligations; and
- conditions in the Korean and the global financial markets.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, revenues could decrease, costs (including capital costs) could increase, investments could be delayed and anticipated improvements in performance might not be fully realized.

The Company cautions you not to rely on the forward-looking statements, which speak only as of the date of this Offering Circular. Except as required by law, the Company is not under any obligation, and expressly disclaims any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements attributable to the Company or any person acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

USE OF PROCEEDS

The net proceeds from the sale of the 2028 Notes are estimated to be US$596,430,000 and the net proceeds from the sale of the 2030 Notes are estimated to be US$594,792,000, in each case, after deduction of underwriting commissions but not estimated offering expenses.

The net proceeds from the Notes will be used principally for general corporate purposes, including repayment of outstanding borrowings.

EXCHANGE RATE INFORMATION

The table below sets forth, for the periods and dates indicated, information concerning the Market Average Exchange Rate. No representation is made that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate or at all.

Period	At End of Period	Average Rate[(1)]	High	Low
	(Won per US$1.00)			
2020	₩ 1,088.0	₩ 1,180.1	₩ 1,280.1	₩ 1,082.7
2021	1,185.5	1,144.4	1,199.1	1,083.1
2022	1,267.3	1,292.0	1,436.6	1,185.5
2023	1,289.4	1,305.4	1,360.6	1,219.3
2024	1,470.0	1,364.0	1,474.1	1,289.4
2025 (through September 1)	1,387.7	1,415.5	1,482.9	1,352.6
May	1,381.4	1,394.5	1,426.9	1,365.0
June	1,356.4	1,367.0	1,381.9	1,356.4
July	1,382.9	1,375.2	1,391.9	1,352.6
August	1,388.6	1,389.7	1,399.3	1,382.2
September (through September 1)	1,387.7	1,387.7	1,387.7	1,387.7

Source: Seoul Money Brokerage Services, Ltd.

(1) The average rate for each period is calculated as the average of the Market Average Exchange Rates on each business day during the relevant period (or portion thereof).

CAPITALIZATION

The following table sets forth the Company's capitalization as of June 30, 2025 (1) as derived from the Interim Financial Statements included in this Offering Circular and (2) as adjusted to give effect to the issuance of the Notes offered hereby, after deducting the underwriting commission but not estimated offering expenses payable by the Company, and on the assumption that the proceeds from the issuance of the Notes will not be used for the immediate repayment of outstanding borrowings. For additional information, see "Summary Financial Data" and the Interim Financial Statements of the Company and the notes thereto included elsewhere in this Offering Circular.

	As of June 30, 2025	
	Actual	**As Adjusted**
	(In billions of Won)	
Long-term debt:		
Borrowings	₩ 13,320	₩ 13,320
Notes offered hereby[1]	–	1,616
Total long-term debt	13,320	14,936
Equity:		
Equity attributable to owners of the parent company		
Capital stock	3,658	3,658
Capital surplus	4,726	4,726
Other equity	(2,104)	(2,104)
Accumulated other comprehensive income	1,490	1,490
Retained earnings	79,358	79,358
Total equity attributable to owners of the parent company	87,127	87,127
Non-controlling interest	15	15
Total equity	87,142	87,142
Total capitalization	₩100,462	₩102,078

(1) Reflects net proceeds of US$1,191,220,000 from the offering (after deduction of underwriting commissions but not estimated offering expenses) translated into Won at ₩1,356.4 to US$1.00, the Market Average Exchange Rate in effect on June 30, 2025.

There has been no material change in the Company's total capitalization since June 30, 2025.

SELECTED FINANCIAL INFORMATION

The following tables present selected financial and other information of the Company. The selected financial information as of and for the years ended December 31, 2024 and 2023 are derived from the Annual Financial Statements of the Company included in this Offering Circular, which have been prepared in accordance with K-IFRS. The selected financial information presented as of June 30, 2025 and for the six months ended June 30, 2025 and 2024 are derived from the Interim Financial Statements of the Company included in this Offering Circular, which have been prepared in accordance with K-IFRS No. 1034 "*Interim Financial Reporting*."

The Company's results of operations for the six months ended June 30, 2025 may not be indicative of its results of operations for any future interim period or for the full year 2025.

Consolidated Statements of Comprehensive Income (Loss) Data

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2023	2024	2024	2025
	(In billions of Won)			
Revenue	₩ 32,766	₩ 66,193	₩ 28,853	₩ 39,871
Cost of sales	33,299	34,365	16,562	17,786
Gross profit (loss)	(533)	31,828	12,291	22,085
Selling and administrative expenses	7,197	8,361	3,937	5,432
Operating profit (loss)	(7,730)	23,467	8,355	16,653
Finance income	2,262	4,855	2,033	4,407
Finance expenses	6,093	5,708	2,938	2,937
Share of profit (loss) of equity-accounted investees	15	(38)	7	(24)
Other income	624	1,477	44	109
Other expenses	735	167	76	186
Profit (loss) before income tax	(11,658)	23,886	7,425	18,022
Income tax expense (benefit)	(2,520)	4,088	1,388	2,917
Profit (loss) for the period	₩ (9,138)	₩ 19,797	₩ 6,037	₩ 15,104

Consolidated Statements of Financial Position Data

	As of December 31, 2023	As of December 31, 2024	As of June 30, 2025
	(In billions of Won)		
Assets			
Current assets:			
Cash and cash equivalents	₩ 7,587	₩ 11,205	₩ 9,075
Short-term financial instruments	473	2,382	6,220
Short-term investment assets	861	569	1,667
Trade receivables, net	6,600	13,019	13,125
Inventories, net	13,481	13,314	13,408
Other current assets	1,466	1,790	1,707
Total current assets	30,468	42,279	45,203
Non-current assets:			
Investments in associates and joint ventures	1,367	1,941	1,791
Long-term investment assets	4,106	4,041	5,831
Loans and other receivables, net	475	444	404
Property, plant and equipment, net	52,705	60,157	64,473
Right-of-use assets, net	2,695	2,487	2,350
Intangible assets, net	3,835	4,019	3,945
Deferred tax assets	2,989	2,812	3,507
Other non-current assets	1,690	1,675	1,583
Total non-current assets	69,862	77,576	83,885
Total assets	100,330	119,855	129,088
Liabilities			
Current liabilities:			
Trade payables	1,846	2,277	1,862
Other payables	3,293	6,967	4,306
Other non-trade payables	1,689	3,984	3,995
Borrowings	9,857	5,252	8,521
Other financial liabilities	1,479	1,742	1,599
Current tax liabilities	44	3,084	3,470
Lease liabilities	631	588	536
Other current liabilities	2,169	1,071	1,036
Total current liabilities	21,008	24,965	25,324
Non-current liabilities:			
Long-term other payables	3,144	477	400
Other non-trade payables	97	52	42
Borrowings	19,611	17,431	13,320
Deferred tax liabilities	114	218	234
Lease liabilities	2,398	2,180	1,992
Other non-current liabilities	455	616	633
Total non-current liabilities	25,819	20,974	16,621
Total liabilities	46,826	45,940	41,945
Equity			
Equity attributable to owners of the parent company:			
Capital stock	3,658	3,658	3,658
Capital surplus	4,373	4,487	4,726
Other equity	(2,269)	(2,192)	(2,104)
Accumulated other comprehensive income	1,014	2,532	1,490
Retained earnings	46,729	65,418	79,358
	53,504	73,903	87,127
Non-controlling interests	(1)	12	15
Total equity	53,504	73,916	87,142
Total liabilities and equity	₩100,330	₩119,855	₩129,088

OTHER FINANCIAL DATA

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2023	2024	2024	2025
	(In billions of Won)			
Capital expenditures[1]	₩8,325	₩15,946	₩5,166	₩10,616
Net cash provided by operating activities	4,278	29,796	11,016	18,190
Net cash used in investing activities	(7,335)	(18,005)	(5,775)	(18,670)
Net cash provided by (used in) financing activities	5,697	(8,704)	(5,033)	(1,271)
Adjusted EBITDA[2]	5,889	36,012	14,664	23,430

(1) Capital expenditures represent cash outflows for acquisition of property, plant and equipment.

(2) "Adjusted EBITDA" for a given period is defined as operating profit (loss) for such period, excluding depreciation and others. Adjusted EBITDA is not a measure defined under K-IFRS and should not be construed as an alternative to operating profit (loss), cash flows from operating activities or profit for the period; however, Adjusted EBITDA is a widely used financial indicator of a company's ability to incur and service debt. Adjusted EBITDA should not be considered in isolation or construed as an alternative to cash flows, profit for the period or any other measure of performance or as an indicator of the Company's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. Adjusted EBITDA is presented herein because the Company believes Adjusted EBITDA facilitates operating performance comparisons from period to period and company to company. The Company's Adjusted EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Company's Adjusted EBITDA to the Adjusted EBITDA presented by other companies because not all companies use the same definition of Adjusted EBITDA.

A reconciliation of the Company's operating profit (loss) to Adjusted EBITDA is as follows:

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2023	2024	2024	2025
	(In billions of Won)			
Operating profit (loss)	₩ (7,730)	₩ 23,467	₩ 8,355	₩ 16,653
Depreciation and others[1]	13,619	12,545	6,309	6,777
Adjusted EBITDA	5,889	36,012	14,664	23,430

(1) "Depreciation and others" consist of (i) depreciation of property, plant and equipment, (ii) depreciation of investment property, (iii) amortization and (iv) depreciation of right-of-use assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with, and is qualified in its entirety by reference to, the Company's financial statements included elsewhere in this Offering Circular. The Company's financial information appearing below is derived from the Company's financial statements prepared in accordance with K-IFRS. K-IFRS differs in certain significant respects from generally accepted accounting principles in other countries, including the United States. The discussion contains forward-looking statements and reflects the Company's current view with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth under "Risk Factors" and elsewhere in this Offering Circular.

Overview

The Company is one of the world's largest memory semiconductor companies and engages in the design, manufacture and sale of advanced memory semiconductors. In the DRAM market, the Company is ranked first globally based on revenue with a market share of 37% in the first quarter of 2025, according to market research conducted by Omdia. In addition, the Company was the third largest supplier of NAND flash memory in terms of revenue, with a worldwide market share of 17% in the first quarter of 2025, according to Omdia. The Company's memory products can be used in virtually all electronic devices, including graphics cards, PCs, servers, mobile devices such as smartphones and tablets, and other consumer electronics products. The Company has also been engaging in the foundry business through SK hynix system ic, a wholly-owned subsidiary, and SK keyfoundry, a wholly-owned subsidiary acquired by the Company in August 2022.

The Company sells a wide variety of DRAM and NAND flash memory products with various configuration options, architectures and performance characteristics tailored to meet application- and customer-specific needs. The Company believes that it is one of the world's leading companies in developing DRAM with advanced specifications, particularly those relating to higher density, faster data-processing speed and lower power consumption. The Company is continually developing higher-density modules, SSDs and other customized DRAM and NAND flash memory products that are optimized for use in specific applications. In particular, the Company offers next-generation graphics memory products in an HBM configuration. HBM is designed to meet the greater data-processing speed requirements of graphics applications that incorporate deep learning and artificial intelligence technologies. The Company seeks to strengthen its relationships with leading GPU, PC and IT manufacturers to more effectively meet their needs for customized high-bandwidth graphics memory solutions. The Company believes that offering customized products provides opportunities to mitigate the negative effects of the cyclicality of the memory products market, and its customized products typically command higher prices than commodity DRAM because of their superior performance and specifically-tailored characteristics.

The Company owns and operates wafer fabs in Icheon and Cheongju, Korea and Wuxi and Dalian, China. The Company also owns and operates assembly and testing facilities for back-end processing of its products in Icheon and Cheongju, Korea and Chongqing, China. As part of the Company's efforts to reduce unit manufacturing costs, improve manufacturing yields and enhance its profitability, the Company periodically phases out the operations of its older fabs and also upgrades them to new fabs that implement more advanced processing technologies. In addition to regular maintenance and enhancement of existing fabs, the Company is currently constructing a new extension fab called M15X in Cheongju, which the Company plans to utilize to further increase its production capacity of next-generation DRAM products such as HBM. The Company currently expects to complete the construction of the M15X fab in October 2025 and begin mass production in mid-2026. As part of its efforts to ensure its long-term competitiveness, the Company has also announced initiatives to construct an integrated industrial complex in Yongin, Korea for its next generation of fabs and research and development facilities. The Company began construction of its first fab at the Yongin complex in

February 2025 with target completion by May 2027. In December 2024, the Company also announced plans to build an advanced packaging plant in Indiana, United States, with target commencement of operation in the second half of 2028.

In order to maintain its technological leadership, as well as to access new markets for its products, the Company engages in strategic initiatives, including entering into joint ventures and joint product development and supply agreements. From time to time, the Company may also acquire equity stakes in other industry players to further strengthen its business relationships as well as acquire complementary businesses that further strengthen the Company's leading position in the industry. In October 2020, the Company agreed to acquire the NAND flash memory and storage business of Intel. In the first phase of such acquisition completed in December 2021, the Company acquired Intel's NAND SSD business (including NAND SSD-related intellectual property and employees), as well as the Dalian Manufacturing Facility, for US$6.6 billion. The Company created a subsidiary in the United States called SK hynix NAND Product Solutions Corp. (doing business as "Solidigm") to operate the acquired business. In the second phase of the acquisition completed in March 2025, the Company acquired the remaining assets, including the intellectual property related to the manufacture and design of NAND flash wafers, NAND flash wafers-related research and development employees and NAND flash wafers-related workforce at the Dalian Manufacturing Facility, for US$2.2 billion. See "Business – Strategic Alliances, Investments and Acquisitions."

Factors Affecting the Company's Results of Operations and Financial Condition

The results of operations and financial condition of the Company, including its operating profit and corresponding changes in its operating profit as a percentage of total revenue (or operating profit margin), have been and will continue to be materially affected by a number of factors and developments, some of which are outside of the Company's control, including:

- cyclical and volatile market conditions of the semiconductor industry;
- fluctuation in exchange rates of major foreign currencies;
- the level of, and returns on, the Company's capital expenditures and production capacity expansion;
- changes in the Company's product mix reflecting rapidly evolving customer preferences and advancements in technology;
- the level of, and returns on, the Company's investment in its research and development activities; and
- the Company's ability to pursue additional operational cost savings.

Cyclical and Volatile Market Conditions of the Semiconductor Industry

The Company's business is affected by market conditions in the highly cyclical memory semiconductor industry. The industry's cyclicality results primarily from fluctuations in demand for the end products that use memory semiconductors, particularly from the information and technology industry and the consumer electronics industry, which are sensitive to general conditions in the global economy. Uncertainties in the global economy have increased in recent years, with global financial and capital markets experiencing substantial volatility. In particular, the COVID-19 pandemic that began in late 2019 and fluctuations in interest rates globally have materially and adversely affected the global economy and financial markets in recent years. Such uncertainties have been caused by, and continue to be exacerbated by, among other things, deterioration in economic and trade relations between major economies (particularly between the United States and China), the outbreak of the Russia-Ukraine war in February 2022 that has destabilized the global energy sector and the ensuing sanctions against Russia, the slowdown of economic growth in China and other major emerging market economies, adverse economic and political conditions in Europe and Latin America and continuing geopolitical and social instability in North Korea and various parts of the Middle East, including the Israel-Hamas war and the Iran-Israel conflict. Actual or anticipated improvement or deterioration in economic conditions in any of the Company's major markets may affect customer confidence and spending, resulting in a corresponding fluctuation in consumption that may impact the level of demand for the Company's products and prices at which they can be sold.

The long lead times for new facilities to become operational have in some cases resulted in significant increases in the industry's production capacity coinciding with weakening demand, resulting in global oversupply of products and declining prices. Demand growth expectations in the end markets that use memory semiconductors have typically been accompanied by increased capital investment by manufacturers. In addition, semiconductor manufacturers worldwide have migrated to finer line-width processes and advanced stacking technologies, which have increased the number of bits produced per wafer. These capital investments and adoption of new technologies may result in increases in the supply of memory semiconductors that are not matched by commensurate growth in demand in the end markets for such products. From time to time, the memory semiconductor industry has experienced significant and sometimes prolonged periods of oversupply and weak prices. As a result of such fluctuations in global demand as well as in the manufacturing capacity available to produce memory semiconductors, the Company's results of operations may be volatile from period to period.

Fluctuation in Exchange Rates of Major Foreign Currencies

The Company's consolidated financial statements are prepared from the local currency-denominated financial results, assets and liabilities of the Company and its subsidiaries around the world, which are then translated into Won. To the extent that the Company incurs costs in one currency and makes sales in another, its profit margins may be affected by changes in the exchange rates between the two currencies. In particular, the Company's investments in manufacturing facilities in China have increased the proportion of its expenses that are incurred in Chinese Yuan, while the Company's sales in China are denominated in U.S. dollars. Accordingly, an unhedged increase in the value of the Chinese Yuan would increase the Company's construction and manufacturing costs and adversely impact its profitability. Changes in exchange rates can also affect the Won value of sales proceeds and operating and non-operating costs that are denominated in foreign currencies. The Company is unable to increase the prices of its products to adjust fully for the negative effects of exchange rate movements because prices in the memory semiconductor industry are dictated by worldwide supply and demand. In addition, exchange rate fluctuations can affect the Won value of the Company's equity investments and monetary assets and liabilities denominated in foreign currencies. See "Exchange Rate Information" and "Risk Factors – Fluctuations in exchange rates may result in foreign exchange losses."

There has been considerable volatility in exchange rates in recent years, including exchange rates between the Won and the U.S. dollar. Appreciation of the Won may materially and adversely affect the Company's results of operations because, among other things, it reduces the Won value of the Company's export sales, which are primarily denominated in U.S. dollars, and causes the Company's export products to be less competitive by raising their prices in U.S. dollar terms. On the other hand, depreciation of the Won would create foreign exchange translation losses and increase the amount, in Won terms, of interest and principal of the Company's foreign currency-denominated debt, as well as increase in Won terms the cost of raw materials and equipment that the Company purchases from overseas sources. Under the Company's current operating and capital structure, appreciation of the Won generally has a net negative impact on the Company's operating income. Although the impact of exchange rate fluctuations has in the past been partially mitigated by hedging strategies, the Company's results of operations have historically been affected by exchange rate fluctuations. See "– Market Risks – Foreign Exchange Risk" for a sensitivity analysis on the Company's foreign currency exposure from foreign exchange rate change against the Korean Won.

Level of the Company's Capital Expenditures and Production Capacity Expansion

The Company makes substantial capital expenditures annually to support its business goals and objectives, and it plans to continue to invest in enhancing and expanding its production facilities and upgrading its equipment and manufacturing processes. The Company operates in an especially capital-intensive industry that requires continual investments for capacity expansions, equipment upgrades and migration to advanced technologies and manufacturing processes. The Company's cash outflows for acquisition of property, plant and equipment amounted to ₩8,325 billion in 2023, ₩15,946 billion in 2024 and ₩10,616 billion in the first half of 2025. In 2025, the Company plans to increase its capital expenditures compared to 2024, but flexibly adjust such increase taking into consideration market conditions and the Company's financial condition at the time. In addition to regular maintenance and enhancement of existing fabs, the Company is currently constructing a new extension fab called M15X in Cheongju, which the Company plans to utilize to further increase its production capacity of next-generation DRAM products such as HBM. The Company currently expects to complete the construction of the M15X fab in October 2025 and begin mass production in mid-2026. As part of its efforts to ensure its long-term competitiveness, the Company has also announced initiatives to construct an integrated industrial complex in Yongin, Korea for its next generation of fabs and research and development facilities. The Company began construction of its first fab at the Yongin complex in February 2025 with target completion by May 2027. In December 2024, the Company also announced plans to build an advanced packaging plant in Indiana, United States, with target commencement of operation in the second half of 2028.

The Company plans to continue to invest in enhancing and expanding its production facilities and upgrade its equipment and manufacturing processes in order to increase its production capacity, achieve additional economies of scale and enable production of new products. The Company expects that increases in production capacity will have a significant effect on its financial condition and results of operations by enabling it to lower its per-unit manufacturing costs. In addition, the Company expects that its continued efforts to enhance the efficiency and technical capacities of each successive fab it builds will also have a significant effect on its financial condition and results of operations. The Company periodically adjusts its capital expenditure plans on an ongoing basis subject to market demand for the Company's products, the production outlook of the global memory semiconductor industry as well as general global economic conditions. The Company may delay or not implement some of its announced capital expenditure plans based on its assessment of such market conditions. Production capacity expansion would increase depreciation and amortization expenses as well as financing costs related to capital expenditures. The level of capital expenditures made by the Company, as well as the returns the Company is able to achieve on its capital expenditure investments, will affect the Company's financial condition and results of operations.

Changes in the Company's Product Mix

The Company's operating results depend greatly on the Company's ability to anticipate and respond to emerging customer preferences and demands by ensuring continuing and timely development of new, as well as enhancements to existing, products and stimulate customer demand for new and upgraded products. The Company sells a wide variety of DRAM and NAND flash memory products with various configuration options, architectures and performance characteristics tailored to meet application- and customer-specific needs. The Company believes that it is one of the world's leading companies in developing DRAM with advanced specifications, particularly those relating to higher density, faster data-processing speed and lower power consumption. The Company is continually developing higher-density modules, SSDs and other customized DRAM and NAND flash memory products that are optimized for use in specific applications. In particular, the Company offers next-generation graphics memory products in an HBM configuration. HBM is designed to meet the greater data-processing speed requirements of graphics applications that incorporate deep learning and artificial intelligence technologies. The Company seeks to strengthen its relationships with leading GPU, PC and IT manufacturers to more effectively meet their needs for customized high-bandwidth graphics memory solutions. The Company believes that offering customized products provides opportunities to mitigate the negative effects of the cyclicality of the memory products market, and its customized products typically command higher prices than commodity DRAM because of their superior performance and specifically-tailored characteristics.

As part of the Company's efforts to further strengthen its product portfolio, in December 2021, the Company completed the first phase of its acquisition of the NAND flash memory and storage business of Intel. See "Business – Strategic Alliances, Investments and Acquisitions." The Company has also been striving to diversify its business to areas other than DRAM and NAND flash memory semiconductors in recent years. The Company has expanded its product portfolio into non-memory semiconductors, such as by engaging in the foundry business through SK hynix system ic, a wholly-owned subsidiary, and SK keyfoundry, a wholly-owned subsidiary acquired by the Company in August 2022. From time to time, the Company adjusts its manufacturing facilities in order to execute changes in the Company's product mix. Changes in the Company's product mix will affect the Company's financial condition and results of operations.

Investment Levels in Research and Development Activities

The Company competes in highly competitive global markets characterized by rapidly changing technologies, evolving industry standards and continual improvements in manufacturing processes and product performance features, which result in short product cycles, frequent introduction of new products and price erosion of existing products. The Company believes that continued and timely development of new technologies and products and enhancements to existing products and manufacturing processes are critical to maintaining and improving the Company's competitive position. Accordingly, the Company has made, and will continue to make, significant investments in research and development relating to new technologies and products. The Company incurred expenditures on research and development of ₩4,101 billion in 2023, ₩4,854 billion in 2024 and ₩3,046 billion in the first half of 2025. Of such amounts, the Company capitalized development costs of ₩351 billion in 2023, ₩418 billion in 2024 and ₩98 billion in the first half of 2025 as intangible assets. The amount that the Company spends on its research and development activities, as well as the returns the Company is able to achieve on such investments through successful development of next-generation technologies, will affect the Company's financial condition and results of operations.

The Company's Ability to Pursue Additional Operational Cost Savings

The average selling prices of the Company's DRAM and NAND flash memory products have generally been impacted by global market supply and demand dynamics. The market for the Company's products is highly competitive, and the Company faces intense global competition. The Company's competitors have used aggressive pricing and marketing strategies in order to maintain or gain market share. Accordingly, the success of the Company's business depends, in part, on the Company's continual reduction of manufacturing costs and operating expenses. The Company continually engages in various cost-saving and other initiatives intended to reduce costs and increase productivity, including refinement of its manufacturing processes to increase production yields and reduce production cycle time. The Company's results of operations and profitability will continue to be affected by its ability to improve productivity and enhance the cost efficiency of its operations.

Critical Accounting Policies

The preparation of the Company's financial statements requires the Company to make difficult, complex and subjective judgments in making the appropriate estimates and assumptions that affect the amounts reported in its financial statements. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on the Company's historical experience, terms of existing contracts, its observation of trends in the relevant industry, information provided by its customers and information available from other outside sources, as appropriate. While the Company believes that its estimates and judgments are reasonable under the circumstances in which they were made, there can be no assurance that the Company's judgments will prove to be correct or that actual results reported in future periods will not differ from the Company's expectations reflected in its accounting treatment of certain items. See Note 3 of the notes to the Annual Financial Statements for the Company's critical accounting policies that apply assumptions and estimates that have a significant risk of resulting in a material adjustment.

Results of Operations – First Half of 2024 Compared to First Half of 2025

The following table presents selected income statement data and changes therein for the first half of 2024 and the first half of 2025.

	For the Six Months Ended June 30,		Changes 1H 2024 versus 1H 2025	
	2024	**2025**	**Amount**	**%**
	(In billions of Won)			
Revenue	₩28,853	₩39,871	₩11,018	38.2%
Cost of sales	16,562	17,786	1,224	7.4
Gross profit	12,291	22,085	9,794	79.7
Selling and administrative expenses	3,937	5,432	1,495	38.0
Operating profit	8,355	16,653	8,299	99.3
Finance income	2,033	4,407	2,374	116.8
Finance expenses	2,938	2,937	(1)	(0.0)
Share of profit (loss) of equity-accounted investees	7	(24)	(31)	N.A.[1]
Other income	44	109	65	145.9
Other expenses	76	186	110	145.1
Profit before income tax	7,425	18,022	10,597	142.7
Income tax expense	1,388	2,917	1,530	110.2
Profit for the period	₩ 6,037	₩ 15,104	₩ 9,067	150.2

(1) N.A. means not applicable.

Revenue

The following table presents a breakdown of the Company's revenue by principal product category and changes therein for the first half of 2024 and the first half of 2025.

	For the Six Months Ended June 30,		Changes 1H 2024 versus 1H 2025	
	2024	**2025**	**Amount**	**%**
	(In billions of Won)			
DRAM	₩ 18,194	₩ 31,161	₩ 12,967	71.3%
NAND flash	9,592	7,957	(1,635)	(17.0)
Other products[1]	1,067	754	(314)	(29.4)
Total revenue	₩ 28,853	₩ 39,871	₩ 11,018	38.2

(1) Includes revenue from CMOS image sensors (which production discontinued in March 2025) and foundry products.

The Company's revenue increased by 38.2%, or ₩11,108 billion, from ₩28,853 billion in the first half of 2024 to ₩39,871 billion in the first half of 2025, primarily due to an increase in revenue from DRAM sales, which was partially offset by decreases in revenue from sales of NAND flash and other products. Specifically:

- Revenue from DRAM sales increased by 71.3%, or ₩12,967 billion, from ₩18,194 billion in the first half of 2024 to ₩31,161 billion in the first half of 2025, primarily due to (i) an increase in the average selling price of such products, (ii) an increase in their shipment volume and (iii) depreciation of the average value of the Won against the U.S. dollar from the first half of 2024 to the first half of 2025 that increased the unit prices of the Company's products in Won terms. The average selling price of DRAM on a U.S. dollar basis increased by approximately 35% from the first half of 2024 to the first half of 2025, reflecting a general increase in global demand for DRAM products, particularly for premium products such as high-premium HBM products designed to meet the greater data-processing speed requirements of graphics applications that incorporate deep learning and artificial learning technologies. The Company's overall DRAM bit shipment increased by approximately 15% from the first half of 2024 to the first half of 2025 in response to such increase in demand for DRAM products. The Market Average Exchange Rate depreciated from an average of ₩1,349.5 to US$1.00 in the first half of 2024 to an average of ₩1,427.9 to US$1.00 in the first half of 2025.

- Revenue from NAND flash sales decreased by 17.0%, or ₩1,635 billion, from ₩9,592 billion in the first half of 2024 to ₩7,957 billion in the first half of 2025, primarily due to (i) a decrease in the average selling price of such products and (ii) a decrease in their shipment volume, which impact was offset in part by a depreciation of the average value of the Won against the U.S. dollar from the first half of 2024 to the first half of 2025 as discussed above. The average selling price of NAND flash memory products on a U.S. dollar basis decreased by approximately 20% from the first half of 2024 to the first half of 2025, reflecting a general decrease in global demand for NAND flash memory products. The Company's overall NAND flash bit shipment decreased by approximately 5% from the first half of 2024 to the first half of 2025, primarily reflecting a decrease in global demand for high-density, high-performance enterprise SSDs and other solutions.

- Revenue from the Company's other products decreased by 29.4%, or ₩314 billion, from ₩1,067 billion in the first half of 2024 to ₩754 billion in the first half of 2025, primarily reflecting a decrease in revenue from sales of CMOS image sensors, which was discontinued in March 2025.

Cost of Sales and Gross Profit

The Company's cost of sales increased by 7.4%, or ₩1,224 billion, from ₩16,562 billion in the first half of 2024 to ₩17,786 billion in the first half of 2025, primarily due to increases in (i) employee benefit expenses, (ii) expenses related to raw materials, supplies and consumables and (iii) depreciation and amortization. Employee benefit expenses increased primarily due to an increase in the Company's accrued payments under employee profit-sharing arrangements. The Company's expenses related to raw materials, supplies and consumables increased from ₩4,907 billion in the first half of 2024 to ₩5,400 billion in the first half of 2025, primarily due to increases in its shipment volumes of DRAM memory products. The Company's depreciation and amortization expenses increased reflecting an increase in the assets of its production facilities.

The Company's gross profit increased by 79.7%, or ₩9,794 billion, from ₩12,291 billion in the first half of 2024 to ₩22,085 billion in the first half of 2025. The Company's gross profit margin increased from 42.6% in the first half of 2024 to 55.4% in the first half of 2025.

Selling and Administrative Expenses

The following table presents a breakdown of the Company's selling and administrative expenses (including research and development expenses) and changes therein for the first half of 2024 and the first half of 2025.

	For the Six Months Ended June 30,		Changes 1H 2024 versus 1H 2025	
	2024	**2025**	**Amount**	**%**
	(In billions of Won)			
Selling and administrative expenses:				
Salaries	₩ 621	₩ 876	₩ 255	41.0%
Defined benefit plan	20	27	7	33.7
Employee benefits	108	135	28	25.6
Commission	342	433	91	26.7
Depreciation	152	150	(2)	(1.4)
Amortization	117	255	138	118.2
Freight and custody charges	26	29	3	10.3
Taxes and dues	46	59	14	30.1
Advertising	40	48	7	17.8
Supplies	54	54	(0)	(0.7)
Sales promotion expenses	142	143	2	1.3
Quality control cost	24	60	36	153.0
Training	36	45	9	25.7
Others	139	170	30	21.8
	1,867	2,485	617	33.1
Research and development:				
Expenditure on research and development	2,263	3,046	782	34.6
Development cost capitalized	(194)	(98)	95	(49.3)
	2,069	2,947	878	42.4
Total	₩3,937	₩5,432	₩1,495	38.0

The Company's selling and administrative expenses (including research and development expenses) increased by 38.0%, or ₩1,495 billion, from ₩3,937 billion in the first half of 2024 to ₩5,432 billion in the first half of 2025, primarily due to increases in expenditure on research and development, salaries and amortization expenses. Specifically:

- Expenditure on research and development, after adjusting for capitalized development cost, increased by 42.4%, or ₩878 billion, from ₩2,069 billion in the first half of 2024 to ₩2,947 billion in the first half of 2025, reflecting an increase in the Company's research and development activities.

- Salaries increased by 41.0%, or ₩255 billion, from ₩621 billion in the first half of 2024 to ₩876 billion in the first half of 2025, primarily due to an increase in the Company's accrued payments under employee profit-sharing arrangements.

- Amortization expenses increased by 118.2%, or ₩138 billion, from ₩117 billion in the first half of 2024 to ₩255 billion in the first half of 2025, primarily related to the commencement of amortization of intangible assets acquired upon completion of the second phase of the Intel NAND Business Acquisition in March 2025.

The Company's selling and administrative expenses as a percentage of total revenue remained constant at 13.6% in the first half of 2024 and the first half of 2025.

Operating Profit

Primarily due to the factors described above, the Company's operating profit increased by 99.3%, or ₩8,299 billion, from ₩8,355 billion in the first half of 2024 to ₩16,653 billion in the first half of 2025. The Company's operating profit margin increased from 29.0% in the first half of 2024 to 41.8% in the first half of 2025.

Finance Income and Expenses

The following table presents a breakdown of the Company's finance income and expenses and changes therein for the first half of 2024 and the first half of 2025.

	For the Six Months Ended June 30,		Changes 1H 2024 versus 1H 2025	
	2024	2025	Amount	%
	(In billions of Won)			
Interest income	₩ 165	₩ 197	₩ 33	19.9%
Dividend income	9	8	(1)	(15.2)
Foreign exchange differences	1,785	1,967	182	10.2
Gain on valuation of financial instruments	6	2,132	2,126	N.M.[1]
Others	69	103	35	51.1
Total finance income	2,033	4,407	2,374	116.8
Interest expenses	762	478	(284)	(37.3)%
Foreign exchange differences	2,159	2,458	299	13.8
Others	17	1	(16)	(94.1)
Total finance expenses	₩2,938	₩2,937	₩ (1)	(0.0)

(1) N.M. means not meaningful.

The Company's gain on valuation of financial instruments significantly increased from ₩6 billion in the first half of 2024 to ₩2,132 billion in the first half of 2025. Such fluctuation in valuation of financial instruments related primarily to the Company's controlling stake in Kioxia. See "Risk Factors – The Company's strategic alliances and investments may not be successful, which may adversely affect its competitive position and impair the Company's ability to achieve its business objectives."

The Company's net loss on foreign exchange differences increased by 31.3%, or ₩117 billion, from ₩374 billion in the first half of 2024 to ₩491 billion in the first half of 2025, as the Won depreciated against the U.S. dollar during the first half of 2024 but appreciated during the first half of 2025. In terms of the Market Average Exchange Rate, the Won depreciated against the U.S. dollar from ₩1,289.4 to US$1.00 as of December 31, 2023 to ₩1,389.2 to US$1.00 as of June 30, 2024, but appreciated from ₩1,470.0 as of December 31, 2024 to ₩1,356.4 to US$1.00 as of June 30, 2025. The Market Average Exchange Rate, which was ₩1,289.4 to US$1.00 as of December 31, 2023, depreciated during the first half of 2024 to an average of ₩1,349.5 to US$1.00. However, the Market Average Exchange Rate, which was ₩1,470.0 to US$1.00 as of December 31, 2024, appreciated during the first half of 2025 to an average of ₩1,427.9 to US$1.00.

Interest income increased by 19.9%, or ₩33 billion, from ₩165 billion in the first half of 2024 to ₩197 billion in the first half of 2025, primarily reflecting an increase in the Company's interest-earning financial assets, which impact was partially offset by a general decrease in interest rates from the first half of 2024 to the first half of 2025.

Interest expenses decreased by 37.3%, or ₩284 billion, from ₩762 billion in the first half of 2024 to ₩478 billion in the first half of 2025, primarily reflecting a decrease in the Company's borrowings as well as a general decrease in interest rates from the first half of 2024 to the first half of 2025.

Share of Profit (Loss) of Equity-accounted Investees

In the first half of 2024, the Company recorded share of profit of equity-accounted investees of ₩7 billion primarily due to its share of gains of ₩11 billion from HITECH Semiconductor (Wuxi) Co., Ltd. and ₩3 billion from specialized private equity investment trust for growth of the semiconductor sector, the aggregate impact of which was partially offset by its share of loss of ₩9 billion from SiFive, Inc.

In the first half of 2025, the Company recorded share of loss of equity-accounted investees of ₩24 billion primarily due to its share of losses of ₩62 billion from SK hynix system ic (Wuxi) Co., Ltd. and ₩16 billion from SK South East Asia Investment Pte. Ltd., the aggregate impact of which was partially offset by its share of gain from other miscellaneous investments.

Other Income

The following table presents a breakdown of the Company's other income and changes therein for the first half of 2024 and the first half of 2025.

	For the Six Months Ended June 30,		Changes 1H 2024 versus 1H 2025	
	2024	**2025**	**Amount**	**%**
	(In billions of Won)			
Gain on disposal of property, plant and equipment	₩9	₩60	₩51	567.5%
Gain on disposal of intangible assets	13	1	(12)	(92.1)
Others	22	48	26	116.9
Total other income	44	109	65	145.9

The Company's other income increased by 145.9%, or ₩65 billion, from ₩44 billion in the first half of 2024 to ₩109 billion in the first half of 2025, primarily due to an increase in gain on disposal of property, plant and equipment. The Company's gain on disposal of property, plant and equipment increased by 567.5%, or ₩52 billion, from ₩9 billion in the first half of 2024 to ₩60 billion in the first half of 2025, primarily due to an increase in disposal of idle equipment.

Other Expenses

The following table presents a breakdown of the Company's other expenses and changes therein for the first half of 2024 and the first half of 2025.

	For the Six Months Ended June 30,		Changes 1H 2024 versus 1H 2025	
	2024	**2025**	**Amount**	**%**
	(In billions of Won)			
Donation	₩ 31	₩ 53	₩ 22	70.5%
Loss on disposal of property, plant and equipment	1	26	25	1,958.0
Depreciation of idle assets	17	23	6	37.6
Others	27	84	57	212.1
Total other expenses	₩ 76	₩186	₩110	145.1

The Company's other expenses increased by 145.1%, or ₩110 billion, from ₩76 billion in the first half of 2024 to ₩186 billion in the first half of 2025, primarily due to increases in others expenses, loss on disposal of property, plant and equipment, and donation. Specifically:

- The Company's others expenses increased by 212.1%, or ₩57 billion, from ₩27 billion in the first half of 2024 to ₩84 billion in the first half of 2025, primarily due to an increase in costs incurred in connection with the completion of the second phase of the Intel NAND Business Acquisition in March 2025.

- The Company's loss on disposal of property, plant and equipment increased by 1,958.0%, or ₩25 billion, from ₩1 billion in the first half of 2024 to ₩26 billion in the first half of 2025, primarily due to an increase in disposal of idle equipment.

- The Company's donation increased by 70.5%, or ₩22 billion, from ₩31 billion in the first half of 2024 to ₩53 billion in the first half of 2025, primarily due to an increase in donation for the buildout of highway infrastructure to the Icheon fab.

Income Tax Expense

The Company's income tax expense increased by 110.2%, or ₩1,530 billion, from ₩1,388 billion in the first half of 2024 to ₩2,917 billion in the first half of 2025, primarily reflecting an increase in the Company's profit before income tax, which increased by 142.7%, or ₩10,597 billion, from ₩7,425 billion in the first half of 2024 to ₩18,022 billion in the first half of 2025. The Company's effective tax rates were 18.7% in the first half of 2024 and 16.2% in the first half of 2025.

Profit for the Period

Primarily due to the factors described above, the Company's profit for the period increased by 150.2%, or ₩9,067 billion, from ₩6,037 billion in the first half of 2024 to ₩15,104 billion in the first half of 2025. The Company's net profit margin increased from 20.9% in the first half of 2024 to 37.9% in the first half of 2025.

Results of Operations – 2023 Compared to 2024

The following table presents selected income statement data and changes therein for 2023 and 2024.

	For the Year Ended December 31,		Changes 2023 versus 2024	
	2023	2024	Amount	%
	(In billions of Won)			
Revenue	₩ 32,766	₩ 66,193	₩ 33,427	102.0%
Cost of sales	33,299	34,365	1,066	3.2
Gross profit (loss)	(533)	31,828	32,362	N.A.[(1)]
Selling and administrative expenses	7,197	8,361	1,164	16.2
Operating profit (loss)	(7,730)	23,467	31,198	N.A.[(1)]
Finance income	2,262	4,855	2,593	114.7
Finance expenses	6,093	5,708	(385)	(6.3)
Share of profit (loss) of equity-accounted investees	15	(38)	(53)	N.A.[(1)]
Other income	624	1,477	853	136.7
Other expenses	735	167	(568)	(77.2)
Profit (loss) before income tax	(11,658)	23,886	35,543	N.A.[(1)]
Income tax expense (benefit)	(2,520)	4,088	6,609	N.A.[(1)]
Profit (loss) for the year	₩(9,138)	₩ 19,797	₩ 28,934	N.A.[(1)]

(1) N.A. means not applicable.

Revenue

The following table presents a breakdown of the Company's revenue by principal product category and changes therein for 2023 and 2024.

	For the Year Ended December 31,		Changes 2023 versus 2024	
	2023	2024	Amount	%
	(In billions of Won)			
DRAM	₩ 20,769	₩ 44,732	₩ 23,963	115.4%
NAND flash	9,653	19,274	9,621	99.7
Other products[1]	2,344	2,187	(157)	(6.7)
Total revenue	₩ 32,766	₩ 66,193	₩ 33,427	102.0

(1) Includes revenue from CMOS image sensors and foundry products.

The Company's revenue increased by 102.0%, or ₩33,427 billion, from ₩32,766 billion in 2023 to ₩66,193 billion in 2024, primarily due to increases in revenue from DRAM and NAND flash sales. Specifically:

- Revenue from DRAM sales significantly increased by 115.4%, or ₩23,963 billion, from ₩20,769 billion in 2023 to ₩44,732 billion in 2024, primarily due to (i) an increase in the average selling price of such products, (ii) an increase in their shipment volume and (iii) depreciation of the average value of the Won against the U.S. dollar from 2023 to 2024 that contributed to an increase in the Company's revenue from such products in Won terms. The average selling price of DRAM on a U.S. dollar basis increased by approximately 80% from 2023 to 2024, reflecting a general increase in global demand for DRAM products, particularly for premium products such as high-premium HBM products designed to meet the greater data-processing speed requirements of graphics applications that incorporate deep learning and artificial learning technologies. The Company's overall DRAM bit shipment increased by approximately 15% from 2023 to 2024 in response to such increase in demand for DRAM products. The Market Average Exchange Rate, which was ₩1,267.3 to US$1.00 as of December 31, 2022, depreciated during 2023 to an average of ₩1,305.4 to US$1.00 in 2023 and further depreciated during 2024 to an average of ₩1,364.0 to US$1.00 in 2024.

- Revenue from NAND flash sales increased by 99.7%, or ₩9,621 billion, from ₩9,653 billion in 2023 to ₩19,274 billion in 2024, primarily due to (i) an increase in the average selling price of such products, (ii) an increase in their shipment volume and (iii) depreciation of the average value of the Won against the U.S. dollar from 2023 to 2024 as discussed above. The average selling price of NAND flash memory products on a U.S. dollar basis increased by approximately 90% from 2023 to 2024, reflecting an increase in global demand for high-density, high-performance enterprise SSDs and an improved supply-demand balance in the overall NAND flash memory market. The increase in the Company's overall NAND flash bit shipment from 2023 to 2024 was modest, driven by rising demand for enterprise SSDs, but partially offset by weaker demand for NAND flash memory products in the PC and mobile device markets.

- Revenue from the Company's other products decreased by 6.7%, or ₩157 billion, from ₩2,344 billion in 2023 to ₩2,187 billion in 2024, primarily reflecting a decrease in revenue from sales of CMOS image sensors.

Cost of Sales and Gross Profit (Loss)

The Company's cost of sales increased by 3.2%, or ₩1,066 billion, from ₩33,299 billion in 2023 to ₩34,365 billion in 2024, primarily due to increases in (i) employee benefit expenses and (ii) expenses related to raw materials, supplies and consumables, the aggregate impact of which was partially offset by a decrease in changes in finished goods, work-in-process and others. Employee benefit expenses increased primarily due to an increase in the Company's accrued payments under employee profit-sharing arrangements. The Company's expenses related to raw materials, supplies and consumables increased from ₩9,547 billion in 2023 to ₩10,575 billion in 2024 primarily due to increases in its shipment volumes of DRAM and NAND flash memory products. The Company's recognition of costs related to buildup of finished goods, work-in-progress and others significantly decreased from ₩1,769 billion in 2023 to ₩20 billion in 2024, primarily reflecting an increase in demand for the Company's products from 2023 to 2024 that decreased buildup of inventories.

The Company recorded gross loss of ₩533 billion in 2023 compared to gross profit of ₩31,828 billion in 2024. The Company recorded gross loss margin of 1.6% in 2023 compared to gross profit margin of 48.1% in 2024.

Selling and Administrative Expenses

The following table presents a breakdown of the Company's selling and administrative expenses (including research and development expenses) and changes therein for 2023 and 2024.

	For the Year Ended December 31,		Changes 2023 versus 2024	
	2023	**2024**	**Amount**	**%**
	(In billions of Won)			
Selling and administrative expenses:				
Salaries	₩ 829	₩ 1,258	₩ 429	51.7%
Defined benefit plan	36	41	6	16.6
Employee benefits	221	235	14	6.3
Commission	769	774	4	0.6
Depreciation	304	303	(2)	(0.5)
Amortization	283	257	(26)	(9.1)
Freight and custody charges	54	54	1	1.5
Taxes and dues	86	101	15	17.9
Advertising	84	123	40	47.7
Supplies	121	112	(8)	(6.9)
Sales promotion expenses	118	216	99	83.7
Quality control cost	147	48	(98)	(66.9)
Others	396	401	5	1.2
	3,446	3,924	478	13.9
Research and development:				
Expenditure on research and development	4,101	4,854	753	18.4
Development cost capitalized	(351)	(418)	(67)	19.2
	3,751	4,436	686	18.3
Total	₩ 7,197	₩ 8,361	₩ 1,164	16.2

The Company's selling and administrative expenses (including research and development expenses) increased by 16.2%, or ₩1,164 billion, from ₩7,197 billion in 2023 to ₩8,361 billion in 2024, primarily due to increases in expenditure on research and development, salaries and sales promotion expenses, which were partially offset by a decrease in quality control cost. Specifically:

- Expenditure on research and development, after adjusting for capitalized development cost, increased by 18.3%, or ₩686 billion, from ₩3,751 billion in 2023 to ₩4,436 billion in 2024, reflecting an increase in the Company's research and development activities.

- Salaries increased by 51.7%, or ₩429 billion, from ₩829 billion in 2023 to ₩1,258 billion in 2024, primarily due to an increase in the Company's accrued payments under employee profit-sharing arrangements.

- Sales promotion expenses increased by 83.7%, or ₩99 billion, from ₩118 billion in 2023 to ₩216 billion in 2024, primarily due to an increase in the distribution of promotional samples.

- Quality control cost decreased by 66.9%, or ₩98 billion, from ₩147 billion in 2023 to ₩48 billion in 2024, primarily reflecting a decrease in warranty provisions for the amount expected to be paid for product replacement and other customer supporting activities.

The Company's selling and administrative expenses as a percentage of total revenue decreased from 22.0% in 2023 to 12.6% in 2024.

Operating Profit (Loss)

Primarily due to the factors described above, the Company recorded operating loss of ₩7,730 billion in 2023 compared to operating profit of ₩23,467 billion in 2024. The Company recorded operating loss margin of 23.6% in 2023 compared to operating profit margin of 35.5% in 2024.

Finance Income and Expenses

The following table presents a breakdown of the Company's finance income and expenses and changes therein for 2023 and 2024.

	For the Year Ended December 31,		Changes 2023 versus 2024	
	2023	2024	Amount	%
	(In billions of Won)			
Interest income	₩ 216	₩ 345	₩ 128	59.3%
Dividend income	13	29	16	118.9
Foreign exchange differences	1,904	4,221	2,317	121.7
Others	128	260	132	102.4
Total finance income	2,262	4,855	2,593	114.7
Interest expenses	1,468	1,345	(123)	(8.4)%
Foreign exchange differences	2,222	3,952	1,730	77.8
Loss on valuation of financial instruments	1,488	294	(1,195)	(80.3)
Loss on valuation of derivatives	914	103	(811)	(88.7)
Others	0	14	14	N.M.[1]
Total finance expenses	₩ 6,093	₩ 5,708	₩ (385)	(6.3)

(1) N.M. means not meaningful.

The Company recognized net loss on foreign exchange differences of ₩319 billion in 2023 compared to net gain on foreign exchange differences of ₩269 billion in 2024, as the Won depreciated against the U.S. dollar at year-end in 2023 and further depreciated (to a much greater extent) at year-end in 2024. In terms of the Market Average Exchange Rate, the Won depreciated against the U.S. dollar from Won 1,267.3 to US$1.00 as of December 31, 2022 to Won 1,289.4 to US$1.00 as of December 31, 2023, and further depreciated to Won 1,470.0 to US$1.00 as of December 31, 2024. The Market Average Exchange Rate, which was Won 1,267.3 to US$1.00 as of December 31, 2022, depreciated during 2023 to an average of Won 1,305.4 to US$1.00 in 2023 and further depreciated during 2024 to an average of Won 1,364.0 to US$1.00 in 2024. Against such fluctuations, the Company's loss on valuations of derivatives decreased by 88.7%, or Won 811 billion, from Won 914 billion in 2023 to Won 103 billion in 2024.

The Company's loss on valuation of financial instruments decreased by 80.3%, or ₩1,195 billion, from ₩1,488 billion in 2023 to ₩294 billion in 2024. Such fluctuation in valuation of financial instruments related primarily to the Company's controlling stake in Kioxia. See "Risk Factors – The Company's strategic alliances and investments may not be successful, which may adversely affect its competitive position and impair the Company's ability to achieve its business objectives."

Interest income increased by 59.3%, or ₩128 billion, from ₩216 billion in 2023 to ₩345 billion in 2024, primarily reflecting an increase in the Company's interest-earning financial assets, which impact was partially offset by a general decrease in interest rates from 2023 to 2024.

Interest expenses decreased by 8.4%, or ₩123 billion, from ₩1,468 billion in 2023 to ₩1,345 billion in 2024, primarily reflecting a decrease in the Company's borrowings as well as a general decrease in interest rates from 2023 to 2024.

Share of Profit (Loss) of Equity-accounted Investees

In 2023, the Company recorded share of profit of equity-accounted investees of ₩15 billion primarily due to its share of gains of ₩17 billion from HITECH Semiconductor (Wuxi) Co., Ltd. and ₩12 billion from SK China Company Limited, the aggregate impact of which was partially offset by its share of loss of ₩11 billion from SiFive, Inc.

In 2024, the Company recorded share of loss of equity-accounted investees of ₩38 billion primarily due to (i) its share of losses of ₩35 billion from SK hynix system ic (Wuxi) Co., Ltd. and ₩13 billion from SiFive, Inc. and (ii) ₩25 billion in loss reflecting the difference between the book value and the recoverable amount of the Company's investment in SiFive Inc., the aggregate impact of which was partially offset by its share of gain of ₩18 billion from HITECH Semiconductor (Wuxi) Co., Ltd.

Other Income

The following table presents a breakdown of the Company's other income and changes therein for 2023 and 2024.

	For the Year Ended December 31,		Changes 2023 versus 2024	
	2023	2024	Amount	%
	(In billions of Won)			
Reversal of impairment of intangible assets	₩ 324	₩ 0	₩(324)	(100.0)%
Gain on disposal of property, plant and equipment	250	70	(180)	(71.9)
Gain on disposal of non-current assets held for sale	–	1,317	1,317	N.A.[1]
Gain on disposal of subsidiaries	–	36	36	N.A.[1]
Others	50	54	4	7.1
Total other income	624	1,477	853	136.7

(1) N.A. means not applicable.

The Company's other income increased by 136.7%, or ₩853 billion, from ₩624 billion in 2023 to ₩1,477 billion in 2024, primarily due to gain on disposal of non-current assets held for sale in 2024 compared to no such gain in 2023, which was partially offset by decreases in reversal of impairment of intangible assets and gain on disposal of property, plant and equipment. Specifically:

- The Company recognized gain on disposal of non-current assets held for sale of ₩1,317 billion in 2024 compared to no such gain in 2023. In 2024, the Company recognized such gain primarily from its disposal of SK hynix system ic (Wuxi) Co., Ltd.

- The Company's reversal of impairment of intangible assets decreased by 100.0%, or ₩324 billion, from ₩324 billion in 2023 to ₩0.034 billion in 2024. In 2023, such reversal of impairment related primarily to the recovery of the intangible assets of the Solidigm business.

- The Company's gain on disposal of property, plant and equipment decreased by 71.9%, or ₩180 billion, from ₩250 billion in 2023 to ₩70 billion in 2024. In 2023, such gain on disposal of property, plant and equipment related primarily to sales of real estate. In 2024, such gain on disposal of property, plant and equipment related primarily to sales of idle equipment.

Other Expenses

The following table presents a breakdown of the Company's other expenses and changes therein for 2023 and 2024.

	For the Year Ended December 31,		Changes 2023 versus 2024	
	2023	**2024**	**Amount**	**%**
	(In billions of Won)			
Donation	65	83	18	27.2%
Loss on impairment of property, plant and equipment	166	—	(166)	(100.0)
Loss on disposal of property, plant and equipment	74	18	(57)	(76.2)
Loss on impairment of intangible assets	167	0	(167)	(99.8)
Loss on disposal of trade receivables	16	4	(12)	(76.5)
Depreciation expenses on assets not in use	55	37	(18)	(32.6)
Others	193	26	(167)	(86.5)
Total other expenses	₩ 735	₩ 167	₩ (568)	(77.2)

The Company's other expenses decreased by 77.2%, or ₩568 billion, from ₩735 billion in 2023 to ₩167 billion in 2024, primarily due to a decrease in loss on impairment of intangible assets and the Company's recognition of loss on impairment of property, plant and equipment in 2023 compared to no such loss in 2024. Specifically:

- The Company's loss on impairment of intangible assets decreased by 99.8%, or ₩167 billion, from ₩167 billion in 2023 to ₩0.3 billion in 2024. In 2023, such loss on impairment related primarily to capitalized development costs.

- The Company recognized loss on impairment of property, plant and equipment of ₩166 billion in 2023 compared to no such loss in 2024. In 2023, such loss on impairment related to idle equipment of the Solidigm business.

Income Tax Expense (Benefit)

The Company recorded income tax benefit of ₩2,520 billion in 2023 compared to income tax expense of ₩4,088 billion in 2024, primarily due to its recognition of loss before income tax of ₩11,658 billion in 2023 compared to profit before income tax of ₩23,886 billion in 2024. The Company's effective tax rates decreased from 21.6% in 2023 to 17.1% in 2024, primarily reflecting an increase in tax credits related to the Company's increase of capital expenditures in 2024. See Note 29 of the notes to the Annual Financial Statements.

Profit (Loss) for the Year

Primarily due to the factors described above, the Company recorded loss for the year of ₩9,138 billion in 2023 compared to profit for the year of ₩19,797 billion in 2024. The Company recorded net loss margin of 27.9% in 2023 and net profit margin of 29.9% in 2024.

Liquidity and Capital Resources

Capital Resources and Requirements

The Company has traditionally met its working capital and other capital requirements principally from cash provided by operating activities, while raising the remainder of its requirements primarily through long-term and short-term borrowings. The Company expects that these sources will continue to be its principal sources of cash in the future. From time to time, the Company may also generate cash through sale of its holdings in short-term investment assets as well as its treasury shares.

The Company's principal cash requirements or uses have historically been:

- capital expenditures for property, plant and equipment;
- cash required for its operations, including purchases of raw materials, supplies and consumables, research and development expenses, payroll costs and commissions;
- investments and acquisitions, including those in connection with pursuing strategic relationships;
- interest and principal payments on the Company's short-term and long-term borrowings;
- payments of cash dividends to the Company's shareholders; and
- acquisition of treasury shares.

The Company makes substantial capital expenditures annually to support its business goals and objectives, and it plans to continue to invest in enhancing and expanding its production facilities and upgrading its equipment and manufacturing processes. The Company operates in an especially capital-intensive industry that requires continual investments for capacity expansions, equipment upgrades and migration to advanced technologies and manufacturing processes. The Company's cash outflows for acquisition of property, plant and equipment amounted to ₩8,325 billion in 2023, ₩15,946 billion in 2024 and ₩10,616 billion in the first half of 2025. In 2025, the Company plans to increase its capital expenditures compared to 2024, but flexibly adjust such increase taking into consideration market conditions and the Company's financial condition at the time. The Company periodically adjusts its capital expenditure plans on an ongoing basis subject to market demand for the Company's products, the production outlook of the global memory semiconductor industry as well as general global economic conditions. The Company may delay or not implement some of its announced capital expenditure plans based on its assessment of such market conditions.

Payments of contractual obligations and commitments will also require considerable capital resources. In the ordinary course of its business, the Company routinely enters into commercial commitments for various aspects of its operations, including long-term purchase agreements for raw materials as well as provision of guarantees for indebtedness of its related parties and others. For the Company's contingent liabilities, see Note 29 of the notes to the Interim Financial Statements.

The following sets forth the contractual maturities of financial liabilities as of December 31, 2024.

	Payments Due by Period				
	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	(In billions of Won)				
Borrowings[(1)]	₩ 3,845	₩ 6,733	₩ 11,219	₩ 4,246	₩ 26,042
Lease liabilities	603	462	1,063	1,129	3,256
Trade payables	2,277	–	–	–	2,277
Other payables	6,983	186	180	218	7,567
Other non-trade payables	1,087	12	41	0	1,140
Other financial liabilities	152	3	2	–	156
Total	₩ 14,947	₩ 7,396	₩ 12,504	₩ 5,593	₩ 40,440

(1) Including payments of interest under terms and conditions of borrowing contracts as of December 31, 2024.

From time to time, the Company may make significant investments and acquisitions, including those in connection with pursuing strategic relationships. For example, as described in "Business – Strategic Alliances, Investments and Acquisitions," the Company participated as a member of the Bain Consortium in its purchase of a controlling stake in Kioxia from Toshiba Corporation in June 2018. As of June 30, 2025, the book value of the Company's investment in SPC 1 was ₩3,292 billion, and the book value of the Company's investment in the convertible bond issued by SPC 2 was ₩2,152 billion, which are accounted for as debt investments and classified as financial assets measured at fair value through profit or loss.

In October 2020, the Company agreed to acquire the NAND flash memory and storage business of Intel. In the first phase of such acquisition completed in December 2021, the Company acquired Intel's NAND SSD business (including NAND SSD-related intellectual property and employees), as well as the Dalian Manufacturing Facility, for US$6.6 billion. The Company created a subsidiary in the United States called Solidigm to operate the acquired business. In the second phase of such acquisition completed in March 2025, the Company acquired the remaining assets, including the intellectual property related to the manufacture and design of NAND flash wafers, NAND flash wafers-related research and development employees and NAND flash wafers-related workforce at the Dalian Manufacturing Facility, for US$2.2 billion. See "Business – Strategic Alliances, Investments and Acquisitions."

Cash Flow

The following table sets forth the Company's cash flows for the periods indicated.

	For the Years Ended December 31,		For the Six Months Ended June 30,	
	2023	2024	2024	2025
	(In billions of Won)			
Net cash provided by operating activities	₩ 4,278	₩ 29,796	₩11,016	₩18,190
Net cash used in investing activities	(7,335)	(18,005)	(5,775)	(18,670)
Net cash provided by (used in) financing activities	5,697	(8,704)	(5,033)	(1,271)
Effects of exchange rate changes on cash and cash equivalents	(30)	530	221	(333)
Classifications as held for sale	–	–	(83)	(46)
Net increase (decrease) in cash and cash equivalents	2,610	3,618	347	(2,130)
Cash and cash equivalents at the beginning of the period	4,977	7,587	7,587	11,205
Cash and cash equivalents at the end of the period	7,587	11,205	7,934	9,075

Cash Flows from Operating Activities

The Company's net cash provided by operating activities increased from ₩11,016 billion in the first half of 2024 to ₩18,190 billion in the first half of 2025, primarily reflecting a significant increase in gross cash flow from its sales activities as discussed in "– Results of Operations – First Half of 2024 Compared to First Half of 2025 – Revenue" as well as a decrease in cash outflow related to an increase in trade receivables from ₩3,024 billion in the first half of 2024 to ₩1,049 billion in the first half of 2025.

The Company's net cash provided by operating activities significantly increased from ₩4,278 billion in 2023 to ₩29,796 billion in 2024, primarily reflecting a significant increase in gross cash flow from its sales activities as discussed in "– Results of Operations – 2023 Compared to 2024 – Revenue" as well as cash outflow of ₩1,454 billion in 2023 related to a decrease in other non-trade payables compared to cash inflow of ₩2,229 billion in 2024 related to an increase in other non-trade payables. Partially offsetting increases in such cash inflows, the Company recorded an increase in cash outflow related to trade receivables from ₩1,406 billion in 2023 to ₩5,098 billion in 2024.

Cash Flows from Investing Activities

The Company's net cash used in investing activities increased from ₩5,775 billion in the first half of 2024 to ₩18,670 billion in the first half of 2025. This increase was primarily attributable to an increase in cash outflow related to acquisitions of property, plant and equipment from ₩5,166 billion in the first half of 2024 to ₩10,616 billion in the first half of 2025. In addition, the Company recorded an increase in net cash used in acquisition of short-term financial instruments from ₩106 billion in the first half of 2024 to ₩3,916 billion in the first half of 2025. Furthermore, the Company recorded cash outflow from business combination of ₩3,080 billion in the first half of 2025 related to the completion of the second phase of the acquisition of the NAND flash memory and storage business of Intel in March 2025.

The Company's net cash used in investing activities increased from ₩7,335 billion in 2023 to ₩18,005 billion in 2024. This increase was primarily attributable to an increase in cash outflow related to acquisitions of property, plant and equipment from ₩8,325 billion in 2023 to ₩15,946 billion in 2024. In addition, the Company recorded an increase in net cash used in acquisition of short-term financial instruments from ₩60 billion in 2023 to ₩1,872 billion in 2024. Such impact was partially offset by a decrease in cash proceeds from disposal of property, plant and equipment from ₩1,540 billion in 2023 to ₩47 billion in 2024.

Cash Flows from Financing Activities

The Company's net cash used in financing activities decreased from ₩5,033 billion in the first half of 2024 to ₩1,271 billion in the first half of 2025. This increase was primarily attributable to net proceeds from borrowings, after adjusting for repayments of borrowings, of ₩4,384 billion in the first half of 2024 compared to net proceeds from borrowings, after adjusting for repayments of borrowings, of ₩161 billion in the first half of 2025. However, the Company's dividends paid increased from ₩413 billion in the first half of 2024 to ₩1,159 billion in the first half of 2025.

The Company recorded net cash provided by financing activities of ₩5,697 billion in 2023 compared to net cash used in financing activities of ₩8,704 billion in 2024. Such fluctuation was primarily attributable to net proceeds from borrowings, after adjusting for repayments of borrowings, of ₩6,969 billion in 2023 compared to net proceeds from borrowings, after adjusting for repayments of borrowings, of ₩7,376 billion in 2024.

Liquidity

The Company had a working capital surplus (defined as current assets net of current liabilities) of ₩9,460 billion as of December 31, 2023, ₩17,313 billion as of December 31, 2024 and ₩19,879 billion as of June 30, 2025. The Company manages its liquidity risk to maintain adequate net working capital by constantly managing projected cash flows. The Company also aims to mitigate liquidity risk by contracting with financial institutions with respect to bank overdrafts, cash pooling and banking facility agreements for efficient management of funds. The Company believes that cash from its operations, current and future financing arrangements (including short-term and long-term borrowing facilities and issuances of debentures) and cash and cash equivalents are likely to be sufficient to satisfy its operating cash requirements, capital expenditure needs and debt service requirements for the foreseeable future.

The Company strives to maintain a sound capital structure, and it monitors capital on the basis of its liabilities-to-equity ratio and net borrowing ratio. The following table sets forth the Company's liabilities-to-equity ratio and net borrowing ratio as of the dates indicated:

	As of December 31,		As of June 30,
	2023	2024	2025
	(In billions of Won, except percentages)		
Total liabilities	₩46,826	₩45,940	₩41,945
Total equity	53,504	73,916	87,142
Cash and cash equivalents, short-term financial instruments and short-term investment assets	8,921	14,156	16,962
Total borrowings	29,469	22,684	21,841
Liabilities-to-equity ratio(1)	87.52%	62.15%	48.13%
Net borrowing ratio(2)	38.40%	11.54%	5.60%

(1) Ratio of total liabilities divided by total equity.

(2) Ratio of (i) total borrowings minus cash and cash equivalents, short-term financial instruments and short-term investment assets divided by (ii) total equity.

The Company believes that it has various options to meet its financing needs, including short-term and long-term borrowing facilities and issuances of debentures. However, the ability of the Company to continue to obtain debt financing at a reasonable cost will depend on several factors, some of which may be outside its control, including general economic conditions, the liquidity of the Korean and international capital markets and commercial banking markets and the Government's policies regarding Won and foreign currency borrowings. These policies can affect the Company's ability to borrow and gain access to domestic and foreign capital markets and commercial banking markets or restrict the use of proceeds of any financing, and can require the Company to incur indebtedness from other sources that entail higher interest rates or shorter maturities.

From time to time, the Company may also generate cash from sale of its treasury shares. As of June 30, 2025, the Company held 37,590,242 treasury shares (including 20,139,289 treasury shares potentially subject to conversion into common shares of the Company as of June 30, 2025, pursuant to the terms of the convertible bonds issued by the Company in April 2023), representing approximately 5.16% of the total issued common shares of the Company.

Market Risks

Market risk is the risk of loss related to adverse changes in market prices, including (i) foreign exchange risk, (ii) interest rate risk and (iii) price risk associated with the Company's investments in equity and debt securities. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the Company's corporate finance division in accordance with policies approved by the board of directors. The Company's corporate finance division identifies, evaluates and hedges financial risks in close cooperation with the Company'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, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Foreign Exchange Risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar, Chinese Yuan, Euro and Japanese Yen. The foreign exchange risk of the Company primarily arises from future commercial transactions, recognized assets and liabilities in foreign currencies, and net investments in foreign operations. From time to time, the Company also uses derivative instruments to partially hedge its foreign exchange risk. In the past, the Company has selectively entered into fixed-to-fixed cross-currency swaps and floating-to-fixed cross-currency interest rate swaps to partially hedge foreign exchange risk relating to bonds and borrowings.

As of June 30, 2025, the effect on the Company's profit before income tax as a result of strengthening or weakening of the foreign currencies by 10% is as follows:

	If Strengthened by 10%	If Weakened by 10%
	(In billions of Won)	
U.S. dollar	₩905	₩(905)
Japanese Yen	(99)	99
Chinese Yuan	(7)	7
Euro	(96)	96

Interest Rate Risk

Interest rate risk is defined as the risk that the interest expenses arising from borrowings will fluctuate because of changes in future market interest rates. The Company is exposed to interest rate risk on its existing floating rate borrowings and on additional debt financings that the Company may periodically undertake for various reasons, including capital expenditures and refinancing of the Company's existing borrowings. A rise in interest rates will increase the cost of its existing variable rate borrowings.

As of June 30, 2025, if interest rates on borrowings were 100 basis points higher/lower with all other variables held constant, profit before income tax for the six-month period would have been ₩24 billion lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings (except for floating rate borrowings amounting to ₩254 billion under floating-to-fixed cross-currency interest rate swap agreements and ₩412 billion under an interest rate swap agreement) and interest income on floating rate financial assets.

Security Price Risk

The Company's investment portfolio consists of direct and indirect investments in listed and non-listed equity securities as well as debt securities. Such securities are exposed to security price risk. As of June 30, 2025, the book value of the Company's short-term investment assets was ₩1,667 billion. As of such date, the book value of the Company's long-term investment assets was ₩5,831 billion, which included assets related to the Company's participation as a member of the Bain Consortium in its purchase of a controlling stake in Kioxia from Toshiba Corporation in June 2018. As of June 30, 2025, the book value of the Company's investment in SPC 1 was ₩3,292 billion, and the book value of the Company's investment in the convertible bond issued by SPC 2 was ₩2,152 billion, which are accounted for as debt investments and classified as financial assets measured at fair value through profit or loss.

BUSINESS

Overview

The Company is one of the world's largest memory semiconductor companies and engages in the design, manufacture and sale of advanced memory semiconductors. In the DRAM market, the Company is ranked first globally based on revenue with a market share of 37% in the first quarter of 2025, according to market research conducted by Omdia. In addition, the Company was the third largest supplier of NAND flash memory in terms of revenue, with a worldwide market share of 17% in the first quarter of 2025, according to Omdia. The Company's memory products can be used in virtually all electronic devices, including graphics cards, PCs, servers, mobile devices such as smartphones and tablets, and other consumer electronics products. The Company has also been engaging in the foundry business through SK hynix system ic, a wholly-owned subsidiary, and SK keyfoundry, a wholly-owned subsidiary acquired by the Company in August 2022.

The Company sells a wide variety of DRAM and NAND flash memory products with various configuration options, architectures and performance characteristics tailored to meet application- and customer-specific needs. The Company believes that it is one of the world's leading companies in developing DRAM with advanced specifications, particularly those relating to higher density, faster data-processing speed and lower power consumption. The Company is continually developing higher-density modules, SSDs and other customized DRAM and NAND flash memory products that are optimized for use in specific applications. In particular, the Company offers next-generation graphics memory products in an HBM configuration. HBM is designed to meet the greater data-processing speed requirements of graphics applications that incorporate deep learning and artificial intelligence technologies. The Company seeks to strengthen its relationships with leading GPU, PC and IT manufacturers to more effectively meet their needs for customized high-bandwidth graphics memory solutions. The Company believes that offering customized products provides opportunities to mitigate the negative effects of the cyclicality of the memory products market, and its customized products typically command higher prices than commodity DRAM because of their superior performance and specifically-tailored characteristics.

The Company owns and operates wafer fabs in Icheon and Cheongju, Korea and Wuxi and Dalian, China. The Company also owns and operates assembly and testing facilities for back-end processing of its products in Icheon and Cheongju, Korea and Chongqing, China. As part of the Company's efforts to reduce unit manufacturing costs, improve manufacturing yields and enhance its profitability, the Company periodically phases out the operations of its older fabs and also upgrades them to new fabs that implement more advanced processing technologies. In addition to regular maintenance and enhancement of existing fabs, the Company is currently constructing a new extension fab called M15X in Cheongju, which the Company plans to utilize to further increase its production capacity of next-generation DRAM products such as HBM. The Company currently expects to complete the construction of the M15X fab in October 2025 and begin mass production in mid-2026. As part of its efforts to ensure its long-term competitiveness, the Company has also announced initiatives to construct an integrated industrial complex in Yongin, Korea for its next generation of fabs and research and development facilities. The Company began construction of its first fab at the Yongin complex in February 2025 with target completion by May 2027. In December 2024, the Company also announced plans to build an advanced packaging plant in Indiana, United States, with target commencement of operation in the second half of 2028.

In order to maintain its technological leadership, as well as to access new markets for its products, the Company engages in strategic initiatives, including entering into joint ventures and joint product development and supply agreements. From time to time, the Company may also acquire equity stakes in other industry players to further strengthen its business relationships as well as acquire complementary businesses that further strengthen the Company's leading position in the industry. In October 2020, the Company agreed to acquire the NAND flash memory and storage business of Intel. In the first phase of such acquisition completed in December 2021, the Company acquired Intel's NAND SSD business (including NAND SSD-related intellectual property and employees), as well as the Dalian Manufacturing Facility, for US$6.6 billion. The Company created a subsidiary in the United States called SK hynix NAND Product Solutions Corp. (doing business as "Solidigm") to operate the acquired business. In the second phase of the acquisition completed in March 2025, the Company acquired the remaining assets, including the intellectual property related to the manufacture and design of NAND flash wafers, NAND flash wafers-related research and development employees and NAND flash wafers-related workforce at the Dalian Manufacturing Facility, for US$2.2 billion. See "Business – Strategic Alliances, Investments and Acquisitions."

The Company's revenue was ₩32,766 billion in 2023, ₩66,193 billion in 2024, ₩28,853 billion in the first half of 2024 and ₩39,871 billion in the first half of 2025. The Company recorded loss for the year of ₩9,138 billion in 2023 and profit for the year of ₩19,797 billion in 2024, and profit for the period of ₩6,037 billion in the first half of 2024 and ₩15,104 billion in the first half of 2025. The Company had total assets of ₩119,855 billion and total equity of ₩73,916 billion as of December 31, 2024 and total assets of ₩129,088 billion and total equity of ₩87,142 billion as of June 30, 2025.

History

In 1983, the Company's predecessor, Hyundai Electronics Industries Co., Ltd. ("Hyundai Electronics Industries"), entered the memory semiconductor industry with the construction of its first fab in Icheon, Korea. In December 1996, Hyundai Electronics Industries became a public company through an initial public offering and listing of its common shares on the KRX KOSPI Market. In May 1999, Hyundai Electronics Industries acquired the memory semiconductor business of the LG Group, and such business was subsequently merged into Hyundai Electronics Industries.

In response to a substantial decline in global DRAM prices as a result of worldwide oversupply, Hyundai Electronics Industries underwent a corporate restructuring starting in 2001, including divestment of non-core businesses and a restructuring of its debt through debt cancellations, extensions of maturities and reductions of interest rates as well as a debt-to-equity swap with its creditors. In March 2001, Hyundai Electronics Industries changed its name to Hynix Semiconductor Inc. ("Hynix Semiconductor"), and the Korea Fair Trade Commission approved its disaffiliation from the former Hyundai Group in August 2001. In February 2012, the former creditors of Hynix Semiconductor sold their remaining interest in the Company to SK Telecom Co., Ltd. ("SK Telecom"). Hynix Semiconductor changed its name to SK hynix Inc. in March 2012. As of June 30, 2025, SK Square Co., Ltd., which was demerged from SK Telecom in 2021, held a 20.1% interest in the Company.

Products and Applications

The Company sells a wide variety of DRAM and NAND flash memory products with various configuration options, architectures and performance characteristics tailored to meet application- and customer-specific needs. The Company has also been engaging in the foundry business through SK hynix system ic, a wholly-owned subsidiary, and SK keyfoundry, a wholly-owned subsidiary acquired by the Company in August 2022.

The following table sets forth the Company's revenue by principal product category and related percentage data for the periods indicated.

	Year Ended December 31,				Six Months Ended June 30,			
	2023		2024		2024		2025	
	(In billions of Won, except percentages							
DRAM	₩20,769	63.4%	₩44,732	67.6%	₩18,194	63.1%	₩31,161	78.2%
NAND Flash	9,653	29.5	19,274	29.1	9,592	33.2	7,957	20.0
Other Products	2,344	7.2	2,187	3.3	1,067	3.7	754	1.9
Total	₩32,766	100.0%	₩66,193	100.0%	₩28,853	100.0%	₩39,871	100.0%

DRAM

DRAM is a type of random access memory semiconductor and is the highest density and lowest cost per bit memory component available for high-speed digital data storage and retrieval. Sales of DRAM accounted for 63.4% of the Company's total revenue in 2023, 67.6% in 2024 and 78.2% in the first half of 2025. The Company offers a wide range of commodity DRAM as well as customized DRAM for applications with higher performance requirements that are sold at higher prices. The Company's customized DRAM is used primarily in servers as well as graphics, mobile and other consumer electronics applications.

Graphics Memory. In recent years, the increasing popularity of high-resolution online games and 4K and 8K video content streaming as well as production of online media content and cinematic 3D motion graphics have contributed to a steady increase in demand for graphics memory products that are primarily used in GPUs and other graphics cards. The Company's representative graphics memory products are offered in a data transfer rate of 16 gigabit ("Gb") in a Graphics DDR 6 ("GDDR6") or Graphics DDR 7 ("GDDR7") Synchronous DRAM configuration. The Company also offers next-generation graphics memory products with densities ranging from 16 gigabyte ("GB") to 36 GB in an HBM configuration, including HBM3 (generation 3) and HBM3E (generation 3 extension). HBM is designed to meet the greater data-processing speed requirements of graphics applications that incorporate deep learning and artificial intelligence technologies. The Company seeks to strengthen its relationships with leading GPU, PC and IT manufacturers to more effectively meet their needs for customized high-bandwidth graphics memory solutions.

Server Memory. Data centers that provide cloud computing services utilize the Company's high-density customized DRAM memory modules that are specifically designed for servers. Demand for such products is also driven by the growing popularity of analytics applications based on artificial intelligence and machine learning technologies that require sophisticated big data cloud computing, as well as the build-out of 5G mobile infrastructure utilizing edge computing paradigms that bring computation and data storage closer to the location where they are needed to improve response time and save bandwidth. The Company's representative server memory module products are offered in densities ranging from 16 GB to 256 GB in a Double Data Rate 4 Synchronous DRAM ("DDR4") and Double Data Rate 5 Synchronous DRAM ("DDR5") configuration.

PC Memory. The Company offers commodity DRAM that is primarily used in the PC industry. The Company's representative memory module products are offered in densities ranging from (i) 4 GB to 32 GB in a DDR4 configuration and (ii) 8 GB to 28 GB in a DDR5 configuration that offers higher performance, lower power consumption and better resiliency compared to DDR4. In the past, the introduction of new or updated Windows operating systems has resulted in the upgrading of PCs, which in turn has increased demand for commodity DRAM. In recent years, the increase in popularity of Chromebooks that are designed for the education market, PCs specifically designed for online games and multi-function ultrabook laptops that require higher density memory has contributed to an increase in demand for the Company's PC memory products.

Mobile Memory. The Company's mobile memory products are designed to have low-power and high-bandwidth features that are optimized for use in mobile devices such as smartphones and tablets. Although growth in global sales volume of smartphones has decreased in the past decade, the Company believes that increases in memory density per device will continue to contribute to growth in demand for mobile memory products. The Company's representative mobile memory products are offered in densities ranging from (i) 3 GB to 12 GB in a Low-Power Double Data Rate ("LPDDR") 4X configuration and (ii) 8 GB to 24 GB in a LPDDR5X configuration that provides faster data-processing speed while consuming less power. The demand for high-density mobile memory products is expected to increase in the future, driven by artificial intelligence and augmented reality applications and expansion of other content offered through 5G mobile services, as well as enhancements of functions in high-end smartphones such as the use of multiple cameras. The Company also offers a lineup of package-on-package and multi-chip package solutions to more effectively address the requirements of next-generation mobile devices.

Consumer Memory. The Company offers customized DRAM for use in various consumer electronics devices such as digital televisions, set-top boxes for Internet protocol televisions ("IPTV"), smart speakers, car navigation systems and other digital appliances that connect to the Internet. The Company designs its consumer memory products to meet the specific requirements of its customers and offers a full lineup of standardized to highly customized products in various specifications, including data transfer rates of 4 Gb in a DDR3 configuration, 4 Gb to 32 Gb in a DDR4 configuration and 16 Gb to 24 Gb in a DDR5 configuration, as well as LPDDR4/4X and LPDDR5/5X configurations and specialty industrial temperature and automotive temperature models. The Company believes that the increasing popularity of high-resolution video content and the launch of 5G mobile services will contribute to growth in demand for consumer memory products that are necessary for digital devices.

NAND Flash Memory

NAND flash memory is a non-volatile memory device, which retains memory content even when power is turned off. Sales of NAND flash memory products accounted for 29.5% of the Company's total revenue in 2023, 29.1% in 2024 and 20.0% in the first half of 2025. In the past, the Company sold NAND flash memory products for use in portable devices with storage needs, such as USB drives and digital still cameras. In more recent years, the increasing popularity of more advanced smartphones and tablets with multimedia functions as well as increases in consumption of high-resolution content have contributed to growth in demand for NAND flash memory products. In addition, NAND flash memory-based SSDs, which provide faster and more reliable data access and consume less power compared to hard disk drives, have replaced hard disk drives as the main storage device for laptops and servers. Enterprise use of SSDs is expected to increase further as cloud computing services offered by data centers and Internet-of-Things ("IoT") applications with higher storage requirements and real-time data-processing needs continue to evolve.

The Company offers a wide range of NAND flash memory products in various formats, including Universal Flash Storage ("UFS") formats in densities ranging from 128 GB to 1 terabyte ("TB"), universal multi-chip package ("uMCP") formats in densities ranging from 128 GB to 512 GB, and raw NAND in single-level cell, multi-level cell, triple-level cell and quad-level cell formats. In order to more effectively respond to evolving market trends, the Company continues to invest in enhancing its 3D NAND technology, which enables NAND flash memory cells to be stacked vertically in multiple layers, and is working toward transitioning its mass production of NAND flash memory products from utilizing 3D 176 layers to 3D 321 layers technology. In the SSD market, the Company's representative SSD products for enterprise customers are offered in densities ranging from 480 GB to 15.36 TB, and the Company's representative SSD products for retail customers are offered in densities ranging from 256 GB to 2 TB.

In December 2021, the Company completed the first phase of its acquisition of the NAND flash memory and storage business of Intel, which includes the NAND SSD business and the NAND component and wafer business as well as the Dalian Manufacturing Facility. In the second phase of the acquisition completed in March 2025, the Company acquired the remaining assets, including the intellectual property related to the manufacture and design of NAND flash wafers, NAND flash wafers-related research and development employees and NAND flash wafers-related workforce at the Dalian Manufacturing Facility for US$2.2 billion. With the Intel NAND Business Acquisition, the Company believes that it has enhanced the competitiveness of its storage solution (including enterprise SSDs) capabilities in the rapidly growing NAND flash memory market. The Company created a subsidiary in the United States called Solidigm to operate the acquired business. Solidigm utilizes its industry-leading NAND SSD and quad-level cell NAND flash memory technology and manufacturing capability to offer a portfolio of advanced 3D NAND flash memory solutions, particularly high-end enterprise SSDs.

Other Products and Services

The Company engages in the foundry business through SK hynix system ic, a wholly-owned subsidiary, and SK keyfoundry, a wholly-owned subsidiary acquired by the Company in August 2022.

Until March 2025, the Company had also engaged in the production of CMOS image sensors.

Customers, Sales and Marketing

The Company has a global customer base consisting of leading manufacturers and original equipment manufacturers ("OEMs") of consumer electronics products, communications equipment, PCs, servers and workstations. The Company's largest customer represented 16.5% of the Company's total revenue in 2024 and 27.3% in the first half of 2025. In addition to establishing a strong long-term customer base, the Company actively seeks to expand its customer base by targeting emerging markets.

The following table sets forth the Company's revenue by region based on the location of selling entities and related percentage data for the periods indicated.

	Year Ended December 31,				Six Months Ended June 30,			
	2023		2024		2024		2025	
	(In billions of Won, except percentages)							
United States	₩15,390	47.0%	₩41,961	63.4%	₩15,979	55.4%	₩27,834	69.8%
China	10,110	30.9	15,534	23.5	8,606	29.8	7,365	18.5
Asia(1)	4,297	13.1	5,381	8.1	2,549	8.8	2,997	7.5
Europe	935	2.9	1,413	2.1	752	2.6	824	2.1
Korea	2,034	6.2	1,904	2.9	968	3.4	851	2.1
Total	₩32,766	100.0%	₩66,193	100.0%	₩28,853	100.0%	₩39,871	100.0%

(1) Other than China and Korea.

Sales outside of Korea are primarily conducted through the Company's 24 overseas sales subsidiaries located in the United States, Europe, China, Japan and Southeast Asia. The sales subsidiaries typically sell directly to the end users of the Company's products. The Company also relies on semiconductor product distributors depending on the characteristics of the customer base and geographic location. Such distributors typically carry a wide variety of different products, including the Company's products as well as those of its competitors, in inventory for onward sale to their customers. The Company's sales subsidiaries have significantly reduced their dependence on distributors, relying more on their internal sales and marketing teams to sell directly to the Company's end customers.

In line with the increase in segmentation within the DRAM market and the growth of applications that require tailored memory solutions, the Company has focused its sales and marketing activities on expanding its base of long-term customers who look to the Company as their preferred supplier of customized memory products. The Company believes having a diversified portfolio makes it less susceptible to variations in demand in different market segments, especially in the commodity DRAM market. The Company's customers look for reliability, scale and timely delivery, and the Company believes that its close relationships with strategic customers who are leaders in their respective fields enable the Company to anticipate market trends and evolving customer product needs. For conventional memory semiconductors, the Company typically enters into mutually non-binding long-term supply agreements of one to three years with its customers, which usually do not establish fixed pricing and volume commitments. The Company's existing long-term arrangements do not restrict the Company from entering into similar arrangements with other customers.

The Company manages its accounts receivable and credit exposure to customers by establishing credit limits for each customer in accordance with the Company's internal credit guidelines. The Company maintains three general categories of customer accounts:

- Strategic accounts for global OEMs: the Company's chief financial officer conducts a comprehensive review of all strategic account customers at least once each year. The chief financial officer has discretion to adjust credit limits for all strategic account customers, including downgrades.

- Core accounts for leading OEMs: core accounts are monitored, and credit limits adjusted, by the respective core account managers at the Company's headquarters who report directly to the chief financial officer at least once each year.

- Local accounts for smaller-scale OEMs and distributors: local accounts are required to pay in cash and customers are typically unable to obtain credit in excess of the value of the collateral provided, such as letters of credit.

The Company considers each customer's current and potential contribution to its overall sales, industry leadership and product technology as well as other quantitative and qualitative criteria to determine individual credit limits. The Company also takes certain measures, such as factoring arrangements and procurement of insurance for trade receivables, to protect the Company from excessive exposure to credit risks. To date, the Company has not experienced any material problems relating to customer payments.

Product Warranty

Despite the Company's quality control efforts, because the design and manufacturing process for memory semiconductors is highly complex, the Company may ship products that do not fully comply with customer specifications, contain defects or are otherwise incompatible with their intended uses. Under the Company's general terms and conditions of sale and in accordance with industry practice, the Company provides a one-year warranty that is usually limited to repair or replacement of defective items or return of, or a credit with respect to, amounts paid for such items. From time to time, the Company may provide more extensive warranty coverage to certain customers.

Strategic Alliances, Investments, and Acquisitions

The Company continually seeks out opportunities to further its strategic objectives, including by entering into joint ventures and joint product development and supply agreements, to further solidify its market position as a leading semiconductor company in the world. Cooperation in product design, manufacturing and sales and marketing between partner companies has increased in response to the growing diversity and complexity of memory semiconductors and applications, demand for technological enhancements and increasing costs associated with keeping pace with industry developments. The Company believes that its strategic initiatives will not only assist in maintaining and growing its presence in existing markets but also provide the Company with a cost-effective means of accessing new markets, products and technologies.

As part of the efforts to expand the Company's foundry business, the Company acquired SK keyfoundry in August 2022. From time to time, the Company has also acquired equity stakes in other industry players to further strengthen its business relationships and may do so again in the future. For example, in June 2018, the Company participated as a member of the Bain Consortium in its purchase of a controlling stake in Kioxia from Toshiba Corporation. As a member of the Bain Consortium, the Company invested ₩2,637 billion for an indirect limited partnership interest in SPC 1, which in turn holds an equity interest in Kioxia. In addition, the Company invested ₩1,279 billion to acquire a convertible bond issued by a second special purpose company, SPC 2, which is convertible into an approximately 15.0% equity interest in SPC 2 upon the occurrence of certain specified events. SPC 2 in turn holds an equity interest in Kioxia. As of June 30, 2025, the book value of the Company's investment in SPC 1 was ₩3,292 billion, and the book value of the Company's investment in the convertible bond issued by SPC 2 was ₩2,152 billion, which are accounted for as debt investments and classified as financial assets measured at fair value through profit or loss.

The Company may also pursue acquisition of complementary businesses and technologies rather than through internal development in response to changing competitive pressures.

Intel NAND Business Acquisition

In December 2021, the Company completed the first phase of its acquisition of the NAND flash memory and storage business of Intel, which includes the NAND SSD business and the NAND component and wafer business as well as the Dalian Manufacturing Facility. With the Intel NAND Business Acquisition, the Company believes that it has enhanced the competitiveness of its storage solution (including enterprise SSDs) capabilities in the rapidly growing NAND flash memory market. The Company created a subsidiary in the United States called Solidigm to operate the acquired business. Solidigm utilizes its industry-leading NAND SSD and quad-level cell NAND flash memory technology and manufacturing capability to offer a portfolio of advanced 3D NAND flash memory solutions, particularly high-end enterprise SSDs.

First Phase. In the first phase, the Company acquired Intel's NAND SSD business (including NAND SSD-related intellectual property and employees), as well as the Dalian Manufacturing Facility, for US$6.6 billion. In connection with closing of the first phase, the Chinese State Administration for Market Regulation granted a conditional business combination approval with certain conditions, including the obligation to maintain a reasonable pricing policy and production level and support the entry of third-party competitors in the Chinese SSD market during the next five years. The Company may apply to waive such conditions after expiration of the five-year period.

Second Phase. In the second phase of the acquisition completed in March 2025, the Company acquired the remaining assets, including the intellectual property related to the manufacture and design of NAND flash wafers, NAND flash wafers-related research and development employees and NAND flash wafers-related workforce at the Dalian Manufacturing Facility, for US$2.2 billion.

Strategic Alliance with TSMC

In April 2024, the Company entered into a memorandum of understanding with TSMC, a leading global foundry, to collaborate on the research and development of advanced packaging technology and production of next-generation HBM4 (generation 4) products. The Company plans to adopt TSMC's advanced logic process for HBM4's base die in order to pack additional functionality, as well as further promote customization of HBM products that meet a wider range of customer demands for performance and power efficiency. The parties also agreed to collaborate to optimize the integration of the Company's HBM products with TSMC's CoWoS technology, which connects GPUs, logic chips and HBMs on a special substrate called an interposer.

Competition

The Company operates in an intensely competitive market, which has been characterized by erosion of selling prices, frequent product enhancements from changes in technology and relatively short product life cycles. During the past decade, the memory semiconductor industry has experienced consolidation as well as the formation of strategic alliances, such as a joint venture between Kioxia and Western Digital targeting the NAND flash memory market. The Company's major competitors in the DRAM market include Samsung Electronics, Micron Technology and CXMT. The Company's major competitors in the NAND flash memory market include Samsung Electronics, Kioxia, Western Digital and Micron Technology.

The Company competes in its principal product lines based on the following factors:

- pricing;
- manufacturing costs, yields and product availability;

- product performance, quality and reliability;
- successful and timely development of new products and manufacturing processes;
- ability to deliver in large volumes on a timely basis and the ability to meet changes in the customers' demands;
- marketing and distribution capability;
- customer service, including technical support; and
- brand recognition and financial strength.

Entry into memory semiconductor manufacturing requires substantial capital expenditures and significant technological and manufacturing expertise. Although the Company believes that its existing investment, experience and technological expertise provide "time to market" and economies of scale advantages, the Company faces increasing competition from emerging companies that may significantly expand the scale of their operations, as well as from potential repositioning and expansion by storage solution companies and existing customers that develop memory solutions in-house. In addition, in recent years, various industrialized countries have taken measures to promote high-technology industries, which may intensify the competitive landscape of the semiconductor industry. For example, in August 2022, the U.S. Government enacted the CHIPS Act, which provides federal aid to promote emerging industries in the United States, including measures to strengthen its domestic semiconductor manufacturing capabilities. Such efforts may incentivize U.S. semiconductor companies to invest in the expansion of their production capabilities. As part of its efforts to promote a robust semiconductor supply chain, the U.S. Government also initiated the Chip 4 Alliance, a new U.S.-Asian semiconductor partnership among the United States, Korea, Japan and Taiwan. In recent years, such an alliance has led China to take measures to more actively develop its semiconductor manufacturing capabilities, which may further intensify competition in the global semiconductor industry.

Equipment and Suppliers

Like other memory semiconductor manufacturers, the Company depends on a limited number of manufacturers in the Netherlands, the United States and Japan for its key equipment. The principal pieces of equipment the Company uses to manufacture its semiconductors include steppers, scanners, tracks, etchers, furnaces, wet stations, implanters, chemical vapor deposition, metrology inspection and chemical mechanical planarization equipment. The Company also seeks to maintain testers with the ability to test a variety of different memory semiconductors. In addition to specialized testing equipment, the Company maintains a variety of other types of equipment which are also used in the testing process, such as automated handlers and probers (with special handlers for wafer probing), reformers and PC workstations for use in software development.

The Company generally seeks to obtain testing equipment with similar functionality from various vendors. However, the Company's purchases of high-end equipment are limited to several manufacturers. In periods of high market demand, the lead times from order to delivery of such equipment can be as long as six to twenty-four months. The Company seeks to manage this process through early reservation of appropriate delivery slots and constant communication with its equipment suppliers.

Raw Materials and Supplies

The raw materials used in the Company's semiconductor fabrication process include polished silicon wafers, chemicals, metals such as titanium and aluminum, gases and subsidiary materials. Wafers are the most significant raw material in terms of cost, representing approximately 10% of the Company's cost of sales in recent years. The other principal raw materials used in assembly include substrates, gold wire, wafer backside lamination tape and printed circuit boards. The Company sources most of its raw materials, including wafers, from suppliers in Korea, Japan and the United States. In addition, the Company's manufacturing processes also require a significant amount of electricity and purified water. In order to obtain reliable electric power and water suppliers, the Company maintains back-up power facilities and water storage facilities.

The Company is not dependent on any one supplier for a substantial portion of its raw material requirements for assembly and testing, and the Company believes that it generally has access to alternative sources of supply for its principal raw materials. However, from time to time, the Company and other semiconductor manufacturers have experienced shortages and increases in lead times for delivery of raw materials, which in turn have resulted in interruptions in production and delivery of products in the past. To minimize the potential for significant interruptions of supplies of principal raw materials, the Company has entered into multi-year supply agreements with its key material suppliers and plans to enter into similar agreements with other major suppliers, as well as diversify the geographic location of key international suppliers and increase sourcing from suppliers in Korea.

The Company's purchasing policy focuses on the capability of a supplier to meet its development and mass production requirements. The Company's principal raw material suppliers are selected on the basis of internal regulations by its engineers, quality control staff and purchase staff. The Company's purchases are generally planned at the end of the year based on the non-binding forecasts provided by its customers. To improve material quality, the Company has also undertaken regular information exchange and joint research and product development with strategic suppliers of raw materials.

Manufacturing

Manufacturing Processes

The manufacturing process for DRAM involves etching a hole into the substrate. The front-end production of a semiconductor begins with the mask-making process, in which each layer of the pattern of the circuit is duplicated on a photographic negative, known as a mask, by an electron beam generator. Next, raw silicon wafers are oxidized and modified to form transistors, and semiconductor materials are applied to the wafer in multiple layers through a series of patterning, etching, deposition and implantation processes. Each of these processes is conducted in a highly controlled, clean environment. Dust particles, equipment errors, minute impurities in materials or defects in photo masks cause wafers to be discarded or chips to be non-functional.

The back-end production process involves inspection of individual semiconductors, called "chips" or "dies." Chips that fail this test are either scrapped or repaired by laser trimming. A wafer is then cut into individual dies. Good chips are connected to a conductive lead frame through wire bonding and the bonded semiconductors are then encapsulated using a plastic mold compound or a ceramic casing. These packaged semiconductors are fully tested for functionality and reliability by specialized testing equipment.

The manufacturing process for NAND flash memory is substantially similar to that of DRAM, but does not include the capacitor manufacturing step. Consequently, NAND flash memory production, as compared to that of DRAM, results in increased efficiency in utilizing fab space, reduced yield risk and reduced turn-around time.

Due to the competitive nature of the memory semiconductor market, manufacturers are continually seeking the most optimal production methods. The five most important determinants of competitive advantage are:

Yield. Yield means the percentage of "good dies" per wafer. Manufacturing processes and quality control need to be optimized to generate maximum yield.

Line width/layer. Line width is the minimum feature size or distance between two features (lines) on a chip. Transitioning to finer line-widths is important in order to increase the number of dies per wafer and eventually reduce cost per bit. Leading manufacturers are currently manufacturing at line widths of 1a, 1b and 1c nanometer class technology for DRAM and 3D 176/238 layers technology for NAND flash memory products. Different manufacturers define line width differently and there may be slight variations in feature size for any given line-width process technology.

Wafer size. The number of chips produced depends on the technology used and the size of the wafer. Semiconductor manufacturers, including the Company, manufacture using wafers with a diameter of 12 inches.

Density. Density is measured by the number of memory cells per chip. For a given wafer size, assuming the same process technology, doubling the density doubles the area used on the wafer and the price received upon selling the chip. The assembly and final testing costs remain the same.

Cycle time. Semiconductor manufacturing is composed of several hundred wafer processing steps. As more advanced technology such as finer line width is adopted, additional manufacturing process steps are required, which results in lengthened cycle time. Controlling the level of cycle time is becoming more critical in order to maintain competitiveness.

Manufacturing Facilities

The Company owns and operates fabs located in Icheon and Cheongju, Korea and Wuxi and Dalian, China. The Icheon facility is located approximately 80 kilometers from Seoul. The Cheongju facility is located approximately 140 km from Seoul. The Wuxi facility is located approximately 140 kilometers from Shanghai. The Dalian facility, which was purchased from Intel in December 2021 and is operated by the Company's subsidiary, Solidigm, is located in the third-most populous city of Northeast China on the southern tip of the Liaodong peninsula.

The following table sets forth information regarding the Company's fabs as of June 30, 2025:

Fab	Product Category	Commencement of Operations
Icheon, Korea		
M10	DRAM	Second quarter of 2005
M14	DRAM	Third quarter of 2015
M16	DRAM	First quarter of 2021
Cheongju, Korea		
M11	NAND flash	Second quarter of 2008
M12	NAND flash	Second quarter of 2012
M15	NAND flash	Fourth quarter of 2018
Wuxi, China		
C2	DRAM	Third quarter of 2006
C2F	DRAM	Second quarter of 2019
Dalian, China		
Dalian	NAND	Purchased from Intel in December 2021(1)

(1) For a discussion of the Intel NAND Business Acquisition, see "Business – Strategic Alliances, Investments and Acquisitions – Intel NAND Business Acquisition."

The Company's fabs operate 365 days a year, 24 hours a day on a three-shift, eight hours per shift basis. Maintenance at each facility is performed concurrently with production. The Company's fabs are staffed with engineers, technicians and other employees whose duty is to monitor design and production processes to ensure high quality. These employees include line inspectors who work with members of the production staff to conduct examination, testing and fine-tuning of products during the production process. Quality control personnel are involved from initial design to production. The Company may periodically adjust its production capacity based on market demand for the Company's products, the production outlook of the global memory semiconductor industry as well as general global economic conditions.

The Company also owns and operates assembly and testing facilities for back-end processing of its products in Icheon and Cheongju, Korea and Chongqing, China. The Company also utilizes a factory operated by HITECH Semiconductor (Wuxi) Co., Ltd. ("HITECH Semiconductor") in Wuxi, China, a joint venture company established by the Company and Wuxi Taiji Industry Co., Ltd. ("Wuxi Taiji Industry"). As of June 30, 2025, the Company held a 45.0% interest in HITECH Semiconductor.

As part of the Company's efforts to reduce unit manufacturing costs, improve manufacturing yields and enhance its profitability, the Company periodically phases out the operations of its older fabs and also upgrades them to new fabs that implement more advanced processing technologies. In addition to regular maintenance and enhancement of existing fabs, the Company is currently constructing a new extension fab called M15X in Cheongju, which the Company plans to utilize to further increase its production capacity of next-generation DRAM products such as HBM. The Company currently expects to complete the construction of the M15X fab in October 2025 and begin mass production in mid-2026. As part of its efforts to ensure its long-term competitiveness, the Company has also announced initiatives to construct an integrated industrial complex in Yongin, Korea for its next generation of fabs and research and development facilities. The Company began construction of its first fab at the Yongin complex in February 2025 with target completion by May 2027. In December 2024, the Company also announced plans to build an advanced packaging plant in Indiana, United States, with target commencement of operation in the second half of 2028.

The Company's cash outflows for acquisition of property, plant and equipment amounted to ₩8,325 billion in 2023, ₩15,946 billion in 2024 and ₩10,616 billion in the first half of 2025. In 2025, the Company plans to increase its capital expenditures compared to 2024, but flexibly adjust such increase taking into consideration market conditions and the Company's financial condition at the time. The Company periodically adjusts its capital expenditure plans on an ongoing basis subject to market demand for the Company's products, the production outlook of the global memory semiconductor industry as well as general global economic conditions. The Company may delay or not implement some of its announced capital expenditure plans based on its assessment of such market conditions.

Research and Development

The Company competes in an industry characterized by rapid technological changes. The Company believes that it must continue to develop technologically advanced products and manufacturing processes in order to remain competitive in the memory semiconductor industry. The Company's main research and development facilities are located in Icheon, Korea and the Company engages in various research and development activities, including in the areas of advanced process development, circuit and layout design, enhancement of manufacturing processes, process integration, photo mask design and development, physical and electrical analysis and simulation and modeling. The Company incurred expenditures on research and development of ₩4,101 billion in 2023, ₩4,854 billion in 2024 and ₩3,046 billion in the first half of 2025. Of such amounts, the Company capitalized development costs of ₩351 billion in 2023, ₩418 billion in 2024 and ₩98 billion in the first half of 2025 as intangible assets.

The Company has entered into a number of licensing and cross-licensing agreements with other manufacturers pursuant to which it obtains access to advanced technologies for incorporation into its own manufacturing processes. See "– Patents and Licensed Technologies."

Patents and Licensed Technologies

Both the Company's ability to develop its own technologies as well as its access, through licenses or other arrangements, to technologies of other leading international companies are important to the Company's ability to design and manufacture competitive products. The Company's success depends in part on its ability to obtain patents, licenses and other intellectual property rights relating to its products. As of June 30, 2025, the Company and three of its subsidiaries (SK hynix system ic, SK keyfoundry and Solidigm) owned 4,870 patents and 142 trademarks in Korea and 18,710 patents and 369 trademarks outside Korea. As of the same date, the Company and its three subsidiaries had 11,557 patent, trademark and design applications pending in Korea and outside Korea. The Company's patents are related primarily to semiconductors and semiconductor manufacturing processes.

The Company also licenses a number of patented technologies and processes from third parties under cross-licensing, technical assistance and other agreements. These agreements generally grant the Company a non-exclusive license to manufacture products in return for payment of royalties or a cross-license to manufacture and sell certain products both in Korea and overseas during a fixed but usually renewable term. The Company considers its technical assistance and licensing agreements to be important to its business and believes that it will be able to negotiate additional licenses as needed and renew existing agreements on commercially reasonable terms that will not adversely affect the Company's ability to use the related technology.

Environmental Matters

The Company's manufacturing operations use and generate a variety of chemicals and gases, and the Company is subject to certain regulations relating to the use, storage, discharge and disposal of such chemicals and gases and other emissions and waste. The Company is vigorous in its efforts to engage in environmentally responsible management of, and to protect the environment from damage resulting from, its operations. The Company believes that its levels of pollution control are higher than those mandated by Korean and Chinese government standards. The Company employs licensed environmental specialists for various environmental areas, including air quality, water quality, toxic materials and radiation. The Company also operates a comprehensive environmental management system to eliminate or minimize the possible negative effects of its manufacturing processes on the environment and employees. The Company educates and trains its employees in environmental issues and the proper handling of hazardous substances and requires adherence to corporate guidelines on environmental protection measures.

The Company undergoes periodic inspection by both internal and external inspectors in accordance with ISO 14001 standards to monitor the operation and maintenance of its environmental management system. In order to continue certification, the Company is required to meet annual requirements in environmental policy, compliance, planning, management, structure and responsibility, training, communication, document control, operational control, emergency preparedness and response, record keeping and management review. The Company also undergoes periodic inspection by both internal and external inspectors in accordance with ISO45001 and KOSHA 18001 standards to monitor the operation and maintenance of its occupational health and safety management systems.

In addition, the Company has taken measures to ensure that it is proactively addressing ESG issues. In 2022, the Company developed an ESG strategy framework called "PRISM." The goals for each of PRISM's five pillars by 2030 (unless specified otherwise below) are as follows:

- P – Pursue a brighter future: generate value created from social value and social contribution activities of ₩1 trillion; increase gender/nationality diversity of the board of directors to 30%; and reduce the rate of metabolic syndrome by 10%.

- R – Restore the environment: maintain scope 1 and 2 greenhouse gas ("GHG") emissions at 2020 levels; reduce GHG emissions intensity by 57% (by 2026); achieve 33% renewable electricity use; conserve cumulative 600 million tons of water; and reduce water withdrawal intensity by 35% (by 2026).

- I – Innovate technology: reduce GHG emissions from process gases by 40%; improve the destruction and removal efficiency of scrubbers to 95%; and double HBM energy efficiency (by 2026).

- S – Synchronize sustainability efforts: ensure all new suppliers sign the Company's Supplier Code of Conduct; ensure all tier 1 suppliers complete an online ESG self-assessment; and invest and/or support cumulative ₩1.5 trillion in technological cooperation to promote shared growth.

- M – Motivate the Company's people: triple the ratio of women in executive positions; ensure 10% representation of women in team leader positions; and achieve 95% certification rate for digital competency level 2.

Insurance

The Company maintains property insurance policies with reputable insurance companies covering its equipment, manufacturing facilities, research and development facilities and inventory. These insurance policies cover losses due to fire, earthquake, flood and other natural disasters. The Company also maintains liability and casualty insurance policies that cover various incidents, including work-related injuries to employees, product liability, environmental pollution liability and director and officer liability. The Company considers its insurance coverage to be consistent with market practice in the Korean semiconductor industry.

Employees

As of June 30, 2025, the Company, on a stand-alone basis, had 33,626 full-time employees. As of December 31, 2024, the Company, on a stand-alone basis, had 32,390 full-time employees, and, on a consolidated basis, had 39,954 full-time employees. The Company's success depends to a significant extent upon its ability to attract, retain and motivate qualified employees. Such employees, particularly engineers, production managers and technicians in the memory semiconductor industry, are in high demand, and the Company devotes significant resources to identifying, hiring, training, successfully integrating and retaining these employees. The Company seeks to leverage the SK Group's brand-recognition to attract top-tier talent from both Korea and outside Korea and strives to maintain an entrepreneurial, productive and innovation-focused culture.

The Company grants annual increases in basic wages and pays periodic bonuses. The Company also provides benefits such as medical insurance, employment insurance and workers' compensation to its employees as well as providing fringe benefits including housing loans, periodic health checkups and the provision of childcare and recreational facilities. As of June 30, 2025, the Company had three labor unions, all of which have collective bargaining agreements with the Company. As of such date, the two largest of such labor unions had 15,079 of the Company's employees as their members. The Company's latest collective bargaining agreements with such labor unions came into effect in November 2024 for a two-year term. The Company is currently negotiating supplemental terms to such collective bargaining agreements, including bonus levels. In recent years, the Company has not experienced a strike or other material work stoppage.

The Company's full-time employees in Korea, including executive officers as well as non-executive employees, are subject to a pension insurance system pursuant to the National Pension Act of Korea, under which the Company makes monthly contributions to the pension accounts of the employees, and upon retirement, such employees are paid from their pension accounts. The Company contributes an amount equal to 4.5% of an employee's standard monthly wages, and each employee contributes 4.5% of his or her standard monthly wages, into his or her personal pension account. The Company also operates defined benefit and defined contribution retirement pension plans for its employees. For further information regarding the Company's obligations under its retirement pension plans, see Note 19 of the notes to the Annual Financial Statements and Note 17 of the notes to the Interim Financial Statements, appearing elsewhere in this Offering Circular.

Litigation and Regulatory Proceedings

The Company is subject to a number of claims and is a party to a number of legal and regulatory proceedings, including those that are incidental to the normal course of its business.

Anti-trust Investigation in China

In May 2018, the State Administration for Market Regulation of China initiated an investigation into alleged violation of antitrust laws relating to the Company's sales of DRAM in China. The investigation is ongoing, and the Company is currently unable to predict the outcome of the investigation.

MANAGEMENT

Board of Directors

The board of directors has ultimate responsibility for the management of the Company's business affairs. The Company is required to have six or more directors but the number of directors may not exceed ten directors, and independent directors must constitute a majority of the total number of directors in accordance with the Company's articles of incorporation. All directors are required to be elected by an affirmative vote of a majority of shares present at the general meeting of shareholders, provided that such affirmative votes may not be less than one-fourth of the total issued and outstanding shares. In the election of an Audit Committee member who is also an independent director, shareholders who own voting shares in excess of 3% of the total voting shares may not exercise their voting rights with respect to such excess shares under the Korean Commercial Code. The term of office of a director will expire upon the close of the third ordinary general meeting of shareholders to be convened after his or her inauguration.

Independent directors are non-standing directors elected from among those persons who do not have a special relationship with the Company that would interfere with the exercise of their independent judgment. The Independent Director Nomination Committee recommends the candidates for independent directors to the general meeting of shareholders. The Company's articles of incorporation require that candidates for independent directors have professional knowledge or experience in management, economy, law or relevant technologies and satisfy the eligibility requirements under the Korean Commercial Code and other relevant laws and regulations.

The representative director is a director elected by a majority of the board of directors and is empowered to make decisions regarding the Company's day-to-day business as its chief executive officer. Noh-Jung Kwak serves as the Company's representative director.

Directors and Executive Officers

The tables below set forth information regarding the Company's directors and executive officers as of the date of this Offering Circular. The business address of each of the Company's directors and executive officers is at the Company's registered office at 2091, Gyeongchung-daero, Bubal-eub, Icheon-si, Gyeonggi-do, Korea.

Directors

Name	Position	First Elected	End of Current Term
Noh-Jung Kwak	Chief Executive Officer and President	March 2022	March 2028
Hyun Ahn	President and Head of Development	March 2024	March 2027
Yong-Ho Jang	Other Non-executive Director	March 2024	March 2027
Myung-Jin Han	Other Non-executive Director	March 2025	March 2028
Ae-Ra Han	Independent Director; Chairwoman of the Board	March 2020	March 2026
Deog-Kyoon Jeong	Independent Director	March 2023	March 2026
Zeong-Won Kim	Independent Director	March 2023	March 2026
Dong-Hoon Yang	Independent Director	March 2024	March 2027
Hyun-Chul Sohn	Independent Director	March 2024	March 2027

Executive Officers (Other than Directors)

Name	Position	First Elected/ Appointed	Office/Department
Tae-Won Chey	Chairman	February 2012	Chairman
Ju-Seon Kim.	President	January 2015	AI Infra
Hyun-Jong Song	President	April 2005	Corporate Center

Committees of the Board of Directors

The Company currently has five committees that serve under its board of directors:

- Audit Committee;
- Independent Director Nomination Committee;
- Sustainability Committee;
- Compensation Committee; and
- Strategy Committee.

The Company's board of directors may establish other committees if it deems them necessary. The Company's board of directors appoints each member of these committees, except for members of the Audit Committee.

Audit Committee

Under Korean law and the Company's articles of incorporation, the Company is required to have an Audit Committee consisting of three or more directors at least two-thirds of whom must be independent directors. Members of the Audit Committee are elected by the Company's shareholders at the general meeting of shareholders.

The Company's Audit Committee is responsible for reviewing the Company's business affairs and accounts and monitoring the various matters carried out by the board of directors. The Audit Committee also has the right to request the board of directors to convene an extraordinary general meeting of shareholders by presenting a written statement to the board that sets forth the agenda of the meeting and grounds for convening the meeting. The Company is required to appoint independent auditors selected by its Audit Committee and to report such appointment to the Company's shareholders at the general meeting of shareholders or to notify the shareholders as of the latest record date of such appointment in writing or by electronic mail or by disclosure on the Company's website. Currently, the Company's Audit Committee consists of three directors: Ae-Ra Han, Zeong-Won Kim and Dong-Hoon Yang. The chairman of the committee is Dong-Hoon Yang.

The committee holds meetings at least once each quarter, and more frequently as needed.

Independent Director Nomination Committee

The Company's Independent Director Nomination Committee is responsible for reviewing and recommending candidates for independent directors for election at the general meeting of shareholders. Currently, the Company's Independent Director Nomination Committee consists of three members: Myung-Jin Han, Ae-Ra Han and Deog-Kyoon Jeong. The chairwoman of the committee is Ae-Ra Han.

The committee holds regular meetings prior to the annual general meeting of shareholders, and more frequently as needed.

Sustainability Committee

The Company's Sustainability Committee is responsible for overseeing the Company's compliance management system as well as reviewing and resolving matters regarding contributions exceeding ₩1 billion and sustainability management strategies and results. Currently, the Sustainability Committee consists of four members: Hyun Ahn, Ae-Ra Han, Zeong-Won Kim and Hyun-Chul Sohn. The chairwoman of the committee is Zeong-Won Kim.

The committee holds meetings at least once each quarter, and more frequently as needed.

Compensation Committee

The Company's Compensation Committee is responsible for reviewing and resolving matters related to compensation of the Company's management. Currently, the Compensation Committee consists of four members: Yong-Ho Jang, Ae-Ra Han, Deog-Kyoon Jeong and Zeong-Won Kim. The chairman of the committee is Deog-Kyoon Jeong.

The committee holds meetings prior to the annual general meeting of shareholders and more frequently as needed.

Strategy Committee

The Company's Strategy Committee is responsible for reviewing important strategic partnerships and investments such as equity investments and key licenses. Currently, the Strategy Committee consists of four members: Noh-Jung Kwak, Hyun Ahn, Deog-Kyoon Jeong and Hyun-Chul Sohn. The chairman of the committee is Deog-Kyoon Jeong.

The committee holds meetings at least semi-annually, and more frequently as needed.

Compensation of Directors

The aggregate compensation, consisting of salaries, defined benefit plan expenses and share-based payment expenses, to the Company's directors, including directors who also held executive officer positions at the Company, was approximately ₩7 billion in 2023, ₩4 billion in 2024 and ₩6 billion in the first half of 2025.

As of June 30, 2025, there were no outstanding transactions other than in the ordinary course of business undertaken by the Company in which its directors or executive officers were interested parties. As of June 30, 2025, there were no loans granted by the Company or its subsidiaries to any of its directors and executive officers.

Stock Option Plan

The Company believes that the use of stock options is an important element of its strategy to maintain a highly motivated management team and to align the interests of senior management with those of the Company's shareholders. Under Korean law, subject to certain exceptions, the Company may by special resolution of the shareholders grant stock options to its officers and employees who have contributed or are expected to contribute to the management and technical innovation of the Company, up to an aggregate of 15% of the total number of its then-issued and outstanding shares. Stock options to officers and employees other than directors may also be granted pursuant to a resolution of the Company's board of directors in an amount not exceeding the upper limit provided in the applicable laws, which is within 10% of the total number of Company's then-issued and outstanding shares. In such case, the Company is required to obtain the approval for the granting of stock options by the first general meeting of the shareholders that is convened after such granting of stock options. As of June 30, 2025, the Company had outstanding stock options in respect of an aggregate of 189,596 common shares.

SHARE OWNERSHIP

The following table sets forth information relating to the Company's shareholder composition as of June 30, 2025:

Shareholder	Number of Common Shares	Ownership Percentage
SK Square Co., Ltd.	146,100,000	20.07%
National Pension Service	53,477,083	7.35
Others	490,835,040	67.42
Treasury shares	37,590,242	5.16
Total issued and outstanding common shares	728,002,365	100.00%

Except as described above, no other person or entity known by the Company to be acting in concert, directly or indirectly, jointly or severally, owned 5% or more of the Company's issued and outstanding common shares or exercised control or could exercise control over the Company as of the date of this Offering Circular.

SK GROUP

The SK Group is Korea's second largest business group in terms of combined assets as of December 31, 2024, according to the Korea Fair Trade Commission, and is comprised of approximately 833 companies, including 21 that are listed on either the KRX KOSPI Market or the KRX KOSDAQ Market of the Korea Exchange. As of December 31, 2024, the total assets of the companies included in the combined financial statements of the SK Group amounted to approximately ₩362 trillion, according to the Korea Fair Trade Commission. The SK Group has played a key part in the development of the Korean economy, encouraged by the Government's focus on export-oriented industrialization.

Founded in the early 1950s as a textile manufacturer, the SK Group has evolved into a major business group, with interests in the energy, chemical, telecommunications, IT, semiconductor, construction, trading, marketing, engineering and leisure industries. SK Inc. became the holding company of the group on July 1, 2007. Member companies of the SK Group are organized into three sub-groups: the energy and chemicals group, the information and communication technology ("ICT") and semiconductor group and the logistics and services group. The following chart shows select member companies of the SK Group as of December 31, 2024:

Energy and Chemicals	ICT and Semiconductor	Logistics and Services
SK enmove	SK hynix	SK ecoplant
SK innovation	SK telecom	SK networks
SK energy	SK broadband	
SK geo centric	SK materials	
SK on	SK siltron	
SK discovery	SK C&C	
SK chemicals		
SK gas		
SKC		
SK biopharmaceuticals		
SK ie technology		
SK pharmteco		

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Company engages from time to time in various transactions with related parties. The Company believes that it has conducted its transactions with related parties as it would in comparable arm's-length transactions with a non-related party, on a basis substantially as favorable to the Company as would be obtainable in such transactions.

Under the Korean Commercial Code, in the event the Company enters into a transaction with any of its directors, major shareholders or certain related parties of such directors or major shareholders, (i) material terms about the transaction shall be disclosed to the Company's board of directors and (ii) the transaction must be approved by the Company's board of directors (by the affirmative vote of two-thirds or more of the directors).

In addition, in the event that the Company enters into any of the following transactions with its specially-related parties such as its affiliates where the transaction value (in case of the fourth item below, the aggregate amount incurred over a fiscal quarter) exceeds (i) ₩10 billion or (ii) 5% of the greater of the Company's total equity or paid-in capital or, if less than ₩5 billion, ₩5 billion, the Company is required to (i) obtain approval from its board of directors and (ii) disclose such transaction pursuant to the Monopoly Regulation and Fair Trade Act.

- providing funds for or dealing with provisional payment or loan payment;
- providing or dealing with securities such as stocks or corporate bonds;
- providing or dealing with assets such as real estate or intangible assets; and
- providing services or products for or dealing with certain affiliates which satisfy the requirements under the Enforcement Decree of the Monopoly Regulation and Fair Trade Act, as a counterpart or on behalf of such affiliate.

A summary of the Company's material transactions with related parties is set forth below.

Transactions with SK ecoplant Co., Ltd.

The Company's transactions with SK ecoplant Co., Ltd. ("SK ecoplant" and formerly SK Engineering & Construction Co., Ltd.) consist primarily of SK ecoplant's construction of facilities and the Company's acquisition of such assets. SK ecoplant is a subsidiary of SK Inc. and a leading construction company in Korea. The Company's acquisition of assets from SK ecoplant amounted to ₩465 billion in 2023, ₩1,068 billion in 2024 and ₩1,035 billion in the first half of 2025.

Transactions with ESSENCORE Limited

The Company's transactions with ESSENCORE Limited ("ESSENCORE") consist primarily of sales of the Company's NAND flash memory products. ESSENCORE is a subsidiary of SK Inc. Operating revenues and others received from ESSENCORE amounted to ₩754 billion in 2023, ₩644 billion in 2024 and ₩765 billion in the first half of 2025.

Transactions with HITECH Semiconductor

The Company's transactions with HITECH Semiconductor consist primarily of provision by HITECH Semiconductor of back-end processing services for the Company's products. HITECH Semiconductor is a provider of integrated circuit packaging and testing services for semiconductors and was established in November 2009 as a joint venture between the Company and Wuxi Taiji Industry. As of June 30, 2025, the Company held a 45.0% interest in HITECH Semiconductor. Operating expenses and others paid to HITECH Semiconductor amounted to ₩712 billion in 2023, ₩697 billion in 2024 and ₩372 billion in the first half of 2025.

Transactions with Clean Industrial REIT Co., Ltd.

The Company's transactions with Clean Industrial REIT Co., Ltd., a subsidiary of SK REIT Co., Ltd., consist primarily of the Company's sale of its wastewater management facility located in Icheon, Korea, to Clean Industrial REIT Co., Ltd. in September 2023 for ₩1,120 billion and the following leaseback of the facility. SK REIT Co., Ltd. principally engages in the real estate investment trusts business.

For further information relating to the Company's transactions with related parties, see Note 31 of the notes to the Annual Financial Statements and Note 28 of the notes to the Interim Financial Statements, appearing elsewhere in this Offering Circular.

TERMS AND CONDITIONS OF THE NOTES

The following is a description of the Terms and Conditions of the Notes (as defined below), which (subject to modification and except for the paragraphs in italics) will be endorsed on the Notes in definitive form (if issued).

*Each of the 2028 Notes and the 2030 Notes (collectively, the "**Notes**") will be issued by SK hynix Inc. (the "**Company**") (or any successor to the Company) subject to and with the benefit of a separate Fiscal Agency Agreement dated September 11, 2025 (such agreements, as amended and/or supplemented and/or restated from time to time, respectively, the "**2028 Notes Fiscal Agency Agreement**" and the "**2030 Notes Fiscal Agency Agreement**" and collectively, the "**Fiscal Agency Agreements**") made among the Company, Citicorp International Limited as the fiscal agent (the "**Fiscal Agent**") and Citibank, N.A., London Branch as paying agent (the "**Paying Agent**"), registrar (the "**Registrar**") and transfer agent (the "**Transfer Agent**") and any other agent or agents appointed from time to time with respect to each series of the Notes.*

*The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Fiscal Agency Agreements. Copies of the Fiscal Agency Agreements are available for inspection during normal business hours (being between 9:00 a.m. to 3:00 p.m.) by the holders of the Notes following prior written request and satisfactory proof of holding at the specified office of the Paying Agent or any other paying agent that the Company may appoint, as may be required from time to time (references herein to "**Paying Agents**" shall refer to the Paying Agent and any paying agents so appointed). The holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreements. In these Terms and Conditions, references to the Agents (as defined below) shall include any successor appointed under the Fiscal Agency Agreements, and references to the Company shall include any successor company or business entity succeeding to obligations under the Notes.*

*In acting under the Fiscal Agency Agreements, the Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed by the Company (the "**Agents**" and each an "**Agent**") thereunder are acting solely as agents for the Company and do not assume any obligation or relationship of agency or trust for or with the Noteholders.*

1 FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are issued in minimum denomination of US$200,000 and integral multiples of US$1,000 in excess thereof. A registered certificate (a "**Certificated Note**") will be issued to each Holder (as defined below) in respect of its registered holding of the Notes (unless Notes will be issued in global form). Each Certificated Note will be numbered serially with an identifying number which will be recorded on the relevant Certificated Note and in the register of Holders (the "**Register**") which the Company will procure to be kept by the Registrar. Upon issuance, the Notes will initially be represented by one or more fully registered global notes (the "**Global Notes**") and the depositary for such Global Notes (the "**Depositary**") shall be a clearing agency registered under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). The Notes shall be tradeable only in principal amounts of at least US$200,000 and integral multiples of US$1,000 in excess thereof. For so long as the Notes are listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies). Each such Global Note may bear a legend relating to limitations on the transferability of such Global Note in such form as may be required by the Depository Trust Company ("**DTC**") unless the Company appoints a successor Depositary. Except in the limited circumstances described in Condition 1.3 below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of certificates representing their Notes. The laws of certain jurisdictions require that certain purchasers of the Notes take physical delivery of such Notes in certificated form. Accordingly, the ability of beneficial owners to own, transfer or pledge beneficial interests in the Global Notes may be limited by such laws.

1.2 Title

Title to the Notes passes only by registration in the Register. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificated Notes issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, "**Holder**" and (in relation to a Note) "**holder**" and "**Noteholder**" means the person in whose name a Note is registered in the Register (or, in the case of a joint holding, the first named thereof).

1.3 Certificated Notes

If (i) at any time DTC notifies the Company in writing that it is unwilling or unable to continue as depositary or ceases to be a "clearing agency" under the Exchange Act, and a successor Depositary is not appointed by the Company within 90 days after the Company is notified by DTC or becomes aware of such condition, or (ii) the Notes have become immediately due and payable pursuant to Condition 10 below, the Company will issue Certificated Notes in registered form in exchange for the Global Notes representing such Notes.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Note is exchanged for Certificated Notes, the Company will appoint and maintain a paying agent in Singapore (the "**Singapore Paying Agent**"), where the Certificated Notes may be presented or surrendered for payment or redemption. In addition, in the event that the Global Note is exchanged for Certificated Notes, an announcement of such exchange will be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the Certificated Notes, including details of the Singapore Paying Agent.

2 STATUS

The Notes constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 3, unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves and, subject to the provisions of Condition 3, with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Company, except as may be required by mandatory provisions of law.

3 CERTAIN COVENANTS

3.1 Negative Pledge

So long as any of the Notes remains outstanding, the Company will not create or permit to be outstanding any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**") upon the whole or any part of its property, assets or revenues, present or future, to secure for the benefit of the holders of any International Investment Securities (as defined below):

(a) any payment of any sum owing in respect of any such International Investment Securities; or

(b) any payment under any guarantee or other like obligation of any such International Investment Securities; or

(c) any payment under any indemnity or other like obligation relating to any such International Investment Securities, without in any such case at the same time, according to the Notes, either (i) the same Security Interest as is granted to or is outstanding in respect of such International Investment Securities or (ii) with respect to any guarantee, indemnity or other like obligation, such other arrangement (whether or not comprising a Security Interest) as shall be approved by an Extraordinary Resolution (as defined below).

3.2 Consolidation, Merger and Sale of Assets

The Company will not consolidate with, or merge or amalgamate into, or sell, transfer, lease or convey all or substantially all of its property or assets to any person, except as provided herein. The Company, without the consent of the holders of any of the Notes, may consolidate with, or merge into, or sell, transfer, lease or convey all or substantially all of its property as an entirety to any corporation or business entity organized under the laws of the Republic of Korea; *provided that* (a) any successor corporation or business entity expressly assumes the Company's obligations under the Notes and the Fiscal Agency Agreement (including the obligation to pay Additional Amounts under Condition 8), (b) immediately after giving effect to the transaction, no Event of Default and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (c) if, as a result of any such transaction, the properties or assets of the Company or any successor corporation or business entity would become subject to any Security Interest which would not be permitted by the Notes, the Company or such successor corporation or business entity, as the case may be, shall take such steps as shall be necessary to secure the Notes equally and ratably with (or prior to) all indebtedness secured thereby, and (d) the Company has delivered to the Fiscal Agent a certificate executed by a duly authorized officer of the Company and an opinion of counsel as to matters of law stating that such consolidation, merger, sale, transfer, lease or conveyance and, if any supplemental agreement(s) is/are required in connection with such transaction, such supplemental agreement(s) comply with the Fiscal Agency Agreement and the Notes and that all conditions precedent herein provided for relating to such transaction have been complied with. The Fiscal Agent shall be entitled to accept and conclusively rely upon such certificate and opinion (without further investigation or enquiry) as sufficient and conclusive evidence of such compliance and the Fiscal Agent shall be protected and shall have no liability to any holder or any person for so accepting and relying on such certificate or opinion.

3.3 Interpretation

For the purposes of these Conditions:

"**International Investment Securities**" means bonds, debentures, notes or investment securities of the Company which:

(a) either are by their terms payable, or confer a right to receive payment, in any currency other than Korean Won or are denominated in Korean Won and more than 50% of the aggregate principal amount thereof is initially distributed outside Korea by or with the authorization of the Company; and

(b) are, for the time being, quoted, listed, or ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market outside Korea.

4 INTEREST

4.1 Interest Payment Dates

The 2028 Notes will be issued in an initial aggregate principal amount of US$600,000,000 and will mature at a price equal to 100% of the principal amount on September 11, 2028 (the "**2028 Notes Maturity Date**"). The 2028 Notes will bear interest at a rate of 4.250% per annum from and including September 11, 2025 or from the most recent interest payment date to which interest has been paid or provided for.

The 2030 Notes will be issued in an initial aggregate principal amount of US$600,000,000 and will mature at a price equal to 100% of the principal amount on September 11, 2030 (the "**2030 Notes Maturity Date**"). The 2030 Notes will bear interest at a rate of 4.375% per annum from and including September 11, 2025 or from the most recent interest payment date to which interest has been paid or provided for.

Interest on the Notes will be payable semi-annually in arrear on March 11 and September 11 of each year (each an "**Interest Payment Date**") with the first interest payment to be made on March 11, 2026.

4.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.

4.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

Interest in respect of any Note shall be calculated per US$1,000 in principal amount of the Notes (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

5 PAYMENTS

5.1 Payment

Payments in respect of each Note will be made by transfer to the registered account of the Holder and will be paid to the Holder shown on the Register at the close of business on the date (the "**record date**") that is the fifteenth day before the due date for such payments.

For the purposes of this Condition 5.1, a Holder's "**registered account**" means the U.S. dollar account maintained by or on behalf of it with a bank in the United States that processes payments in U.S. dollar, details of which appear on the Register at the close of business on the relevant record date, and a Holder's registered address means its address appearing on the Register at that time.

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment, or if that is not a Payment Business Day, on the next succeeding Payment Business Day, without any interest or payment in respect of such delay.

5.2 Agents

The names of the initial Agents and their specified offices are set out in the Fiscal Agency Agreement. The Company reserves the right under and in accordance with the terms of the Fiscal Agency Agreement at any time to remove any Agent, and to appoint other or further agents or a replacement Registrar, *provided that* it will at all times maintain (i) a Fiscal Agent, (ii) a Paying Agent, (iii) a Registrar, (iv) a Transfer Agent and (v) a Singapore Paying Agent (for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Note is exchanged for Certificated Notes). Notice of any such removal or appointment and of any change in the specified office of any Agent will be given promptly by the Company to the Noteholders in accordance with Condition 12.

5.3 Payment subject to fiscal laws

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 8. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

5.4 Payment date convention

If any Interest Payment Date or either of the 2028 Notes Maturity Date or the 2030 Notes Maturity Date would fall on a day that is not a Payment Business Day, that Interest Payment Date, the 2028 Notes Maturity Date or the 2030 Notes Maturity Date, as the case may be, will be postponed to the following day that is a Payment Business Day, and no interest shall be payable in respect of any such delay.

5.5 Payment Business Day

In these Conditions, "**Payment Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and financial institutions are generally open for business in New York City, London, Seoul, the city where the specified office of the Paying Agent is located and (for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST require the Company to maintain a Singapore Paying Agent) Singapore and, in the case of the surrender of a Certificated Note, in the place of the Transfer Agent or Registrar where the Certificated Note is surrendered.

6 TRANSFERS OF NOTES

6.1 Transfers

Subject as provided in Condition 6.2, a Note may be transferred by depositing the Certificated Note issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Transfer Agent (or, in the case of a Note represented by a Global Note, delivery of a duly executed form of transfer as set forth in the Fiscal Agency Agreement), together with such evidence as the Registrar or the Transfer Agent may require to prove title to the Notes that are the subject of the transfer and the authority of the individuals who have executed the form of transfer. Legal title to the Notes will pass upon registration of such transfer in the Register.

All transfers of Notes and entries in the Register will be made subject to the terms concerning transfers of the Notes provided in the Fiscal Agency Agreement.

6.2 Closed Periods

If Certificated Notes are to be issued in exchange for the Global Note, no Noteholder may require the transfer of a Certificated Note to be registered (i) during the period of 15 days preceding the due date for any payment of principal of, or interest (if any) on, the Notes or (ii) after such Note has been selected or deposited for redemption pursuant to Condition 7.2 or 7.3.

6.3 Regulations

All transfers of Certificated Notes will be made subject to the detailed provisions concerning transfer of Notes set forth in Clause 4(b)(iv) of the Fiscal Agency Agreement. The provisions may be changed by the Company with the prior written approval of the Registrar.

7 REDEMPTION AND PURCHASE

7.1 Redemption at Maturity

Unless the 2028 Notes have been previously redeemed or repurchased and cancelled as provided below, the Company will redeem the 2028 Notes at 100% of their principal amount in U.S. dollars on the 2028 Notes Maturity Date. The 2028 Notes may be redeemed prior to that date only as provided in Conditions 7.2 and 7.3 below, but without prejudice to Condition 10.

Unless the 2030 Notes have been previously redeemed or repurchased and cancelled as provided below, the Company will redeem the 2030 Notes at 100% of their principal amount in U.S. dollars on the 2030 Notes Maturity Date. The 2030 Notes may be redeemed prior to that date only as provided in Conditions 7.2 and 7.3 below, but without prejudice to Condition 10.

7.2 Redemption for Taxation Reasons

At any time, the Company may, having given not less than 30 or more than 60 days' notice to the holders of the Notes (which notice shall be irrevocable and delivered in accordance with Condition 12), redeem the Notes in whole, but not in part, at 100% of their principal amount plus accrued and unpaid interest, if any, to the date fixed for redemption, *provided that* prior to the delivery of any notice of redemption pursuant to this Condition 7.2, the Company shall deliver to the Fiscal Agent (1) a certificate signed by an authorized officer stating that the obligation to pay Additional Amounts (as defined in Condition 8.1) is as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8.2), or any change in the general application or official interpretation of such laws or regulations, which change or amendment is announced and becomes effective after the date of the original issuance of the Notes (or if the Relevant Jurisdiction became a Relevant Jurisdiction after the date of original issuance, after the date such jurisdiction became a Relevant Jurisdiction) and cannot be avoided by the Company taking reasonable measures available to it and (2) an opinion addressed to the Fiscal Agent by an independent law firm of recognized standing admitted to practice in the Relevant Jurisdiction to the effect that the Company has or will become obliged to pay such Additional Amounts as a result of a change or amendment referred to above, and the Fiscal Agent shall be entitled to accept and conclusively rely upon such certificate and opinion (without further investigation or enquiry) as sufficient and conclusive evidence of the conditions precedent referred to in this Condition 7.2, in which event it shall be conclusive and binding on the holders of the Notes and the Fiscal Agent shall be protected and shall have no liability to any holder or any person for so accepting and relying on such certificate or opinion.

7.3 Change of Control Put Right

If a Change of Control Triggering Event occurs, Noteholders will have the right (the "**Change of Control Put Right**") to require the Company to redeem all or any part (equal to US$200,000 or an integral multiple of US$1,000 in excess thereof) of their Notes pursuant to the offer described below (the "**Change of Control Offer**"). In the Change of Control Offer, the Company will be required to offer payment in cash equal to 100% of the aggregate principal amount of the Notes redeemed plus accrued and unpaid interest, if any, on the Notes redeemed, to the date of redemption (the "**Change of Control Payment**"). Within 30 days following any Change of Control Triggering Event, the Company will provide notice to the Noteholders, with a copy to the Agents, describing the events that constitute the Change of Control Triggering Event and offering to redeem the Notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date of such notice (the "**Change of Control Payment Date**"), pursuant to the provisions of this Condition 7.3. To exercise the Change of Control Put Right, the Holder of the relevant Note must deposit at the specified office of the Fiscal Agent a duly completed and signed Change of Control Put Notice (as defined in the Fiscal Agency Agreement), in the form for the time being current, obtainable from the specified office of the Fiscal Agent during usual business hours (being between 9:00 am to 3:00 pm), together with, in the case of Certificated Notes, the Certificate evidencing the Note to be redeemed, by no later than 10 days prior to the Change of Control Payment Date. To the extent that the provisions of any securities laws (including, without limitation, the Financial Investment Services and Capital Markets Act of Korea) or regulations conflict with this Condition 7.3, the Company will be required to comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Condition 7.3 by complying with such laws and regulations.

On the Change of Control Payment Date, the Company will be required, to the extent lawful, to:

(a) accept for redemption and payment all Notes or portions of Notes properly tendered pursuant to a duly completed Change of Control Put Notice; and

(b) deposit with the Fiscal Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered.

For so long as any Note remains outstanding, the Company shall use commercially reasonable efforts to cause at least two Rating Agencies to maintain ratings of the Notes.

For the purposes of this Condition 7.3:

"**Change of Control**" means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its subsidiaries taken as a whole to any person other than the Company or one of its subsidiaries (other than for the purposes of, or pursuant to and followed by, a consolidation, amalgamation, merger or reorganization permitted by Condition 3.2) or (2) if at any time SK Square Co., Ltd. and its affiliates cease to hold at least 20% of the Company's outstanding shares.

"**Change of Control Triggering Event**" means the occurrence of both a Change of Control and a Rating Event.

"**Moody's**" means Moody's Investors Service, Inc.

"**Rating Agencies**" means (1) each of Moody's and S&P and (2) if any of Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of the Company's control, a "nationally recognized statistical rating organization" recognized by the

United States Securities and Exchange Commission, selected by the Company (as certified by a resolution of the Company's board of directors) as a replacement agency for Moody's or S&P (a "**Replacement Agency**"), or both of them, as the case may be.

"**Rating Event**" means the Notes are rated (1) below an investment grade credit rating (Ba1, or equivalent, or worse) by Moody's (or a Replacement Agency therefor) or (2) below an investment grade credit rating (BB+, or equivalent, or worse) by S&P (or a Replacement Agency therefor) on any date from the date of the public announcement by the Company of an arrangement that could result in a Change of Control until the end of the 60-day period following public announcement by the Company of the occurrence of the Change of Control (which 60-day period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies).

"**S&P**" means S&P Global Ratings, a division of S&P Global, Inc.

None of the Agents shall have any duty or obligation to verify or be required to monitor or to take any steps to ascertain whether a Change of Control Triggering Event or any event which could lead to the occurrence of a Change of Control Triggering Event has occurred or whether this Condition 7.3 conflicts with any securities laws or regulations, and shall not be liable to any person for not doing so.

*The definition of "**Change of Control**" includes a phrase relating to the sale, transfer, conveyance or other disposition of "all or substantially all" of the property or assets of the Company and its subsidiaries taken as a whole. Although there is a developing body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder to require the Company to repurchase Notes as a result of a sale, transfer, conveyance or other disposition of less than all of the property or assets of the Company and its subsidiaries taken as a whole to another person or group may be uncertain.*

7.4 Purchases

The Company or any of its subsidiaries may at any time and from time to time repurchase Notes in the open market or otherwise at any price. Such Notes may be held by the Company, resold or surrendered to the Registrar for cancellation. If purchases are made by tender, tenders must be available to all Noteholders alike.

7.5 Cancellations

All Notes that are redeemed, repurchased or converted and surrendered to the Registrar for cancellation shall forthwith be cancelled. Notes cancelled may not be reissued or resold.

7.6 Redemption Procedures

In the event that the Company is required to deliver a notice to the holders of the Notes under this Condition 7, the Company shall provide, or procure the provision by the Fiscal Agent of, the notice to each holder of the Notes in accordance with Condition 12 and the provisions of the Fiscal Agency Agreement, which notice shall state, to the extent applicable:

(a) the date fixed for redemption;

(b) the applicable redemption price of a Note on the redemption date; and

(c) the names and addresses of all Paying Agents and the Registrar.

7.7 Notices Final

Upon the expiry of any notice as is referred to in Condition 7.2 or 7.3 above, the Company shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such Condition.

8 TAXATION

8.1 Additional Amounts

All payments of principal and interest in respect of the Notes, including any Additional Amounts (as defined below), by or on behalf of the Company shall be made free and clear of and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, as defined in Condition 8.2 below, except as required by applicable law. In that event, the Company will, subject to the exceptions and limitations set forth below, pay to a holder of any Note such additional amounts (the "**Additional Amounts**") as may be necessary in order that every net payment by the Company or a Paying Agent of the principal of and interest on the Note and any other amounts payable on the Note after withholding or deduction for or on account of any present or future tax, duty, assessment or governmental charge imposed or levied by a Relevant Jurisdiction, as defined in Condition 8.2 below, will not be less than the amount provided for in the Note to be then due and payable under the Notes.

However, the obligation to pay Additional Amounts shall not apply:

(a) to the holder or beneficial owner of the Notes who would not be liable for or subject to such deduction or withholding by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested in writing by the Company to make such a declaration or claim, such holder or beneficial owner of the Notes fails to do so within 30 days; or

(b) to the holder or beneficial owner of the Notes who is subject to Taxes in respect of the Notes by reason of the existence of any present or former connection between the holder (or between a fiduciary, settlor, beneficiary, member or shareholder of the holder, if the holder is an estate, a trust, a partnership, a limited liability company or a corporation) and a Relevant Jurisdiction, other than merely holding a Note or receiving a payment in respect of a Note, including, without limitation, the holder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident of a Relevant Jurisdiction or being or having been engaged in a trade or business or present in a Relevant Jurisdiction or having, or having had, a permanent establishment in a Relevant Jurisdiction; or

(c) to the holder or beneficial owner of the Notes who presents the relevant Notes, where presentation is required, for payment on a date more than 30 days after the Relevant Date; or

(d) to any estate, inheritance, gift, sales, transfer, capital gains or personal property tax or any similar tax, duty, assessment or governmental charge; or

(e) to any tax, duty, assessment or other governmental charge that is payable otherwise than by withholding or deduction from payments on or in respect of any Note; or

(f) to any tax, duty, assessment or other governmental charge that would not have been imposed but for the failure of the holder or beneficial owner to comply with certification, information or other reporting requirements concerning the nationality, residence or identity of the holder or beneficial owner of that Note, if compliance is required by statute or by regulation of a Relevant Jurisdiction as a precondition to relief or exemption from the tax, duty, assessment or other governmental charge; or

(g) to any tax, duty, assessment or other governmental charge required to be withheld by any Paying Agent from any payment of the principal of, or interest on, any Note, to the extent such tax, duty, assessment or other governmental charge results from the presentation (where presentation is required) of any Note for payment and the payment can be made without such withholding or deduction by the presentation of the Note for payment by at least one other Paying Agent; or

(h) to any combination of the items listed above.

Nor will Additional Amounts be paid with respect to any payment on a Note to a holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of that payment to the extent that payment would be required by the laws of a Relevant Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in a limited liability company or a beneficial owner who would not have been entitled to the Additional Amounts had that beneficiary, settlor, member, interest holder or beneficial owner been the holder.

References in these Conditions to payments in respect of the Notes shall be deemed to refer to any Additional Amounts that may be payable in respect thereof under this Condition 8.1.

The Agent shall in no event be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Company or the Noteholders or any other person to pay such tax, duty, charges, withholding or other payment or be responsible to provide any notice or information in relation to the Notes in connection with payment of such tax, duty, charges, withholding or other payment.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Company will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Company nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

8.2 Interpretation

For the purposes of these Conditions:

(a) "**Relevant Date**" in relation to any Notes means (i) the due date for payment in respect thereof or (ii) if the full amount of the moneys payable on such due date has not been received by the Fiscal Agent or the Paying Agent on or prior to such due date, the date on which notice is duly given to the holders of the Notes that such moneys have been so received; and

(b) "**Relevant Jurisdiction**" means the Republic of Korea or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Company or any successor becomes subject in respect of payments made by it of principal and interest on the Notes (including, without limitation, any jurisdiction of incorporation, organization, tax residency and jurisdiction in which it is doing business).

9 PRESCRIPTION

Claims against the Company in respect of the payment of principal and interest on the Notes shall be prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 8).

10 EVENTS OF DEFAULT

10.1 Events of Default

The holder of any Note may give written notice addressed to the Company and delivered to the Company with a copy to the Fiscal Agent that the Note is, and it shall accordingly forthwith become, immediately due and repayable at its principal amount, together with interest accrued to the date of repayment, if any of the following events (an "**Event of Default**") shall have occurred and be continuing:

(a) the Company fails to pay the principal or interest, if any, on, any of the Notes, and in the case of principal, the failure continues for a period of seven days and in the case of interest, the failure continues for a period of 30 days; or

(b) the Company fails to perform or observe any of its other obligations under these Conditions or in the Fiscal Agency Agreement and the failure continues for a period of 60 days following the service by any Noteholder on the Company of a notice requiring the same to be remedied; or

(c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Company becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Company fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment; (iii) any security given by the Company for any Indebtedness for Borrowed Money becomes enforceable or proceedings are commenced to enforce any security; or (iv) default is made by the Company in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; *provided, that* no event described in this Condition 10.1(c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) through (iv) above which have occurred and are continuing, amounts to at least US$30,000,000 (or its equivalent in any other currency); or

(d) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Company; or

(e) the Company ceases or threatens to cease to carry on the whole or a substantial part of its business save for the purposes of, or pursuant to and followed by, a consolidation, amalgamation, merger or reorganization permitted by Condition 3.2; or

(f) if (i) proceedings are initiated against the Company under any applicable liquidation, insolvency, composition, reorganization or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Company or, as the case may be, in relation to the whole or any part of its undertaking or assets or an encumbrancer takes possession of the whole or any part of its undertaking or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of its undertaking or assets and (ii) in any such case (other than the appointment of an administrator), unless initiated by the relevant company, is not discharged within 60 days; or

(g) if the Company (or any of its respective directors or shareholders) initiates or consents to juridical proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganization or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(h) any event occurs which under the laws of the Republic of Korea has an analogous effect to any of the events referred to in (a) through (g) above.

10.2 Interpretation

For the purposes of these Conditions:

"**Indebtedness for Borrowed Money**" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit.

11 REPLACEMENT OF CERTIFICATES

If any Certificated Note is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar or such Transfer Agent upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity, prefunding and otherwise as the Company, Registrar or Transfer Agent may require. Mutilated or defaced Certificated Notes must be surrendered before replacements will be issued.

12 NOTICES

All notices to holders of the Notes shall be validly given if mailed to them at their respective addresses in the record of holders of the Notes maintained by the Registrar and deemed to have been given on the fifth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and by the participants, or published in a leading newspaper having general circulation in Asia (which is expected to be the *Asian Wall Street Journal*). Notwithstanding the foregoing, so long as the Notes are represented by the Global Note and the Global Note is held on behalf of DTC, notice to Noteholders may be given by delivery of the relevant notice to DTC, for communication by them to entitled accountholders in substitution for notification as required by the foregoing sentence. The Company shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the seventh day after being so mailed or on the date of such publication.

13 MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

13.1 Meetings of Noteholders

The Fiscal Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution (as defined below) of any of these Conditions or any of the provisions of the Fiscal Agency Agreement. Such a meeting may be convened by Noteholders holding not less than 10% of the principal amount of the Notes then outstanding. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50% of the principal amount of the Notes then outstanding, or, at any adjourned meeting, one or more persons present holding or representing more than 25% of the principal amount of the Notes then outstanding; *provided, however*, that no such meeting shall consider the modification, amendment or waiver to the Fiscal Agency Agreement or any Note to (i) change the stated maturity of the Notes or the scheduled dates for payment of principal of or interest on any Note; (ii) reduce the principal of or interest on any such Note; (iii) change the currency of payment of the principal of or interest on such Note; or (iv) reduce the above-stated percentage of the aggregate principal amount of the Notes outstanding or reduce the quorum requirements or the percentage of votes required for the taking of any action, in which case the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

"**Extraordinary Resolution**" means a resolution duly passed by either (i) a majority in aggregate principal amount of the Notes then outstanding pursuant to a written resolution of the Noteholders or (ii) 75% in aggregate principal amount of the Notes represented and voting at a duly convened meeting of the Noteholders.

13.2 Modification

The Company shall only permit any modification, without the consent of the Noteholders, to these Conditions or any of the provisions of the Fiscal Agency Agreement either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner which is not materially prejudicial to the interests of the Noteholders. Any determination as to prejudice applying to the interests of the Noteholders pursuant to this Condition shall be made by the Company and none of the Agents shall have any responsibility or liability whatsoever with respect to such determination. Any modification shall be binding on the Noteholders and shall be notified by the Company to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14 FURTHER ISSUANCES

The Company may from time to time, without notice to or the consent of the holders of the Notes, create and issue further debt securities ranking *pari passu* with the Notes in all respects (or in all respects except for the payment of interest accruing prior to the issue date of the additional Notes or except for the first payment of interest following the issue date of the additional Notes). The Company may consolidate such further debt securities with the outstanding Notes to form a single series to the extent permitted under applicable law. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 14 and forming a single series with the Notes, provided, however that any additional debt securities shall be issued under a separate CUSIP, ISIN and/or other identifying number, as applicable, unless the additional debt securities are issued pursuant to a "qualified reopening" of the original series, are otherwise treated as part of the same "issue" of debt instruments as the original series or are issued with less than a de minimis amount of original issue discount, in each case for U.S. federal income tax purposes.

15 GOVERNING LAW AND SUBMISSION TO JURISDICTION

15.1 Governing Law

The Fiscal Agency Agreement and the Notes are governed by, and shall be construed in accordance with, the laws of the State of New York.

15.2 Jurisdiction

The Company agrees that any legal suit, action or proceeding arising out of or based upon the Fiscal Agency Agreement or the Notes may be instituted in any state or federal court in the Borough of Manhattan, the State and City of New York.

The Company, to the fullest extent it is permissible to do so under applicable law, (a) waives any objection which it may have now or hereafter to the laying of the venue of any such suit, action or proceeding in any such court and (b) irrevocably submits to the non-exclusive jurisdiction of any such court in any suit, action or proceeding.

15.3 Appointment of Process Agent

The Company has agreed to irrevocably appoint SK hynix America Inc., located at 3101 North 1st Street, San Jose, CA 95134, United States of America, as its authorized agent in the State of New York to receive service of process in any proceedings in the State of New York based on any of the Notes or the Fiscal Agency Agreement. The Company agrees that in the event of such agent ceasing so to act it will appoint such other person as its agent for that purpose.

16 CURRENCY INDEMNITY

The Company's obligations under the Notes to make all payments in U.S. dollars will not be satisfied by any payment, recovery or any other realization of proceeds in any currency other than the U.S. dollar. If pursuant to any such judgment, conversion shall be made on a date (the "**Substitute Date**") other than the date of entry of judgment (the "**Judgment Date**") and there shall occur a change between the market exchange rate for the U.S. dollar as in effect on the Substitute Date and the market exchange rate as in effect on the Judgment Date, the Company agrees to pay such Additional Amounts (if any) in U.S. dollars as may be necessary to ensure that the amount paid is equal to the amount in such other currency or currency unit which, when converted at the market exchange rate as in effect on the Judgment Date, is the amount due under any Notes. To the extent permitted by applicable law, any amount due from the Company under this Condition 16 shall be due as a separate debt and is not to be affected by or merged into any judgment being obtained for any other sums due in respect of any Notes. In no event, however, shall the Company be required to pay more in U.S. dollars due under the Notes at the market exchange rate as in effect on the Judgment Date than the amount of U.S. dollars stated to be due under the Notes so that in any event the Company's obligations under the Notes will be effectively maintained as obligations in U.S. dollars and the Company shall be entitled to withhold (or be reimbursed for, as the case may be) any excess of the amount actually realized upon any such conversion on the Substitute Date over the amount due on the Judgment Date.

TAXATION

Korean Taxation

The information provided below does not purport to be a complete summary of Korean tax law and practice currently applicable. Prospective investors who are in any doubt as to their tax position should consult with their own professional advisors.

The taxation of non-resident individuals and non-Korean corporations ("Non-Residents") depends on whether they have a "permanent establishment" (as defined under Korean law and applicable tax treaty) in Korea to which the relevant Korean source income is attributable or with which such income is effectively connected. Non-Residents without a permanent establishment in Korea are taxed in the manner described below. Non-Residents with permanent establishments in Korea are taxed in accordance with different rules.

Tax on Interest

Interest on the Notes paid to Non-Residents (excluding payments to their permanent establishment in Korea), being foreign currency-denominated bonds, is exempt from income tax and corporation tax (whether payable by withholding or otherwise) pursuant to the Special Tax Treatment Control Law (the "STTCL"), so long as the Notes are "foreign currency-denominated bonds" under the STTCL and the issuance of the Notes is deemed to be an overseas issuance under the STTCL. The term "foreign currency-denominated bonds" in this context is not defined under the STTCL. The Korean tax authority issued a ruling on September 1, 1990 that "a notes issuance facility, commercial paper issued in U.S. dollars or a banker's acceptance" are not treated as "foreign currency-denominated bonds."

If the tax exemption under the STTCL referred to above were to cease to be in effect, the rate of income tax or corporation tax applicable to interest on the Notes, for a Non-Resident without a permanent establishment in Korea, would be 14% of income. In addition, a tax surcharge called a local income tax would be imposed at the rate of 10% of the income tax or corporation tax (raising the total tax rate to 15.4%). The tax is withheld by the payer or the Company. The tax rates may be reduced or exempted by an applicable tax treaty, convention or agreement between Korea and the resident country of the recipient of the income. The relevant tax treaties are discussed below.

Tax on Capital Gains

Korean tax laws currently exclude from Korean taxation gains made by a Non-Resident without a permanent establishment in Korea from the sale of the Notes to other Non-Residents (other than to their permanent establishments in Korea). In addition, capital gains earned by Non-Residents with or without permanent establishments in Korea from the transfer taking place outside Korea of the Notes are currently exempt from taxation by virtue of STTCL, provided that the issuance of the Notes is deemed to be an overseas issuance under the STTCL.

If the exclusion or exemption from Korean taxation referred to above were to cease to be in effect, in the absence of an applicable treaty reducing or eliminating tax on capital gains, the applicable rate of tax would be the lower of 11% (including local income tax) of the gross realization proceeds or (subject to the production of satisfactory evidence of the acquisition cost and certain direct transaction costs of the relevant Note) 22% (including local income tax) of the realized gain (i.e., the excess of the gross realization proceeds over the acquisition cost and certain direct transaction costs) made. If such evidence shows that no gain (or a loss) was made on the sale, no Korean tax is payable. There is no provision under relevant Korean law to allow offsetting of gains and losses or otherwise aggregating transactions for the purpose of computing the net gain attributable to sales of Notes issued by Korean companies. The purchaser or any other designated withholding agent of Notes is obliged under Korean law to withhold the applicable amount of Korean tax and make payment thereof to the relevant Korean tax authority. Unless the seller can claim the benefit of an exemption from tax under an applicable tax treaty or on the failure of the seller to produce satisfactory evidence of his acquisition cost and certain direct transaction costs in relation to the instruments being sold, the purchaser or such withholding agent must withhold an amount equal to 11% of the gross realization proceeds. Any amounts withheld by the purchaser or such withholding agent must be paid to the competent Korean tax office. The purchaser or withholding agent must pay any withholding tax no later than the tenth day of the month following the month in which the payment for the purchase of the relevant instruments occurred. Failure to transmit the withheld tax to the Korean tax authorities in time subjects the purchaser or such withholding agent to penalties under Korean tax laws. The Korean tax authorities may attempt to collect such tax from a Non-Resident who is liable for payment of any Korean tax on gains, as a purchaser or withholding agent who is obliged to withhold such tax, through proceedings against payments due to the Non-Resident from its Korean investments and the assets or revenues of any of the Non-Resident's branch or representative offices in Korea.

Inheritance and Gift Tax

Korean inheritance tax is imposed upon (a) all assets (wherever located) of the deceased if at the time of his death he was domiciled in Korea or had resided in Korea continuously for at least 183 days immediately prior to his death and (b) all property located in Korea that passes on death (irrespective of the domicile of the deceased). Gift tax is imposed in similar circumstances to the above. The taxes are imposed if the value of the relevant property is above a certain limit and the rate varies from 10% to 50% based on the value of the relevant property. At present, Korea has not entered into any tax treaties regarding its inheritance or gift taxes.

Under Korean inheritance and gift tax laws, bonds issued by Korean corporations are deemed located in Korea irrespective of where they are physically located or by whom they are owned, and, consequently, the Korean inheritance and gift taxes will be imposed on transfers of the Notes by inheritance or gift. Prospective purchasers should consult their personal tax advisors regarding the consequences of the imposition of the Korean inheritance or gift tax.

Stamp Duty and Securities Transaction Tax

No stamp, issue or registration duties will be payable in Korea by the holders of the Notes in connection with the issue of the Notes except for a nominal amount of stamp duty on certain documents executed in Korea which will be paid by the Company. No securities transaction tax will be imposed upon the transfer of the Notes.

Tax Treaties

At the date of this Offering Circular, Korea has tax treaties with, *inter alia*, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, The Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America, under which the rate of withholding tax on interest is reduced, generally to between 10 and 15% (including local income tax), and the tax on capital gains is often eliminated.

Each holder of the Notes should inquire whether such holder is entitled to the benefit of a tax treaty with respect to any transaction involving the Notes. It is the responsibility of the party claiming the benefits of a tax treaty in respect of interest payments and capital gains to file with the payer or the Company a certificate as to his tax residence. In the absence of sufficient proof, the payer or the Company must withhold taxes in accordance with the above discussion.

In order to claim the benefit of a tax rate reduction or tax exemption available under the applicable tax treaties, a Non-Resident holder should submit to the payer of such Korean source income an application (for a reduced withholding tax rate, the "application for entitlement to reduced tax rate," and for an exemption from withholding tax, the "application for exemption" under a tax treaty along with the documents proving the beneficial owner of such Korean source income, including a certificate of the Non-Resident holder's tax residence issued by a competent authority of the Non-Resident holder's residence country) as the beneficial owner of such Korean source income ("BO Application"), provided that if such tax exemption is being sought to be applied to an amount that is ₩1 billion or more (including where the aggregate amount exempted within one year from the last day of the month in which the payment was made is ₩1 billion or more), in addition to the certificate of tax residence issued by a competent authority of the Non-Resident holder's residence country, the Non-Resident holder will also be required to submit the names and addresses of all of the members of the board of directors, the identities and shareholding percentages of all of the shareholders (provided that if there are more than 100 shareholders, the Non-Resident holder may instead provide a statement showing the total number of shareholders and the aggregate investment amount from each country), and financial statements (including the documents attached to the financial statements), tax returns or audit reports for the three most recent years submitted to the tax authorities of the country of residence (or, if the entity has been in existence for less than three years, such documents since incorporation). These documents must generally be submitted along with a Korean translation, unless the Korean tax authority approves the submission of the original documents in English. Such application should be submitted to the withholding agent prior to the payment date of the relevant income. Subject to certain exceptions, where the relevant income is paid to an overseas investment vehicle (which is not the beneficial owner of such income) ("OIV"), a beneficial owner claiming the benefit of an applicable tax treaty with respect to such income must submit its BO Application to such OIV, which must submit an OIV report and a schedule of beneficial owners (as well as the BO applications collected from each beneficial owner) to the withholding agent prior to the payment date of such income. Effective from January 1, 2022, an OIV is deemed to be a beneficial owner of the Korean source income if (i) under the applicable tax treaty, the OIV bears tax liabilities in the country in which it is established or the OIV is deemed to be the beneficial owner of the Korean source income, and (ii) the Korean source income is eligible for the treaty benefits under the tax treaty. The benefits under a tax treaty between Korea and the country of such OIV's residence will apply with respect to the relevant income paid to such OIV, subject to certain application requirements as prescribed by the Corporate Income Tax Law or Individual Income Tax Law. In the case of a tax exemption application, the withholding agent is required to submit such BO Application (together with the applicable OIV report and a schedule of beneficial owners in the case of income paid to an OIV) to the relevant district tax office by the ninth day of the month following the date of the payment of such income.

Withholding and Gross Up

As mentioned above, interest on the Notes paid to Non-Residents without a permanent establishment in Korea is exempt from any withholding or deduction on account of income tax or corporation tax pursuant to the STTCL if the Notes are deemed to be issued outside Korea under the STTCL. However, in the event that the payer or the Company is required by law to make any withholding or deduction for or on account of any Korean taxes (as more fully described in "Terms and Conditions of the Notes – Taxation") the Company has agreed to pay (subject to the customary exceptions as set out in "Terms and Conditions of the Notes – Taxation") such Additional Amounts as may be necessary in order that the net amounts received by the holder of any Note after such withholding or deduction shall equal the respective amounts which would have been received by such holder in the absence of such withholding or deduction.

United States Federal Income Taxation

The following is a summary of certain U.S. federal income tax considerations that may be relevant to a U.S. Holder (as defined below) of a Note. This summary is based on provisions of the Internal Revenue Code of 1986, as amended (the "Code"), applicable Treasury regulations, laws, rulings and decisions as of the date hereof, all of which are subject to change, possibly with retroactive effect. This summary deals only with beneficial owners of Notes that will hold Notes as capital assets and that acquire the Notes in this offering at their issue price. It does not address particular tax considerations that may be applicable to investors that are subject to special tax rules, such as banks and other financial institutions, tax-exempt entities, insurance companies, individual retirement accounts and other tax-deferred accounts, regulated investment companies, dealers in securities or currencies, traders in securities electing to mark to market, persons that will hold Notes as a position in a "straddle," hedging, or conversion transaction, or as part of a "synthetic security" or other integrated financial transaction, persons holding the Notes in connection with a trade or business outside the United States, entities or arrangements taxed as partnerships for U.S. federal income tax purposes or the partners therein, nonresident alien individuals present in the United States for more than 182 days during the taxable year, persons that carry on a business or have a permanent establishment in Korea, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States or persons that have a "functional currency" other than the U.S. dollar.

This summary addresses only U.S. federal income tax consequences and does not address consequences arising under state, local, non-U.S. tax laws, any alternative minimum tax, the Medicare tax on net investment income, the special timing rules prescribed under section 451(b) of the Code or U.S. federal gift or estate tax laws. Investors should consult their own tax advisors in determining the tax consequences to them of holding Notes under such tax laws, as well as the application to their particular situation of the U.S. federal income tax considerations discussed below.

As used herein, a "U.S. Holder" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, an individual citizen or resident of the United States or a U.S. domestic corporation or that otherwise will be subject to U.S. federal income taxation on a net income basis in respect of the Note.

Investors should consult their tax advisors concerning the particular U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes, as well as the consequences under the laws of any other taxing jurisdiction.

Payments of Interest and Additional Amounts

General. The gross amount of stated interest and any Additional Amounts (i.e., without reduction for Korean withholding taxes, if any), will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is actually or constructively received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes. Interest and Additional Amounts will constitute income from sources without the United States.

It is expected, and this discussion assumes, that the Notes will be issued without OID for U.S. federal income tax purposes. In general, however, if the Notes are issued with OID at or above a de minimis threshold, a U.S. Holder will be required to include OID in gross income, as ordinary income, under a "constant-yield method" before the receipt of cash attributable to such income, regardless of the U.S. Holder's regular method of accounting for U.S. federal income tax purposes. Prospective investors should consult their tax advisors concerning the applicability of the foreign tax credit rules to income from the Notes in case any Korean withholding taxes are imposed on interest payments.

Sale, Exchange and Retirement of Notes

Upon the sale, exchange or retirement of a Note, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued interest, which will be taxable as such) and the U.S. Holder's tax basis in such Note. A U.S. Holder's tax basis in a Note will generally equal the cost of the Note to the U.S. Holder.

Gain or loss recognized upon a sale, exchange or retirement of a Note generally will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year at the time of disposition. Long-term capital gains recognized by an individual holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deduction of capital losses is subject to limitations.

Specified Foreign Financial Assets

Certain U.S. Holders that own "specified foreign financial assets" with an aggregate value in excess of $50,000 on the last day of the taxable year or $75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on IRS Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which may include Notes issued in certificated form) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. Holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in the Notes, including the application of the rules to their particular circumstances.

Information Reporting and Backup Withholding

Information returns will be filed with the IRS in connection with payments on the Notes made to, and the proceeds of sales or other dispositions of Notes effected by, certain United States persons (as defined in the Code). In addition, certain United States persons may be subject to backup withholding in respect of such amounts if they do not provide their taxpayer identification numbers to the person from whom they receive payments and certify that they are not subject to backup withholding or otherwise establish an exemption from backup withholding. Holders who are not United States persons may be required to comply with applicable certification procedures to establish that they are exempt from the application of such information reporting requirements and backup withholding tax. The amount of any backup withholding from a payment will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS. Investors should consult their tax advisors about these rules and any other reporting obligations that may apply to their ownership or disposition of Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the purchase agreement dated September 4, 2025, (the "Purchase Agreement"), each initial purchaser named below (each, an "Initial Purchaser" and collectively, the "Initial Purchasers") has severally agreed to purchase from the Company, and the Company has agreed to sell to such Initial Purchaser, the principal amount of the 2028 Notes and the 2030 Notes set forth opposite the name of such Initial Purchaser.

Initial Purchasers	Principal Amount of the 2028 Notes	Principal Amount of the 2030 Notes
Citigroup Global Markets Inc.	US$ 100,000,000	US$ 100,000,000
Crédit Agricole Corporate and Investment Bank	100,000,000	100,000,000
The Hongkong and Shanghai Banking Corporation Limited	100,000,000	100,000,000
Mizuho Securities Asia Limited	100,000,000	100,000,000
Morgan Stanley & Co. International plc	100,000,000	100,000,000
MUFG Securities Asia Limited	100,000,000	100,000,000
Total	US$ 600,000,000	US$ 600,000,000

The Purchase Agreement provides that the obligations of each of the Initial Purchasers to purchase the Notes are subject to approval of certain legal matters by counsel and to certain other conditions. Each of the Initial Purchasers must purchase all the Notes set forth opposite its name if they purchase any of the Notes. The Purchase Agreement also provides that if an Initial Purchaser defaults, the purchase commitments of non-defaulting Initial Purchasers may be increased or the offering may be terminated.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Initial Purchaser or its affiliate on behalf of the Company in such jurisdiction.

The Initial Purchasers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Initial Purchasers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Company or its subsidiaries, jointly controlled entities or associated companies and may be paid fees in connection with such services from time to time. In the ordinary course of their various business activities, the Initial Purchasers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Company or its subsidiaries, jointly controlled entities or associated companies, including the Notes, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of the Notes and could adversely affect the trading price and liquidity of the Notes. The Notes issued hereunder may be purchased by or be allocated to any Initial Purchaser or an affiliate for asset management and/or proprietary purposes but not with a view to distribution. Such persons do not intend to disclose the extent of any such investment or transactions other than in accordance with any legal or regulatory obligation to do so.

Commissions and Discounts

The purchase price for each of the Notes will be the applicable offering price set forth on the cover page of this Offering Circular net of a combined management and underwriting commission. After the initial offering, the offering price or any other selling term may be changed.

New Issue of Notes

The Notes are a new issue of securities with no established trading market. The Initial Purchasers may make a market in the Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. The Company cannot assure the liquidity of the trading market for the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, the Company's operating performance and financial condition, general economic conditions and other factors.

Settlement

Delivery of the Notes is expected on or about September 11, 2025.

No Sales of Similar Securities

The Company has agreed that it will not issue, offer, sell or contract to sell, or otherwise dispose of or enter into any transaction which is designed to, or might reasonably be expected to, result in the offer of, or announce the offering of, any non-Won denominated debt securities issued or guaranteed by the Company (other than the Notes), without the prior written consent of the Initial Purchasers for a period of 15 days following the date of this Offering Circular.

Short Positions

In connection with the offering, the Initial Purchasers may purchase and sell the Notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater principal amount of Notes than they are required to purchase in the offering. The Initial Purchasers must close out any short position by purchasing Notes in the open market. A short position is more likely to be created if the Initial Purchasers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the Initial Purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

None of the Company and the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, none of the Company and the Initial Purchasers make any representation that the Initial Purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

It is expected that the delivery of the Notes will be made against payment therefor on or about the date specified on the cover page of this Offering Circular, which will be the fifth business day following the date of pricing of the Notes (such settlement cycle being herein referred to as "T+5"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, if purchasers of the Notes wish to trade in the Notes on any day prior to the second business day before the settlement date, because the Notes will initially settle in T+5, the purchasers of the Notes may be required to specify an alternate settlement cycle at the time of such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Company, a CMI or its group companies would be considered under the SFC Code as having an Association with the Company, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Company or any CMI (including its group companies) and inform the Initial Purchasers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Company. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Initial Purchasers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, whether such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Initial Purchaser(s) (if any) to categorize it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: DCM.Omnibus@citi.com, HKG-Syndicate@ca-cib.com, hk_syndicate_omnibus@hsbc.com.hk, Omnibus_Bond@hk.mizuho-sc.com, omnibus_debt@morganstanley.com, Asia-Syndicate@hk.sc.mufg.jp.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Company, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The relevant Initial Purchaser may be asked to demonstrate compliance with their obligations under the SFC Code and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Initial Purchaser with such evidence within the timeline requested.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Initial Purchaser has agreed that, except as permitted by the Purchase Agreement, it will not offer or sell the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes and the issue date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Initial Purchaser to which it sells the Notes (other than a sale pursuant to Rule 144A) during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S. The Purchase Agreement provides that Initial Purchasers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering of the Notes may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

European Economic Area

In relation to each Member State of the EEA, each Initial Purchaser has represented and agreed that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular to the public in that Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Company for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes shall require the Company or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129, as amended.

United Kingdom

Each Initial Purchaser has represented and agreed that:

(a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland, and will not be listed on the SIX Swiss Exchange ("SIX") or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX or any other regulated trading facility in

Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the offering, nor the Company or the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority, and investors in the Notes will not benefit from protection or supervision by such authority.

Hong Kong

Each Initial Purchaser has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "Financial Instruments and Exchange Act"). Accordingly, each Initial Purchaser has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Each Initial Purchaser has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Initial Purchaser has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly, the Notes may not be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to any Notes be distributed in Italy, except in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Initial Purchaser has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, any Notes or distribute any copy of this Offering Circular or any other document relating to the Notes in Italy except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 (the "Financial Services Act") and Article 34-ter, paragraph 1, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999 (the "Issuers Regulation"), all as amended from time to time; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "Banking Act") and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;

(ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and

(iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

Korea

The Notes have not been and will not be registered with the Financial Services Commission of Korea (the "FSC") under the Financial Investment Services and Capital Markets Act of Korea (the "FSCMA"), as amended. Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any Korean resident (as such term is defined in the Foreign Exchange Transaction Act of Korea and its Presidential Decree) or to others for re-offering or resale, directly or indirectly, in Korea or to any Korean resident, except as otherwise permitted under applicable Korean laws and regulations. In addition, for a period of one year from the date of issuance of the Notes, the Notes may not be transferred to any Korean resident other than a Korean Qualified Institutional Buyer (a "Korean QIB") as specified in Article 2-2, Paragraph 2, Item 4 of the Regulation on Issuance and Public Disclosure, Etc. of Securities of Korea and who is registered with the Korean Financial Investment Association as a Korean QIB, provided that the Notes are issued as straight bonds other than equity-linked bonds, such as convertible bonds, bonds with warrants and exchangeable bonds, and all of the following requirements under Article 2-2-2, Paragraph 2, Item 3 of the above regulation are satisfied: (1) the Notes shall be issued in a currency other than Won and the principal and interest thereof shall be paid in a currency other than Won, (2) at least 80% of the aggregate principal amount of the Notes shall be allocated to non-residents of Korea (as such term is defined in the Foreign Exchange Transaction Act of Korea and its Presidential Decree) (which applies only to the Notes acquired from the Company or any Initial Purchaser at the time of issuance of the Notes), (3) the Notes shall be those listed on a major overseas securities market specified by the governor of the Financial Supervisory Service of Korea, those registered with or reported to a foreign financial investment supervisory agency of the country in which the above securities market is established, or those for which any other procedure that may be deemed a public offering is completed, (4) measures shall be taken to state the condition that the Notes shall not be transferred to any Korean resident other than Korean QIBs at the time of issuance or within one year from the date of issuance of the Notes on the face of such Notes (limited to the case where any physical instrument is issued), the purchase agreement and offering documents and (5) the Company and the manager(s) (limited to the case where any manager is appointed) shall take measures under foregoing items (1) through (4) and the Company and the managers shall severally or jointly preserve evidential documents in relation thereto, or as otherwise permitted by applicable Korean laws and regulations.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult with legal counsel prior to making any offer, resale, pledge or other transfers of the Notes.

Transfer Restrictions under Korean Law

Each purchaser of the Notes, by accepting delivery of this Offering Circular, will be deemed to have represented, warranted and agreed as follows:

(a) The Notes have not been and will not be registered with the FSC under the FSCMA, as amended. Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any Korean resident (as such term is defined in the Foreign Exchange Transaction Act of Korea and its Presidential Decree) or to others for re-offering or resale, directly or indirectly, in Korea or to any Korean resident, except as otherwise permitted under applicable Korean laws and regulations. In addition, for a period of one year from the date of issuance of the Notes, the Notes may not be transferred to any Korean resident other than a Korean Qualified Institutional Buyer (a "Korean QIB") as specified in Article 2-2, Paragraph 2, Item 4 of the Regulation on Issuance and Public Disclosure, Etc. of Securities of Korea and who is registered with the Korean Financial Investment Association as a Korean QIB, provided that the Notes are issued as straight bonds other than equity-linked bonds, such as convertible bonds, bonds with warrants and exchangeable bonds, and all of the following requirements under Article 2-2-2, Paragraph 2, Item 3 of the above regulation are satisfied: (1) the Notes shall be issued in a currency other than Won and the principal and interest thereof shall be paid in a currency other than Won, (2) at least 80% of the aggregate principal amount of the Notes shall be allocated to non-residents of Korea (as such term is defined in the Foreign Exchange Transaction Act of Korea and its Presidential Decree) (which applies only to the Notes acquired from the Company or any Initial Purchaser at the time of issuance of the Notes), (3) the Notes shall be those listed on a major overseas securities market specified by the governor of the Financial Supervisory Service of Korea, those registered with or reported to a foreign financial investment supervisory agency of the country in which the above securities market is established, or those for which any other procedure that may be deemed a public offering is completed, (4) measures shall be taken to state the condition that the Notes shall not be transferred to any Korean resident other than Korean QIBs at the time of issuance or within one year from the date of issuance of the Notes on the face of such Notes (limited to the case where any physical instrument is issued), the purchase agreement and offering documents and (5) the Company and the manager(s) (limited to the case where any manager is appointed) shall take measures under foregoing items (1) through (4) and the Company and the managers shall severally or jointly preserve evidential documents in relation thereto, or as otherwise permitted by applicable Korean laws and regulations.

(b) The Notes will bear legends to the following effect:

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS SUCH TERM IS DEFINED UNDER THE FOREIGN EXCHANGE TRANSACTIONS ACT OF KOREA AND ITS PRESIDENTIAL DECREE) OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENTS OF KOREA, EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, DURING THE FIRST YEAR AFTER THE ISSUANCE OF THE NOTES, THE NOTES MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA OTHER THAN A KOREAN QUALIFIED INSTITUTIONAL BUYER (A "KOREAN QIB," AS DEFINED IN THE REGULATION ON ISSUANCE AND PUBLIC DISCLOSURE, ETC. OF SECURITIES OF KOREA) WHO IS REGISTERED WITH THE KOREA FINANCIAL INVESTMENT ASSOCIATION AS A KOREAN QIB, PROVIDED THAT THE AMOUNT OF THE NOTES ACQUIRED BY SUCH KOREAN QIBS IN THE PRIMARY MARKET IS LIMITED TO NO MORE THAN 20% OF THE AGGREGATE PRINCIPAL AMOUNT OF THE NOTES.

Other Transfer Restrictions Applicable to the Notes

The Notes have not been and will not be registered under the Securities Act or any state securities laws and, subject to certain exceptions, may not be offered or sold directly or indirectly within the United States or to or for the account or benefit of U.S. persons, as defined in Regulation S. The Notes may be offered for sale only (i) in the United States, to QIBs within the meaning of, and in reliance on, Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; or (ii) outside the United States to non-U.S. persons in reliance on, and in accordance with, Regulation S, in each case, in compliance with applicable laws, regulations and directives.

Each purchaser of the Notes will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

1. The purchaser (A)(i) is a qualified institutional buyer, (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring the Notes for its own account or for the account of a qualified institutional buyer or (B) is a non-U.S. person purchasing the Notes in an offshore transaction pursuant to Regulation S.

2. The purchaser understands that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Notes have not been and will not be registered under the Securities Act and that, in the event of Notes sold in reliance on Rule 144A, if in the future it decides to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only (A)(i) to the Company, (ii) to a person whom the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (iii) to a non-U.S. person in an offshore transaction meeting the requirements of Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 under the Securities Act (if available), or (v) pursuant to another exemption from the Securities Act, provided that, as a condition to the registration of the transfer thereof, the Company or the Fiscal Agent may require the delivery of any documents, including an opinion of counsel that it, in its sole discretion, may deem necessary or appropriate to evidence compliance with such exemption, or (B) pursuant to an effective

registration statement under the Securities Act, and, in each of such cases, in accordance with any applicable securities laws of any state of the United States. The purchaser will, and each subsequent holder is required to, notify any subsequent purchaser of the Notes from it of the resale restrictions referred to in (A) above.

3. The purchaser understands that the Notes will, unless the Company determines otherwise in compliance with applicable law, bear a legend substantially to the following effect:

   THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, AGREES FOR THE BENEFIT OF SK HYNIX INC. (THE "COMPANY") THAT THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A)(i) TO THE COMPANY, (ii) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER, AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (iii) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (iv) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (v) PURSUANT TO ANOTHER EXEMPTION FROM THE SECURITIES ACT, PROVIDED THAT, AS A CONDITION TO THE REGISTRATION OF THE TRANSFER THEREOF, THE COMPANY OR THE FISCAL AGENT MAY REQUIRE THE DELIVERY OF ANY DOCUMENTS, INCLUDING AN OPINION OF COUNSEL THAT IT, IN ITS SOLE DISCRETION, MAY DEEM NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH SUCH EXEMPTION, OR (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND, IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY SUBSEQUENT PURCHASER OF THE SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

4. The purchaser understands that the offer or sale of the Notes sold in reliance on Regulation S may not be made to a U.S. person or for the account or benefit of a U.S. person (other than a distributor), until the expiration of 40 days after the later of the commencement of this offering and the completion of the distribution of the Notes, and unless otherwise agreed by the Company, will bear a legend substantially to the following effect:

   THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM IN REGULATION S UNDER THE SECURITIES ACT.

PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE LATEST CLOSING DATE (THE "DISTRIBUTION COMPLIANCE PERIOD"), THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO ANY U.S. PERSON OUTSIDE THE UNITED STATES OR ANY PERSON IN THE UNITED STATES. EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THE NOTES EVIDENCED HEREBY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING AND FOLLOWING RESTRICTIONS.

THE FOREGOING PARAGRAPH WILL BE NO LONGER EFFECTIVE AFTER THE END OF THE DISTRIBUTION COMPLIANCE PERIOD WITH RESPECT TO THE NOTES, AFTER WHICH THE NOTES EVIDENCED HEREBY WILL NO LONGER BE SUBJECT TO THE RESTRICTIONS SET FORTH THEREIN, PROVIDED THAT AT SUCH TIME AND THEREAFTER THE OFFER OR SALE OF THE NOTES EVIDENCED HEREBY WOULD NOT BE RESTRICTED UNDER ANY APPLICABLE SECURITIES LAWS OF THE UNITED STATES OR OF THE STATES OR TERRITORIES OF THE UNITED STATES.

5. The Company, the Registrar, the Initial Purchasers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

6. It understands that the Notes offered in reliance on Rule 144A will be represented by the Restricted Global Note. Before any interest in the Restricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Fiscal Agency Agreement) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

LEGAL MATTERS

Cleary Gottlieb Steen & Hamilton LLP, U.S. counsel to the Company, and Linklaters LLP, U.S. counsel to the Initial Purchasers, will pass upon certain legal matters as to United States law relating to the Notes. Shin & Kim LLC, the Company's Korean counsel, will pass upon certain matters as to Korean law for the Company. Cleary Gottlieb Steen & Hamilton LLP and Linklaters LLP may rely as to all matters of Korean law on Shin & Kim LLC. Shin & Kim LLC may rely on Cleary Gottlieb Steen & Hamilton LLP as to all matters of U.S. law.

INDEPENDENT ACCOUNTANTS

The consolidated financial statements of the Company as of and for the years ended December 31, 2024 and 2023 included in this Offering Circular have been audited by KPMG Samjong Accounting Corp., independent auditors, as stated in their report appearing herein.

With respect to the unaudited consolidated interim financial statements of the Company as of June 30, 2025 and for the periods ended June 30, 2025 and 2024 included in this Offering Circular, KPMG Samjong Accounting Corp., independent auditors, have reported that they applied limited procedures in accordance with professional standards for review of such information. However, their separate report included herein states that they did not audit and they do not express an opinion on such interim financial information. Accordingly, the degree of reliance on their separate report on such information should be restricted in light of the limited nature of the review procedures applied.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Interim Financial Statements

Audited Consolidated Financial Statements

Independent Auditors' Review Report

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

Reviewed Financial Statements

We have reviewed the accompanying condensed consolidated interim financial statements of SK hynix Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the condensed consolidated interim statement of financial position as of June 30, 2025, the condensed consolidated interim statements of comprehensive income for the three-month and six-month periods ended June 30, 2025 and 2024, and the condensed consolidated interim statements of changes in equity and cash flows for the six-month periods ended June 30, 2025 and 2024, and notes comprising material accounting policy information and other explanatory information.

Management's Responsibility for the Condensed Consolidated Interim Financial Statements

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standards No. 1034, *Interim Financial Reporting,* and for such internal controls as management determines necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our reviews.

We conducted our reviews in accordance with the *Review Standards for Quarterly and Semiannual Financial Statements* established by the Security and Futures Commission of the Republic of Korea. A review of interim financial information consists principally of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly, in all material respects, in accordance with Korean International Financial Reporting Standards No. 1034, *Interim Financial Reporting.*

Other Matters

The consolidated statement of financial position of the Group as of December 31, 2024 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this review report, were audited by us in accordance with Korean Standards on Auditing, and our report thereon, dated March 4, 2025, expressed an unqualified opinion. The accompanying consolidated statement of financial position of the Group as of December 31, 2024, presented for comparative purposes, is not different from that audited by us from which it was derived in all material respects.

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

/s/ KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.
Seoul, Korea
August 14, 2025

This report is effective as of August 14, 2025 the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

SK hynix Inc. and Subsidiaries
Consolidated Interim Statements of Financial Position
June 30, 2025 and December 31, 2024 (Unaudited)

(In millions of Korean won)	Notes		June 30, 2025		December 31, 2024
Assets					
Current assets					
Cash and cash equivalents	5,6	₩	9,075,311	₩	11,205,117
Short-term financial instruments	5,6		6,219,683		2,382,010
Short-term investment assets	5,6		1,667,287		569,236
Trade receivables, net	5,6,7,28		13,125,210		13,019,006
Loans and other receivables, net	5,6,7,28		162,117		293,061
Other financial assets	5,6,18		122,977		45,309
Inventories, net	8		13,408,333		13,313,937
Current tax assets			26,290		57,467
Assets held for sale			133,633		-
Other current assets	9		1,262,329		1,393,744
			45,203,170		42,278,887
Non-current assets					
Investments in associates and joint ventures	10		1,791,487		1,940,663
Long-term investment assets	5,6		5,831,061		4,041,276
Loans and other receivables, net	5,6,7,28		403,716		444,286
Other financial assets	5,6,18		123,679		346,749
Property, plant and equipment, net	11,29		64,472,933		60,157,474
Right-of-use assets, net	12,28		2,349,614		2,486,871
Intangible assets, net	13		3,945,141		4,018,847
Investment property, net			194		200
Deferred tax assets			3,507,318		2,811,559
Employee benefit assets	17		1,299,086		1,154,255
Other non-current assets	9		160,382		174,142
			83,884,611		77,576,322
Total assets		₩	129,087,781	₩	119,855,209

See accompanying notes to the condensed consolidated interim financial statements.

SK hynix Inc. and Subsidiaries
Consolidated Interim Statements of Financial Position, Continued
June 30, 2025 and December 31, 2024 (Unaudited)

(In millions of Korean won)	Notes		June 30, 2025		December 31, 2024
Liabilities					
Current liabilities					
Trade payables	5,6,28	₩	1,862,417	₩	2,277,347
Other payables	5,6,20,28		4,305,569		6,967,013
Other non-trade payables	5,6,28		3,994,501		3,983,543
Borrowings	5,6,14,29		8,521,462		5,252,238
Other financial liabilities	5,6,18		1,598,682		1,741,587
Provisions	16		295,372		270,235
Current tax liabilities			3,470,434		3,083,950
Liabilities held for sale			13,199		-
Lease liabilities	5,6,12,28		535,839		588,355
Other current liabilities	15		726,929		801,176
			25,324,404		24,965,444
Non-current liabilities					
Long-term other payables	5,6		400,087		477,027
Other non-trade payables	5,6		41,727		51,897
Borrowings	5,6,14,29		13,319,576		17,431,495
Other financial liabilities	5,6,18		5,587		5,909
Defined benefit liabilities, net	17		74,424		68,090
Deferred tax liabilities			234,327		217,852
Lease liabilities	5,6,12,28		1,992,294		2,180,021
Other non-current liabilities	15		552,870		541,770
			16,620,892		20,974,061
Total liabilities			41,945,296		45,939,505
Equity					
Equity attributable to owners of the Parent Company					
Capital stock	19		3,657,652		3,657,652
Capital surplus	19		4,725,605		4,487,123
Other equity	19,31		(2,104,239)		(2,191,549)
Accumulated other comprehensive income	19		1,490,236		2,532,107
Retained earnings	20		79,357,906		65,418,061
Total equity attributable to owners of the Parent Company			87,127,160		73,903,394
Non-controlling interests			15,325		12,310
Total equity			87,142,485		73,915,704
Total liabilities and equity		₩	129,087,781	₩	119,855,209

See accompanying notes to the condensed consolidated interim financial statements.

SK hynix Inc. and Subsidiaries
Consolidated Interim Statements of Comprehensive Income
Three-month and Six-month periods ended June 30, 2025 and 2024 (Unaudited)

(In millions of Korean won, except per share information)		Period Ended June 30			
		2025		2024	
	Notes	Three months	Six months	Three months	Six months
Revenue	4,21,28	₩ 22,231,952	₩ 39,871,093	₩ 16,423,258	₩ 28,852,856
Cost of sales	23,28	10,248,628	17,785,778	8,926,794	16,561,747
Gross profit		11,983,324	22,085,315	7,496,464	12,291,109
Selling and administrative expenses	22,23,28	2,770,473	5,431,960	2,027,928	3,936,544
Operating profit		9,212,851	16,653,355	5,468,536	8,354,565
Finance income	24	1,719,380	4,406,739	915,411	2,032,964
Finance expenses	24	2,172,268	2,936,872	1,312,751	2,937,890
Share of profit (loss) of equity-accounted investees	10	17,312	(23,797)	782	6,943
Other income	25,28	29,879	108,822	16,781	44,259
Other expenses	25,28	84,571	186,435	36,572	76,079
Profit before income tax		8,722,583	18,021,812	5,052,187	7,424,762
Income tax expense	26	1,726,367	2,917,401	932,184	1,387,720
Profit for the period		₩ 6,996,216	₩ 15,104,411	₩ 4,120,003	₩ 6,037,042
Other comprehensive income (loss)					
Item that will never be reclassified to profit or loss:					
Remeasurements of defined benefit liability, net of tax	17	(2,290)	(5,350)	(3,768)	(54,180)
Items that are or may be reclassified to profit or loss:					-
Foreign operations – foreign currency translation differences, net of tax		(969,409)	(933,619)	359,604	596,678
Gain (loss) on valuation of derivatives, net of tax	18	6,491	(4,785)	205	(5,326)
Equity-accounted investees – share of other comprehensive income (loss), net of tax	10	(88,538)	(102,261)	33,699	81,857
Other comprehensive income (loss) for the period, net of tax		(1,053,746)	(1,046,015)	389,740	619,029
Total comprehensive income for the period		₩ 5,942,470	₩ 14,058,396	₩ 4,509,743	₩ 6,656,071
Profit attributable to:					
Owners of the Parent Company		₩ 6,997,228	₩ 15,104,309	₩ 4,120,279	₩ 6,039,530
Non-controlling interests		(1,012)	102	(276)	(2,488)
Total comprehensive income attributable to:					
Owners of the Parent Company		₩ 5,943,034	₩ 14,057,088	₩ 4,509,126	₩ 6,657,502
Non-controlling interests		(564)	1,308	617	(1,431)
Earnings per share	27				
Basic earnings per share (in Korean won)		₩ 10,135	₩ 21,890	₩ 5,983	₩ 8,773
Diluted earnings per share (in Korean won)		₩ 9,580	₩ 20,996	₩ 5,938	₩ 8,761

See accompanying notes to the condensed consolidated interim financial statements.

SK hynix Inc. and Subsidiaries
Consolidated Interim Statements of Changes in Equity
Six-month periods ended June 30, 2025 and 2024 (Unaudited)

(In millions of Korean won)	Notes	Attributable to owners of the Parent Company: 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 period		-	-	-	-	6,039,530	6,039,530	(2,488)	6,037,042
Remeasurements of defined benefit liability, net of tax	17	-	-	-	-	(54,180)	(54,180)	-	(54,180)
Other comprehensive income of associate, net of tax	10	-	-	-	81,857	-	81,857	-	81,857
Loss on valuation of derivatives, net of tax	18	-	-	-	(5,326)	-	(5,326)	-	(5,326)
Foreign currency translation differences for foreign operations, net of tax		-	-	-	595,621	-	595,621	1,057	596,678
Total comprehensive income (loss) for the period		-	-	-	672,152	5,985,350	6,657,502	(1,431)	6,656,071
Transactions with owners of the Parent Company:									
Dividends paid	20	-	-	-	-	(413,026)	(413,026)	-	(413,026)
Issue of shares of subsidiaries		-	-	-	-	-	-	1,315	1,315
Disposal of treasury shares	19	-	28,427	27,307	-	-	55,734	-	55,734
Share-based payment transactions	31	-	19,129	9,679	-	-	28,808	(2,634)	26,174
Total transactions with owners of the Parent Company		-	47,556	36,986	-	(413,026)	(328,484)	(1,319)	(329,803)
Balance at June 30, 2024		₩ 3,657,652	₩ 4,420,115	₩ (2,232,308)	₩ 1,686,207	₩ 52,301,637	₩ 59,833,303	₩ (3,283)	₩ 59,830,020

See accompanying notes to the condensed consolidated interim financial statements.

SK hynix Inc. and Subsidiaries
Consolidated Interim Statements of Changes in Equity, Continued
Six-month periods ended June 30, 2025 and 2024 (Unaudited)

(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, 2025		₩ 3,657,652	₩ 4,487,123	₩ (2,191,549)	₩ 2,532,107	₩ 65,418,061	₩ 73,903,394	₩ 12,310	₩ 73,915,704
Comprehensive income (loss):									
Profit for the period		-	-	-	-	15,104,309	15,104,309	102	15,104,411
Remeasurements of defined benefit liability, net of tax	17	-	-	-	-	(5,350)	(5,350)	-	(5,350)
Other comprehensive loss of associate, net of tax	10	-	-	-	(102,261)	-	(102,261)	-	(102,261)
Loss on valuation of derivatives, net of tax	18	-	-	-	(4,785)	-	(4,785)	-	(4,785)
Foreign currency translation differences for foreign operations, net of tax		-	-	-	(934,825)	-	(934,825)	1,206	(933,619)
Total comprehensive income (loss) for the period		-	-	-	(1,041,871)	15,098,959	14,057,088	1,308	14,058,396
Transactions with owners of the Parent Company:									
Changes in ownership in subsidiaries		-	64,562	-	-	-	64,562	-	64,562
Dividends paid	20	-	-	-	-	(1,159,114)	(1,159,114)	-	(1,159,114)
Disposal of treasury shares	19	-	150,654	78,296	-	-	228,950	-	228,950
Changes in consolidation scope		-	-	-	-	-	-	315	315
Share-based payment transactions	31	-	23,266	9,014	-	-	32,280	1,392	33,672
Total transactions with owners of the Parent Company		-	238,482	87,310	-	(1,159,114)	(833,322)	1,707	(831,615)
Balance at June 30, 2025		₩ 3,657,652	₩ 4,725,605	₩ (2,104,239)	₩ 1,490,236	₩ 79,357,906	₩ 87,127,160	₩ 15,325	₩ 87,142,485

See accompanying notes to the condensed consolidated interim financial statements.

SK hynix Inc. and Subsidiaries
Consolidated Interim Statements of Cash Flows
Six-month periods ended June 30, 2025 and 2024 (Unaudited)

(In millions of Korean won)

	Note		2025		2024
Cash flows from operating activities					
Cash generated from operating activities	30	₩	21,728,137	₩	11,682,485
Interest received			180,200		155,789
Interest paid			(494,127)		(710,309)
Dividends received			25,932		28,643
Income tax paid			(3,250,301)		(141,107)
Net cash provided by operating activities			18,189,841		11,015,501
Cash flows from investing activities					
Decrease in short-term financial instruments			3,642,179		719,929
Increase in short-term financial instruments			(7,557,759)		(826,345)
Increase in short-term investment assets, net			(954,531)		(235,470)
Decrease in other financial assets			796		-
Increase in other financial assets			(2,305)		(4,757)
Decrease in loans and other receivables			22,740		20,216
Increase in loans and other receivables			(9,500)		(45,100)
Proceeds from disposal of long-term investment assets			274,060		1,774
Acquisition of long-term investment assets			(10,197)		(9,238)
Proceeds from disposal of property, plant and equipment			75,170		-
Acquisitions of property, plant and equipment			(10,615,739)		(5,166,120)
Proceeds from disposal of intangible assets			2,137		-
Acquisitions of intangible assets			(460,437)		(257,639)
Proceeds from disposal of investments in associates			7,726		9,867
Acquisition of investments in associates			(4,500)		(17,840)
Cash outflow from business combination	29		(3,079,783)		-
Others			-		36,144
Net cash used in investing activities			(18,669,943)		(5,774,579)
Cash flows from financing activities					
Proceeds from borrowings			3,175,749		6,076,256
Repayments of borrowings			(3,014,365)		(10,460,595)
Repayments of lease liabilities			(301,734)		(309,886)
Dividends paid			(1,159,114)		(413,026)
Issue of shares by subsidiaries and changes in ownership in the subsidiaries			-		1,315
Disposal of treasury shares			28,560		73,032
Others			8		-
Net cash used in financing activities			(1,270,896)		(5,032,904)
Effects of exchange rate changes on cash and cash equivalents			(332,862)		221,381
Classification as held for sale			(45,946)		(82,899)
Net Increase (decrease) in cash and cash equivalents			(2,129,806)		346,500
Cash and cash equivalents at the beginning of the period			11,205,117		7,587,329
Cash and cash equivalents at the end of the period		₩	9,075,311	₩	7,933,829

See accompanying notes to condensed consolidated interim financial statements.

1. General Information

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

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

As of June 30, 2025, the shareholders of the Parent Company are as follows:

Shareholder	Number of shares	Percentage of ownership (%)
SK Square Co., Ltd.	146,100,000	20.07
Other investors	544,312,123	74.77
Treasury shares[1]	37,590,242	5.16
	728,002,365	100.00

[1] Treasury shares include 20,139,289 shares deposited with the Korea Securities Depository due to the issuance of exchangeable bonds. Excluding these, the number of treasury shares is 17,450,953 (equivalent to 2.40% of ownership interest).

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

1. General Information, Continued

(2) Details of the Group's consolidated subsidiaries as of June 30, 2025 and December 31, 2024 are as follows:

Company	Controlling company	Location	Business	Ownership (%) 2025	Ownership (%) 2024
SK hyeng Inc.	SK hynix Inc.	Korea	Construction and service	100.00	100.00
SK hystec Inc.	SK hynix Inc.	Korea	Business support and service	100.00	100.00
Happymore Inc.	SK hynix Inc.	Korea	Semiconductor apparel manufacturing, baking and services	100.00	100.00
SK hynix system ic Inc.	SK hynix Inc.	Korea	Semiconductor research and development and business support	100.00	100.00
HappyNarae Co., Ltd.	SK hynix Inc.	Korea	Industrial material supply	100.00	100.00
SK Keyfoundry Inc.	SK hynix Inc.	Korea	Semiconductor sales, manufacturing and others	100.00	100.00
SK hynix America Inc.	SK hynix Inc.	U.S.A	Semiconductor sales	100.00	100.00
SK hynix Deutschland GmbH	SK hynix Inc.	Germany	Semiconductor sales	100.00	100.00
SK hynix Asia Pte. Ltd.	SK hynix Inc.	Singapore	Semiconductor sales	100.00	100.00
SK hynix Semiconductor Hong Kong Ltd.	SK hynix Inc.	Hong kong	Semiconductor sales	100.00	100.00
SK hynix U.K. Ltd.	SK hynix Inc.	U.K.	Semiconductor sales	100.00	100.00
SK hynix Semiconductor Taiwan Inc.	SK hynix Inc.	Taiwan	Semiconductor sales	100.00	100.00
SK hynix Japan Inc.	SK hynix Inc.	Japan	Semiconductor sales	100.00	100.00
SK hynix (Wuxi) Semiconductor Sales Ltd.	SK hynix Inc.	China	Semiconductor sales	100.00	100.00
SK hynix Semiconductor (China) Ltd.	SK hynix Inc.	China	Semiconductor manufacturing	100.00	100.00
SK hynix memory solutions Taiwan Ltd.	SK hynix Inc.	Taiwan	Semiconductor research and development	100.00	100.00
SK APTECH Ltd.	SK hynix Inc.	Hong kong	Overseas investment	100.00	100.00
SK hynix Ventures Hong Kong Ltd.	SK hynix Inc.	Hong kong	Overseas investment	100.00	100.00
Gauss Labs Inc.[1]	SK hynix Inc.	U.S.A	Information and Communications Industry	97.39	98.17
SK hynix NAND Product Solutions Corp.[1]	SK hynix Inc.	U.S.A	Semiconductor sales, research and development and others	98.07	98.49
SK hynix Semiconductor (Dalian) Co., Ltd.	SK hynix Inc.	China	Semiconductor manufacturing	100.00	100.00
SK hynix memory solutions Poland sp. z o.o.	SK hynix Inc.	Poland	Semiconductor research and development	100.00	100.00
SK Keyfoundry America Inc.	SK Keyfoundry Inc.	U.S.A	Semiconductor sales	100.00	100.00
SK Keyfoundry Shanghai Co., Ltd.	SK Keyfoundry Inc.	China	Semiconductor sales	100.00	100.00
SK Powertech Co., Ltd.[2]	SK Keyfoundry Inc.	Korea	Semiconductor manufacturing	98.59	-
SkyHigh Memory Limited[3]	SK hynix system ic Inc.	Hong kong	Semiconductor manufacturing and sales	100.00	60.00

1. General Information, Continued

(2) Details of the Group's consolidated subsidiaries as of June 30, 2025 and December 31, 2024 are as follows, Continued:

Company	Controlling company	Location	Business	Ownership (%) 2025	Ownership (%) 2024
SUZHOU HAPPYNARAE Co., Ltd.	HappyNarae Co., Ltd.	China	Overseas industrial material supply	100.00	100.00
HappyNarae America LLC	HappyNarae Co., Ltd.	U.S.A	Overseas industrial material supply	100.00	100.00
HappyNarae Hungary Kft	HappyNarae Co., Ltd.	Hungary	Overseas industrial material supply	100.00	100.00
SK hynix Semiconductor (Chongqing) Ltd.	SK APTECH Ltd.	China	Semiconductor manufacturing	100.00	100.00
SK hynix (Wuxi) Education Service Development Co., Ltd.	SK hynix (Wuxi) Education Technology Co., Ltd.	China	Overseas education	100.00	100.00
SK hynix (Wuxi) Industry Development Ltd.	SK hynix (Wuxi) Investment Ltd.	China	Foreign hospital construction	100.00	100.00
SK hynix Happiness (Wuxi) Hospital Management Ltd.	SK hynix (Wuxi) Investment Ltd.	China	Foreign hospital operation	70.00	70.00
SK hynix cleaning (Wuxi) Ltd.	SK hynix (Wuxi) Investment Ltd.	China	Building maintenance and others	100.00	100.00
SK hynix (Wuxi) Education Technology Co., Ltd.	SK hynix (Wuxi) Investment Ltd.	China	Overseas education	100.00	100.00
SK hynix Semiconductor West Lafayette LLC	SK hynix America Inc.	U.S.A	Semiconductor manufacturing	100.00	100.00
SK hynix memory solutions America Inc.[4]	SK hynix America Inc.	U.S.A	Semiconductor research and development	100.00	98.49
SK hynix Semiconductor India Private Ltd.	SK hynix Asia Pte. Ltd.	India	Semiconductor sales	100.00	100.00
SK hynix NAND Product Solutions Taiwan Co., Ltd.[1]	SK hynix NAND Product Solutions Corp.	Taiwan	Semiconductor research and development and sales	98.07	98.49
SK hynix NAND Product Solutions Canada Ltd.[1]	SK hynix NAND Product Solutions Corp.	Canada	Semiconductor research and development	98.07	98.49
SK hynix NAND Product Solutions Mexico, S. DE R.L. DE C.V.[1]	SK hynix NAND Product Solutions Corp.	Mexico	Semiconductor research and development	98.07	98.49
SK hynix NAND Product Solutions UK Limited[1]	SK hynix NAND Product Solutions Corp.	U.K.	Semiconductor sales	98.07	98.49
SK hynix NAND Product Solutions Israel Ltd.[1]	SK hynix NAND Product Solutions Corp.	Israel	Semiconductor sales	98.07	98.49
SK hynix NAND Product Solutions Japan G.K.[5]	SK hynix NAND Product Solutions Corp.	Japan	Semiconductor sales	-	98.49
SK hynix NAND Product Solutions International LLC[1]	SK hynix NAND Product Solutions Corp.	U.S.A	Semiconductor sales	98.07	98.49
SK hynix NAND Product Solutions Asia Pacific LLC[1]	SK hynix NAND Product Solutions Corp.	U.S.A	Semiconductor sales	98.07	98.49
SK hynix NAND Product Solutions Singapore Pte. Ltd.[1]	SK hynix NAND Product Solutions Corp.	Singapore	Semiconductor sales	98.07	98.49
SK hynix NAND Product Solutions Malaysia Sdn. Bhd.[1]	SK hynix NAND Product Solutions Corp.	Malaysia	Semiconductor sales	98.07	98.49
SK HYNIX NAND PRODUCT SOLUTIONS POLAND sp. z o.o.[1]	SK hynix NAND Product Solutions Corp.	Poland	Semiconductor research and development	98.07	98.49
SK hynix NAND Product Solutions (Beijing) Co., Ltd.[1]	SK hynix NAND Product Solutions Corp.	China	Semiconductor sales	98.07	98.49

1. General Information, Continued

(2) Details of the Group's consolidated subsidiaries as of June 30, 2025 and December 31, 2024 are as follows, Continued:

Company	Controlling company	Location	Business	Ownership (%) 2025	Ownership (%) 2024
SK Hynix NAND Product Solutions (Shanghai) Co., Ltd.[1]	SK hynix NAND Product Solutions Corp.	China	Semiconductor research and development	98.07	98.49
Intel NDTM US LLC.[6]	SK hynix NAND Product Solutions Corp.	U.S.A	Semiconductor research and development	98.07	-
SK hynix (Wuxi) Investment Ltd.	SK hynix Semiconductor (China) Ltd.	China	Overseas investment	100.00	100.00
Intel Semiconductor Storage Technology (Dalian) Ltd.[6]	SK hynix Semiconductor (Dalian) Co., Ltd.	China	Semiconductor manufacturing support	100.00	-
SkyHigh Memory China Limited [3]	SkyHigh Memory Limited	China	Semiconductor sales	100.00	60.00
SkyHigh Memory Limited Japan[3]	SkyHigh Memory Limited	Japan	Semiconductor sales	100.00	60.00
CHONGQING HAPPYNARAE Co., Ltd.	SUZHOU HAPPYNARAE Co., Ltd.	China	Overseas industrial material supply	100.00	100.00
MMT (Money Market Trust)	-	Korea	Money Market Trust	100.00	100.00

[1] The Group's ownership interest decreased due to exercise of stock options by the employees of SK hynix NAND Product solutions Corp. and its subsidiary during the year ended June 30, 2025.
[2] SK Powertech was included in the Group's consolidated subsidiary through acquisition during the six-month period ended June 30, 2025.
[3] Ownership interest increased upon acquisition of non-controlling interest during the six-month period ended June 30, 2025.
[4] SK hynix NAND Product Solutions Corp. transferred its shares to SK hynix America Inc. during the six-month period ended June 30, 2025.
[5] Liquidation is completed during the six-month period ended June 30, 2025.
[6] The Group acquired ownership through the 2nd Closing of Intel NAND business acquisition during the six-month period ended June 30, 2025.

1. General Information, Continued

(3) Changes in the Group's consolidated subsidiaries for the six-month period ended June 30, 2025 are as follows:

Type	Company	Reason
Addition	SK Powertech Co., Ltd.	Acquisition
Derecognition	SK hynix NAND Product Solutions Japan G.K.	Liquidation

(4) Major subsidiaries' summarized statements of financial position as of June 30, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

	June 30, 2025			December 31, 2024		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
SK hynix America Inc.	₩ 9,745,500	₩ 8,612,112	₩ 1,133,388	₩ 9,315,588	₩ 8,390,431	₩ 925,157
SK hynix Asia Pte. Ltd.	410,048	281,086	128,962	525,064	387,897	137,167
SK hynix Semiconductor Hong Kong Ltd.	375,457	173,238	202,219	285,057	67,108	217,949
SK hynix U.K. Ltd.	306,542	270,795	35,747	277,089	240,478	36,611
SK hynix Semiconductor Taiwan Inc.	718,517	687,554	30,963	597,357	566,553	30,804
SK hynix (Wuxi) Semiconductor Sales Ltd.	2,083,114	1,288,968	794,146	1,600,577	812,029	788,548
SK hynix Semiconductor (China) Ltd.	8,829,231	1,415,730	7,413,501	9,858,883	2,507,527	7,351,356
SK hynix Semiconductor (Chongqing) Ltd.	1,232,304	141,388	1,090,916	1,272,156	152,172	1,119,984
SK hynix NAND Product Solutions Corp. and subsidiaries	11,223,234	10,835,137	388,097	14,116,862	13,808,944	307,918

(5) Major subsidiaries' summarized statements of comprehensive income (loss) for the six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)

	2025		2024	
	Revenue	Net profit	Revenue	Net profit (loss)
SK hynix America Inc.	₩ 24,749,336	₩ 146,925	₩ 12,187,814	₩ 165,208
SK hynix Asia Pte. Ltd.	1,080,044	2,479	1,073,181	2,178
SK hynix Semiconductor Hong Kong Ltd.	1,122,017	3,466	1,248,370	2,807
SK hynix U.K. Ltd.	618,495	2,068	600,072	3,309
SK hynix Semiconductor Taiwan Inc.	1,409,925	4,332	1,211,110	615
SK hynix (Wuxi) Semiconductor Sales Ltd.	6,184,287	55,133	7,132,549	81,707
SK hynix Semiconductor (China) Ltd.	2,908,384	494,991	2,662,430	119,474
SK hynix Semiconductor (Chongqing) Ltd.	436,991	39,829	589,162	52,325
SK hynix NAND Product Solutions Corp. and subsidiaries	3,355,653	132,068	3,976,348	(70,950)

(6) There are no significant non-controlling interests to the Group as of June 30, 2025 and December 31, 2024.

2. Material Accounting Policies

2.1 Basis of Consolidated Interim 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 interim financial statements have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These consolidated interim financial statements have been prepared in accordance with Korean IFRS which is effective or early adopted as of June 30, 2025.

2.1.1 New and amended standards or interpretations adopted by the Group

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

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

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

2. Material Accounting Policies, Continued

2.1.2 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 June 30, 2025 reporting periods and have not been early adopted by the Group.

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

The amendments to Korean IFRS 1109 Financial Instruments and Korean IFRS 1107 Financial Instruments: Disclosures have been amended to respond to recent questions arising in practice, and to include new requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

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

(b) Annual Improvements to Korean IFRS -Volume 11

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

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

2. Material Accounting Policies, Continued

2.2 Accounting Policies

Material accounting policies and measurement methods used in the preparation of the consolidated interim financial statements are consistent with those of the consolidated annual financial statements for the year ended December 31, 2024, except for the changes due to the application of amendments and enactments of standards described in Note 2.1.1 and as described below.

2.2.1 Income tax expense

Income tax expense for the interim period is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual effective income tax rate is applied to the pre-tax income for the interim period.

The Group is subject to the Global Minimum Tax (Pillar Two). The Group did not recognize any additional income tax expenses in relation to Pillar Two during the six-month period ended June 30, 2025 and applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

3. Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The estimates and assumptions are continuously assessed, considering historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These resulting accounting estimates may differ from the actual results.

Critical accounting estimates and assumptions made in the preparation of these consolidated interim financial statements are consistent with those applied in the preparation of the consolidated annual financial statements for the year ended December 31, 2024, except for the estimates used to determine the income tax expense.

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, deferred tax assets and others) information by region based on the location of the Parent Company and its subsidiaries as of June 30, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

		June 30, 2025		December 31, 2024
Korea	₩	60,980,690	₩	54,926,692
China		10,577,840		12,415,083
Asia (other than China)		16,792		19,044
U.S.A.		648,945		627,323
Europe		3,083		3,647
	₩	72,227,350	₩	67,991,789

(2) For the six-month period ended June 30, 2025, revenue of ₩10,890,639 million, over 10% of the Group's revenue, is derived from an external customer A (for the six-month period ended June 30, 2024: ₩3,063,670 million).

5. Carrying Amounts of Financial Instruments by Categories

(1) Carrying amounts of financial assets by categories as of June 30, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

	June 30, 2025				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income or loss	Financial assets at amortized cost	Others	Total
Cash and cash equivalents	₩ -	₩ -	₩ 9,075,311	₩ -	₩ 9,075,311
Short-term financial instruments	222,500	-	5,997,183	-	6,219,683
Short-term investment assets	1,667,287	-	-	-	1,667,287
Trade receivables[1]	-	978,998	12,146,212	-	13,125,210
Loans and other receivables	-	-	565,833	-	565,833
Other financial assets	-	-	114,950	131,706	246,656
Long-term investment assets	5,831,061	-	-	-	5,831,061
	₩ 7,720,848	₩ 978,998	₩ 27,899,489	₩ 131,706	₩ 36,731,041

[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, 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.

5. Carrying Amounts of Financial Instruments by Categories, Continued

(2) Carrying amounts of financial liabilities by categories as of June 30, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

	June 30, 2025			
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Others	Total
Trade payables	₩ -	₩ 1,862,417	₩ -	₩ 1,862,417
Other payables	-	4,705,656	-	4,705,656
Other non-trade payables[1]	-	1,392,792	-	1,392,792
Borrowings[2]	-	21,841,038	-	21,841,038
Lease liabilities	-	2,528,133	-	2,528,133
Other financial liabilities	1,595,566	1,713	6,990	1,604,269
	₩ 1,595,566	₩ 32,331,749	₩ 6,990	₩ 33,934,305

[1] Among other non-trade payables, employee benefits liabilities that correspond to the Group's obligations under the employee benefit plan were excluded because they were not subject to disclosure of financial instruments.
[2] The Group 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 June 30, 2025.

(In millions of Korean won)

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

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

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 consolidated interim financial statements do not include all the financial risk management policies and disclosures that are required in the consolidated annual financial statements; therefore, see the consolidated annual financial statements for full disclosure. There were no significant changes in risk management department and risk management policies subsequent to December 31, 2024.

(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 June 30, 2025 are as follows:

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

	Assets		Liabilities	
	Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
USD	19,969	₩ 27,086,329	14,236	₩ 19,309,569
JPY	128	1,199	105,930	994,664
CNY	730	138,029	1,111	210,221
EUR	14	22,558	617	982,493

Also, as described in Note 18, the Group entered into a currency swap contract and a currency interest rate swap contract to hedge interest rate risk and currency risk of foreign currency denominated bonds and borrowings.

When the exchange rate of the functional currency for each foreign currency fluctuates by 10% as of June 30, 2025, 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	₩ 904,645	₩ (904,645)
JPY	(99,346)	99,346
CNY	(7,219)	7,219
EUR	(95,993)	95,993

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 June 30, 2025. The Group has signed a currency interest rate swap contract on floating interest rate borrowings in foreign currency amount to ₩254,325 million and an interest rate swap contract on floating interest rate borrowings in local currency of ₩411,600 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 six-month period ended June 30, 2025.

As of June 30, 2025, if interest rates on borrowings and financial assets had been 100 basis points higher/lower with all other variables held constant, profit before income tax would have been ₩24,348 million(2024: ₩33,600 million) lower/higher over the next year, mainly as a result of higher/lower net interest costs on floating-rate borrowings and interest income on floating-rate financial assets.

(iii) Price risk
The Group invests in equity and debt securities resulted from its business needs and the purpose of liquidity management. The Group’s equity and debt securities are exposed to price risk as of June 30, 2025.

(b) Credit risk

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

6. Financial Risk Management, Continued

(1) Financial risk management, Continued

(b) Credit risk, Continued

(i) Trade and other receivables
For each new customer, the Group individually analyzes its 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 credit worthiness and securing collaterals in order to limit its credit risk exposure.

The Group reviews at the end of each reporting period whether trade and other receivables are impaired and maintains credit insurance policies to manage credit risk exposure from oversea customers. The extent of the Group's exposure to credit risk as of June 30, 2025 is equal to the carrying amount of trade and other receivables.

(ii) Other financial assets
Credit risk also arises from other financial assets such as cash and cash equivalents, short-term financial instruments, short-term and long-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 June 30, 2025 is the carrying amount of those financial assets. The Group deposits cash and cash equivalents, short-term financial instruments and others in several financial institutions, and transacts only with banks and financial institutions with high credit ratings. Accordingly, management does not expect any significant loss from non-performance by the counterparties.

(c) Liquidity risk

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

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

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 June 30, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

		June 30, 2025		December 31, 2024
Total liabilities (A)	₩	41,945,296	₩	45,939,505
Total equity (B)		87,142,485		73,915,704
Cash and cash equivalents, and others[1] (C)		16,962,281		14,156,363
Total borrowings (D)		21,841,038		22,683,733
Debt-to-equity ratio (A/B)		48.13%		62.15%
Net borrowing ratio (D-C)/B		5.60%		11.54%

[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 June 30, 2025.

(3) Fair value

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

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

6. Financial Risk Management, Continued

(3) Fair value, Continued

(a) The following table presents the Group's carrying amounts and fair values of financial instruments by categories, including their levels in the fair value hierarchy, as of June 30, 2025 and December 31, 2024:

(In millions of Korean won)

	Carrying amounts	June 30, 2025 Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Short-term financial instruments	₩ 222,500	₩ -	₩ -	₩ 222,500	₩ 222,500
Short-term investment assets	1,667,287	-	1,667,287	-	1,667,287
Trade receivables[1]	978,998	-	978,998	-	978,998
Long-term investment assets	5,831,061	-	-	5,831,061	5,831,061
Other financial assets	131,706	-	131,706	-	131,706
	8,831,552	-	2,777,991	6,053,561	8,831,552
Financial assets not measured at fair value					
Cash and cash equivalents[2]	9,075,311	-	-	-	-
Short-term financial instruments[2]	5,997,183	-	-	-	-
Trade receivables[2]	12,146,212	-	-	-	-
Loans and other receivables[2]	565,833	-	-	-	-
Other financial assets[2]	114,950	-	-	-	-
	27,899,489	-	-	-	-
Total financial asset	₩ 36,731,041	₩ -	₩ 2,777,991	₩ 6,053,561	₩ 8,831,552
Financial liabilities measured at fair value					
Other financial liabilities	₩ 1,602,556	₩ -	₩ 1,602,556	₩ -	₩ 1,602,556
Financial liabilities not measured at fair value					
Trade payables[2]	1,862,417	-	-	-	-
Other payables[2]	4,705,656	-	-	-	-
Other non-trade payables[2]	1,392,792	-	-	-	-
Borrowings	21,841,038	-	21,813,748	-	21,813,748
Lease liabilities[2]	2,528,133	-	-	-	-
Other financial liabilities[2]	1,713	-	-	-	-
	32,331,749	-	21,813,748	-	21,813,748
Total financial liabilities	₩ 33,934,305	₩ -	₩ 23,416,304	₩ -	₩ 23,416,304

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

6. Financial Risk Management, Continued

(3) Fair value, Continued

(a) The following table presents the Group's carrying amounts and fair values of financial instruments by categories, including their levels in the fair value hierarchy, as of June 30, 2025 and December 31, 2024, Continued:

(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
Financial liabilities not measured at fair value					
Trade payables[2]	2,277,347	-	-	-	-
Other payables[2]	7,444,040	-	-	-	-
Other non-trade payables[2]	1,387,034	-	-	-	-
Borrowings	22,683,733	-	22,604,615	-	22,604,615
Lease liabilities[2]	2,768,376	-	-	-	-
Other financial liabilities[2]	2,100	-	-	-	-
	36,562,630	-	22,604,615	-	22,604,615
Total financial liabilities	₩ 38,308,026	₩ -	₩ 24,350,011	₩ -	₩ 24,350,011

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

6. Financial Risk Management, Continued

(3) Fair value, Continued

(b) Valuation Techniques

The valuation techniques used to measure financial instruments with fair value level 2 and level 3 are the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2024.

(c) There was no transfer between fair value hierarchy levels for the six-month period ended June 30, 2025. The changes in financial assets classified as level 3 fair value measurements for the six-month period ended June 30, 2025 are as follows:

(In millions of Korean won)

		Beginning Balance	Acquisition	Disposals	Gain on Valuation	Foreign Exchange Difference		Ending Balance
Financial assets:								
Short-term financial instruments	₩	222,500	-	-	-	-	₩	222,500
Long-term investment assets	₩	4,041,276	9,315	(253,419)	2,124,784	(90,895)	₩	5,831,061

7. Trade Receivables and Loans and Other Receivables

(1) Details of loans and other receivables as of June 30, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

		June 30, 2025		December 31, 2024
Current				
Other receivables	₩	89,255	₩	215,385
Accrued income		28,505		27,519
Short-term loans		13,241		13,462
Short-term guarantee and other deposits		31,116		36,695
		162,117		293,061
Non-current				
Long-term other receivables		88,300		95,122
Long-term loans		165,048		193,487
Guarantee deposits		150,121		155,409
Others		247		268
		403,716		444,286
	₩	565,833	₩	737,347

(2) Trade receivables and loans and other receivables, net of provision for impairment, as of June 30, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

	June 30, 2025					
		Gross amount		Provision for impairment		Carrying amount
Trade receivables	₩	13,127,856	₩	(2,646)	₩	13,125,210
Current loans and other receivables		162,117		-		162,117
Non-current loans and other receivables		404,585		(869)		403,716
	₩	13,694,558	₩	(3,515)	₩	13,691,043

(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

8. Inventories

Details of inventories as of June 30, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

	June 30, 2025		
	Acquisition cost	Inventory valuation allowance	Carrying amount
Merchandise	₩ 29,739	₩ (9,135)	₩ 20,604
Finished goods	2,398,192	(385,657)	2,012,535
Work-in-process	9,703,979	(360,534)	9,343,445
Raw materials	1,382,301	(39,363)	1,342,938
Supplies	700,570	(122,232)	578,338
Goods in transit	110,473	-	110,473
	₩ 14,325,254	₩ (916,921)	₩ 13,408,333

(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

9. Other Current and Non-current Assets

Details of other current and non-current assets as of June 30, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

	June 30, 2025	December 31, 2024
Current		
Advance payments	₩ 73,148	₩ 62,928
Prepaid expenses	362,038	247,166
Value added tax refundable	680,068	937,926
Contract assets	143,068	123,894
Others	4,007	21,830
	1,262,329	1,393,744
Non-current		
Long-term advance payments	96,966	113,564
Long-term prepaid expenses	35,632	25,997
Others	27,784	34,581
	160,382	174,142
	₩ 1,422,711	₩ 1,567,886

10. Investments in Associates and Joint Ventures

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

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

[1] Management of the Group is able to exercise significant influence over the entity by participating the Board of Directors. Accordingly, the investment has been classified as an associate.
[2] The Group is able to exercise significant influence through its right to appoint a director to the Board of Directors of investee. Accordingly, the investment has been classified as an associate.
[3] It has been classified to a joint venture as it is stated in the agreement that unanimous vote is required for relevant activities.
[4] Net asset share amount and carrying amount of SK hynix system ic (Wuxi) Co., Ltd. were prepared based on the consolidated financial statements including Hystars Semiconductor (Wuxi) Co., Ltd.
[5] The Group disposed 49.9% of its shares of SK hynix system ic (Wuxi) Co., Ltd. and lost control over SK hynix system ic (Wuxi) Co., Ltd. based on the agreement that major decisions of SK hynix system ic (Wuxi) Co., Ltd. require the approval of more than two-thirds of the shareholders during the year ended December 31, 2024. The fair value of remaining shares has been recognized as an investment in a joint venture.
[6] The principal amount of ₩ 2,700 million was collected during the six-month period ended June 30, 2025.

10. Investments in Associates and Joint Ventures, Continued

(2) Details of investments in associates and joint ventures as of June 30, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

	June 30, 2025			December 31, 2024	
Investee	Ownership(%)	Net asset value	Carrying amount	Ownership (%)	Carrying amount
Associates:					
SK China Company Limited	11.87	₩ 367,012	₩ 419,609	11.87	₩ 456,471
SK South East Asia Investment Pte. Ltd.	20.00	350,853	350,853	20.00	401,843
SiFive, Inc.	6.81	11,328	11,328	6.81	18,311
Wuxi xinfa IC industry park., Ltd.	30.00	44,126	44,126	30.00	44,895
Others		163,201	173,010		131,978
Joint ventures:					
HITECH Semiconductor (Wuxi) Co., Ltd.	45.00	136,656	132,192	45.00	157,255
SK hynix system ic (Wuxi) Co., Ltd.	50.10	47,846	622,062	50.10	688,702
Specialized Investment-type Private Equity Investment Trust For Growth Of Semiconductor	33.33	11,143	11,143	33.33	11,237
Specialized Investment-type Private Equity Investment Trust For Win-win System Semiconductor	37.50	19,684	19,684	37.50	22,459
Others		7,480	7,480		7,512
		₩ 1,159,329	₩ 1,791,487		₩ 1,940,663

(3) Changes in investments in associates and joint ventures for the six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)

	2025						
	Beginning balance	Acquisition	Share of profit (loss)	Other equity movement	Dividend	Recovery of principal	Ending balance
SK China Company Limited	₩ 456,471	₩ -	₩ 2,074	₩ (38,936)	₩ -	₩ -	₩ 419,609
SK South East Asia Investment Pte. Ltd.	401,843	-	(15,738)	(35,252)	-	-	350,853
SiFive, Inc.	18,311	-	(7,056)	73	-	-	11,328
Wuxi xinfa IC industry park., Ltd.	44,895	-	1,922	(2,691)	-	-	44,126
HITECH Semiconductor (Wuxi) Co., Ltd.	157,255	-	5,861	(12,452)	(18,472)	-	132,192
SK hynix system ic (Wuxi) Co., Ltd.	688,702	-	(62,075)	(4,565)	-	-	622,062
Specialized Investment-type Private Equity Investment Trust For Growth Of Semiconductor	11,237	-	73	(167)	-	-	11,143
Specialized Investment-type Private Equity Investment Trust For Win-win System Semiconductor	22,459	-	(75)	-	-	(2,700)	19,684
Others	139,490	4,500	51,217	(8,271)	(1,420)	(5,026)	180,490
	₩ 1,940,663	₩ 4,500	₩ (23,797)	₩ (102,261)	₩ (19,892)	₩ (7,726)	₩ 1,791,487

10. Investments in Associates and Joint Ventures, Continued

(3) Changes in investments in associates and joint ventures for the six-month periods ended June 30, 2025 and 2024 are as follows, Continued:

(In millions of Korean won)

	2024						
	Beginning balance	Acquisition	Share of profit (loss)	Other equity movement	Dividend	Recovery of principal	Ending balance
SK China Company Limited	₩ 408,230	₩ -	₩ 1,343	₩ 21,407	₩ -	₩ -	₩ 430,980
SK South East Asia Investment Pte. Ltd.	351,923	-	1,187	26,556	-	-	379,666
SiFive, Inc.	53,277	-	(8,923)	3,199	-	-	47,553
Wuxi xinfa IC industry park., Ltd.	42,458	-	(786)	2,235	-	-	43,907
HITECH Semiconductor (Wuxi) Co., Ltd.	137,655	-	10,760	10,466	(16,992)	-	141,889
Hystars Semiconductor (Wuxi) Co., Ltd.	220,373	-	600	11,614	-	-	232,587
Specialized Investment-type Private Equity Investment Trust For Growth Of Semiconductor	19,283	-	2,933	(65)	(2,099)	(5,902)	14,150
Specialized Investment-type Private Equity Investment Trust For Win-win System Semiconductor	29,779	-	58	143	-	-	29,980
Others	104,370	17,840	(229)	6,302	(654)	(3,964)	123,665
	₩ 1,367,348	₩ 17,840	₩ 6,943	₩ 81,857	₩ (19,745)	₩ (9,866)	₩ 1,444,377

10. Investments in Associates and Joint Ventures, Continued

(4) Major associates and joint ventures' summarized financial information as of June 30, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

	June 30, 2025			
	Current assets	Non-current assets	Current liabilities	Non-current liabilities
SK China Company Limited	₩ 1,691,379	₩ 1,747,589	₩ 70,449	₩ 275,567
SK South East Asia Investment Pte. Ltd.	1,040,664	1,052,353	250,407	30,567
HITECH Semiconductor (Wuxi) Co., Ltd.	276,017	272,095	127,775	116,658
SK hynix system ic (Wuxi) Co., Ltd.	317,208	1,191,810	866,648	556,566

(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.	456,634	1,361,701	1,011,649	585,647

(5) Major associates and joint ventures' summarized financial information for the six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)

	2025		2024	
	Revenue	Net profit (loss)	Revenue	Net profit
SK China Company Limited	₩ 32,097	₩ 26,204	₩ 14,951	₩ 11,316
SK South East Asia Investment Pte. Ltd.	798,677	(15,183)	205	5,935
HITECH Semiconductor (Wuxi) Co., Ltd.	367,516	25,536	326,758	26,474
SK hynix system ic (Wuxi) Co., Ltd. [1]	177,417	(123,867)	-	-
Hystars Semiconductor (Wuxi) Co., Ltd. [1]	-	-	13,545	1,197

[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.

11. Property, Plant and Equipment

(1) Changes in property, plant and equipment for the six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Beginning balance	₩	60,157,474	₩	52,704,853
Acquisition		11,249,168		5,967,106
Disposal and retirement		(50,281)		(6,684)
Depreciation		(6,153,025)		(5,810,184)
Transfers		7,457		(5,683)
Foreign exchange difference, etc.		(776,924)		852,855
Transfer to current assets held for sale		(2,195)		(470,271)
Business combination		41,259		-
Ending balance	₩	64,472,933	₩	53,231,992

(2) Certain property, plant and equipment are pledged as collaterals for borrowings of the Group as of June 30, 2025 (see note 29).

12. Leases

(1) Changes in right-of-use assets for the six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Beginning balance	₩	2,486,871	₩	2,694,844
Acquisition		124,420		143,582
Termination		(2,437)		-
Depreciation		(220,120)		(231,554)
Foreign exchange difference		(37,858)		41,542
Transfer to current assets held for sale		(1,262)		(139,031)
Ending balance	₩	2,349,614	₩	2,509,383

(2) Changes in lease liabilities for the six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Beginning balance	₩	2,768,376	₩	3,029,874
Acquisition		124,497		143,582
Termination		(2,283)		-
Interest expenses		48,403		54,227
Payments		(326,865)		(325,151)
Foreign exchange difference		(82,724)		98,271
Transfer to current liabilities held for sale		(1,271)		(148,966)
Others		-		178
Ending balance	₩	2,528,133	₩	2,852,015

13. Intangible Assets

Changes in intangible assets for the six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Beginning balance	₩	4,018,847	₩	3,834,567
Acquisition		409,571		279,728
Disposal and retirement		(2,908)		(15,252)
Amortization		(426,775)		(284,097)
Impairments		-		(250)
Transfers		(7,544)		(2,322)
Transfer to current assets held for sale		(310)		(25,712)
Business combination		1,412		-
Others[1]		(47,152)		53,218
Ending balance	₩	3,945,141	₩	3,839,880

[1] Others include increase/decrease due to foreign exchange difference.

14. Borrowings

Details of borrowings as of June 30, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

		June 30, 2025		December 31, 2024
Current				
Short-term borrowings	₩	1,572,903	₩	1,283,488
Current portion of long-term borrowings		1,347,501		1,143,258
Current portion of debentures[1]		5,601,058		2,825,492
		8,521,462		5,252,238
Non-current				
Long-term borrowings		4,158,311		5,022,069
Debentures		9,161,265		12,409,426
		13,319,576		17,431,495
	₩	21,841,038	₩	22,683,733

[1] The carrying amount includes exchangeable bond issued by the Group during the year ended December 31, 2023. The maturity date of the exchangeable bond is in 2030, but the Group has classified the exchangeable bond as current borrowings considering the bondholders' current ability to exercise the conversion rights. 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:

Type of bond		Foreign exchangeable bond
Issue amount		USD 1,700,000,000
Outstanding balance of bonds issued [1]		USD 1,664,800,000
Interest rate	Coupon Rate	1.75%
	Yield Rate	1.75%
Maturity Date		April 11, 2030
Redemption measures		1) Redemption upon maturity: redemption of the remaining amounts for which conversion rights or early redemption has not been exercised upon maturity date 2) Early redemption: Redemption by the Call Option of the Issuer or redemption by the Put Option of Bondholders
Details of conversion right	Conversion Rate	100.00% of the principal amount
	Conversion price	₩108,811 per share
	Subject of Conversion	Ordinary shares of the SK hynix Inc. (currently held as treasury shares)
	Conversion period	May 22, 2023 - April 1, 2030
	Adjustment to Conversion Price	Adjustment of the Conversion Price in certain circumstances, including but not limited to: Free distribution, subdivision, consolidation, reclassification, rights issues of options or warrants over shares, share dividends, capital distribution, bonus issues, issues at less than Current Market Price, etc.

14. Borrowings, Continued

Details of borrowings as of June 30, 2025 and December 31, 2024 are as follows, Continued

Put Option of Bondholders	The fourth anniversary from the transaction date (April 11, 2027) In the case of a change of control of the Parent company In the case of the Shares of the Parent company ceases to be listed or admitted to trading or are suspended for trading for a period equal to or exceeding 20 consecutive Trading Days
Call Option of the Issuer	On or after April 25, 2028, in the case of the closing price of the Shares for any 20 trading days in a period of 30 consecutive trading days is at least 130% of the prevailing Conversion Price In the case of the aggregate principal amount of the Bonds outstanding is less than 10% of the aggregate principal amount originally issued (Clean Up Call) In the case of the Issuer becomes obliged to pay any additional amounts, as a result of changes relating to tax laws in Korea.

[1] The number of exchangeable shares was 20,126,911 upon initial issuance, but due to the exercise of conversion rights and adjustments in the conversion price, the number of exchangeable shares has changed to 20,139,289 as of June 30, 2025.

15. Other Current and Non-current Liabilities

Details of other current and non-current liabilities as of June 30, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

		June 30, 2025		December 31, 2024
Current				
Advance receipts	₩	21,783	₩	40,161
Unearned income		4,425		3,730
Withholdings		152,936		157,970
Contract liabilities[1]		456,831		543,477
Others		90,954		55,838
		726,929		801,176
Non-current				
Other long-term employee benefits		310,069		302,141
Others		242,801		239,629
		552,870		541,770
	₩	1,279,799	₩	1,342,946

[1] Includes advance receipts from customers and return liabilities.

16. Provisions

(1) Changes in provisions for the six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)

	2025									
		Beginning Balance		Increase		Utilization		Reversal		Ending Balance
Warranty	₩	263,001	₩	33,495	₩	(5,191)	₩	-	₩	291,305
Emission allowances		5,407		-		-		(3,167)		2,240
Restoration		1,827		-		-		-		1,827
	₩	270,235	₩	33,495	₩	(5,191)	₩	(3,167)	₩	295,372

(In millions of Korean won)

	2024									
		Beginning Balance		Increase		Utilization		Reversal		Ending Balance
Purchase commitments	₩	29,656	₩	-	₩	-	₩	(29,656)	₩	-
Warranty		256,402		-		(6,553)		(2,339)		247,510
Emission allowances		234		1,948		(125)		-		2,057
Restoration		1,827		-		-		-		1,827
	₩	288,119	₩	1,948	₩	(6,678)	₩	(31,995)	₩	251,394

(2) Provisions for warranty

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

16. Provisions, Continued

(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 and the estimated amount of emission as of June 30, 2025 are as follows:

(In ten thousand tons CO2-eq)

	June 30, 2025
Allocated emission permits	550
Estimated volume of emission	594

(b) Changes in the emission permits rights for the six-month period ended June 30, 2025 are as follows:

(In ten thousand tons CO2-eq)

	2024
Beginning balance	19
Allocated	577
Disposal	(7)
Ending balance	589

17. Defined Benefit Liabilities (Assets)

(1) Details of defined benefit liabilities(assets) as of June 30, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

		June 30, 2025		December 31, 2024
Present value of defined benefit obligations	₩	3,207,658	₩	3,125,802
Fair value of plan assets		(4,432,320)		(4,211,967)
Net defined benefit liabilities (assets)	₩	(1,224,662)	₩	(1,086,165)
Defined benefit liabilities	₩	74,424	₩	68,090
Employee benefit assets[1]	₩	1,299,086	₩	1,154,255

[1] The Parent Company and certain subsidiaries' fair value of plan assets in excess of the present value of defined benefit obligations, presented as employee benefit assets, amounted to ₩1,299,086 million and ₩1,154,255 million as of June 30, 2025 and December 31, 2024, respectively.

(2) Changes in present value of defined benefit obligations for the six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Beginning balance	₩	3,125,802	₩	2,511,541
Current service cost		145,645		121,847
Interest expense		76,606		70,245
Transferred from associates		2,706		3,893
Benefits paid		(143,187)		(77,483)
Remeasurements		-		43,198
Others		86		135
Ending balance	₩	3,207,658	₩	2,673,376

(3) Changes in fair value of plan assets for the six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Beginning balance	₩	4,211,967	₩	3,851,623
Contributions		265,500		80,304
Interest income		104,504		109,662
Transferred from associates		3,249		2,949
Benefits paid		(147,420)		(92,699)
Remeasurements		(5,350)		(11,091)
Others		(130)		48
Ending balance	₩	4,432,320	₩	3,940,796

17. Defined Benefit Liabilities (Assets), Continued

(4) The amounts recognized in profit or loss for the three-month and the six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)	2025		2024	
	Three months	Six months	Three months	Six months
Current service cost	₩ 72,816	₩ 145,645	₩ 60,667	₩ 121,847
Net interest expense (income)	(13,966)	(27,898)	(19,713)	(39,417)
	₩ 58,850	₩ 117,747	₩ 40,954	₩ 82,430

(5) Contributions to defined contribution plans amounting to ₩9,225 million (2024: ₩6,423 million) were recognized as cost for the six-month period ended June 30, 2025.

18. Derivative Financial Instruments

(1) Currency and interest rate swap

(a) Details of derivative financial instruments applying cash flow hedge accounting as of June 30, 2025 are as follows:

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

Hedged items			Hedging instruments		
Borrowing date	Financial instrument	Hedged risk	Type of contract	Financial institution	Contract period
2019.10.02	Foreign currency denominated borrowing for equipment with floating rate (Par value: USD 187,500)	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 311,600)	Interest rate risk	Interest rate swap	Shinhan Bank	2024.03.07 ~ 2027.10.18

18. Derivative Financial Instruments, Continued

(1) Currency and interest rate swap, Continued

(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 June 30, 2025 and the details are as follows:

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

Type of contract	Hedged items		Cash flow hedge		Fair value
Fixed-to-fixed cross currency swap	Foreign currency denominated bond with fixed rate (Par value: USD 750,000)	₩	97,009	₩	97,009
Floating-to-fixed cross currency interest rate swap	Foreign currency denominated borrowing for equipment with floating rate (Par value: USD 187,500)		34,696		34,696
Derivative financial assets				₩	131,705
Interest rate swap	Borrowing for equipment with floating rate (Par value: KRW 411,600)	₩	6,990	₩	6,990
Derivative financial liabilities				₩	6,990

As of June 30, 2025, changes of fair value of the derivative are recognized in other comprehensive income or loss as all of designated hedging instruments are all effective against risks.

(2) Embedded Derivatives

The details of the embedded derivatives held by the Group presented in other financial liabilities in the consolidated financial statements of financial position as of June 30, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

Derivative financial liabilities		June 30, 2025		December 31, 2024
Embedded Derivatives[1]	₩	1,595,566	₩	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 14).

19. Capital Stock, Capital Surplus, Other Equity and Accumulated Other Comprehensive Income (Loss)

(1) The Parent Company has 9,000,000,000 authorized shares and the face value per share is ₩5,000 as of June 30, 2025. The number of shares issued, common stock, capital surplus and other equity as of June 30, 2025 and December 31, 2024, are as follows:

(In millions of Korean won and shares)		June 30, 2025		December 31, 2024
Issued shares[1]		728,002,365		728,002,365
Capital stock:				
Common stock	₩	3,657,652	₩	3,657,652
Capital surplus:				
Additional paid-in capital	₩	3,625,797	₩	3,625,797
Others[2]		1,099,808		861,326
	₩	4,725,605	₩	4,487,123
Other equity:				
Acquisition cost of treasury shares[2]	₩	(2,142,981)	₩	(2,221,277)
Share options		57,774		48,760
Others		(19,032)		(19,032)
	₩	(2,104,239)	₩	(2,191,549)
Accumulated other comprehensive income:				
Equity-accounted investees – share of other comprehensive income	₩	176,543	₩	278,804
Foreign operations – foreign currency translation differences		1,312,051		2,246,876
Gain on valuation of derivatives		1,642		6,427
	₩	1,490,236	₩	2,532,107
Number of treasury shares:				
Number of treasury shares[2]		37,590,242		38,963,634

[1] The number of issued shares decreased due to share retirement from the past.
[2] The Group disposed 1,373,392 treasury shares and, accordingly, gain on disposal of treasury shares of ₩150,654 million occurred.

(2) The number of outstanding shares, which deducted treasury shares held by the Parent Company from listed issued shares, as of June 30, 2025 and December 31, 2024, are as follows:

(In shares)

	June 30, 2025		
	Listed Shares	Treasury Shares	Outstanding Shares
The number of issued shares	728,002,365	37,590,242	690,412,123

(In shares)

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

20. Retained Earnings

Retained earnings as of June 30, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

		June 30, 2025		December 31, 2024
Legal reserve[1]	₩	845,040	₩	693,015
Discretionary reserve[2]		235,506		235,507
Unappropriated retained earnings[3]		78,277,360		64,489,539
	₩	79,357,906	₩	65,418,061

[1] The Commercial Code of the Republic of Korea requires the Parent Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital stock. The reserve is not available for cash dividends payment but may be transferred to capital stock or used to reduce accumulated deficit.
[2] Discretionary reserve is the reserve for technology development.
[3] Dividends amounting to ₩900,209 million, which were approved at shareholders' meeting held on March 27, 2025, and ₩258,905 million, which were approved at board of directors' meeting held on April 23, 2025 were distributed as of June 30, 2025.

21. Revenue

(1) Details of the Group's revenue for the three-month and six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)	2025		2024	
	Three months	Six months	Three months	Six months
Sale of goods and other products	₩ 22,201,681	₩ 39,809,725	₩ 16,402,538	₩ 28,811,254
Providing services	30,271	61,368	20,720	41,602
	₩ 22,231,952	₩ 39,871,093	₩ 16,423,258	₩ 28,852,856

(2) Details of the Group's revenue by product and service types for the three-month and six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)	2025		2024	
	Three months	Six months	Three months	Six months
DRAM	₩ 17,123,990	₩ 31,160,860	₩ 10,700,356	₩ 18,193,804
NAND Flash	4,727,806	7,956,641	5,184,707	9,591,920
Others	380,156	753,592	538,195	1,067,132
	₩ 22,231,952	₩ 39,871,093	₩ 16,423,258	₩ 28,852,856

(3) Details of the Group's revenue information by region based on the location of selling entities for the three-month and six-month periods ended June 30, 2025 and 2024 is as follows:

(In millions of Korean won)	2025		2024	
	Three months	Six months	Three months	Six months
Korea	₩ 408,005	₩ 850,625	₩ 481,626	₩ 967,557
U.S.A.	15,039,907	27,834,440	9,666,130	15,978,745
China	4,670,650	7,365,002	4,515,011	8,606,112
Asia (other than China)	1,739,197	2,997,489	1,378,600	2,548,850
Europe	374,193	823,537	381,891	751,592
	₩ 22,231,952	₩ 39,871,093	₩ 16,423,258	₩ 28,852,856

(4) Details of the Group's revenue by the timing of revenue recognition during the three-month and six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)	2025		2024	
	Three months	Six months	Three months	Six months
Performance obligations satisfied at a point in time	₩ 22,201,681	₩ 39,809,725	₩ 16,402,538	₩ 28,811,254
Performance obligations satisfied over time	30,271	61,368	20,720	41,602
	₩ 22,231,952	₩ 39,871,093	₩ 16,423,258	₩ 28,852,856

22. Selling and Administrative Expenses

Selling and administrative expenses for the three-month and six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)	2025		2024	
	Three months	Six months	Three months	Six months
Selling and Administrative Expenses:				
Salaries	₩ 437,973	₩ 875,793	₩ 332,574	₩ 620,932
Defined benefit plan	14,340	27,191	9,838	20,335
Employee benefits	69,572	135,021	55,818	107,515
Commission	239,866	432,842	175,305	341,653
Depreciation	74,738	150,240	75,753	152,439
Amortization	120,295	255,349	56,861	117,045
Freight and custody charges	15,329	28,670	13,202	25,981
Taxes and dues	30,547	59,479	25,581	45,730
Advertising	32,623	47,546	25,094	40,366
Supplies	31,601	54,069	36,548	54,474
Sales promotion expenses	42,856	143,434	63,040	141,588
Quality control costs	63,694	60,029	(1,721)	23,729
Training	18,554	45,221	14,937	35,975
Others	102,917	169,751	80,506	139,390
	1,294,905	2,484,635	963,336	1,867,152
Research and development:				
Expenditure on research and development	1,530,504	3,045,610	1,177,934	2,263,154
Development cost capitalized	(54,936)	(98,285)	(113,342)	(193,762)
	1,475,568	2,947,325	1,064,592	2,069,392
	₩ 2,770,473	₩ 5,431,960	₩ 2,027,928	₩ 3,936,544

23. Expenses by Nature

Nature of expenses for the three-month and six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)	2025		2024	
	Three months	**Six months**	**Three months**	**Six months**
Changes in finished goods, work-in-process, and others	₩ 936,898	₩ (232,761)	₩ 519,650	₩ 55,291
Raw materials, supplies and consumables	2,875,285	5,399,883	2,555,101	4,907,107
Employee benefit	2,777,882	5,510,800	2,146,124	3,906,319
Depreciation and amortization	3,442,889	6,776,817	3,122,193	6,309,075
Commission	1,031,084	2,047,587	825,921	1,631,534
Utilities	708,168	1,492,050	685,376	1,352,686
Repair	724,807	1,397,949	583,799	1,071,115
Outsourcing	500,838	909,469	444,078	869,554
Others	104,060	67,198	194,120	603,015
Transfer: capitalized development cost and others	(82,810)	(151,254)	(121,640)	(207,405)
Total[1]	₩ 13,019,101	₩ 23,217,738	₩ 10,954,722	₩ 20,498,291

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

24. Finance Income and Expenses

Finance income and expenses for the three-month and six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)	2025		2024	
	Three months	**Six months**	**Three months**	**Six months**
Finance income				
Interest income	₩ 91,330	₩ 197,326	₩ 84,363	₩ 164,638
Dividend income	3,440	7,547	4,485	8,899
Foreign exchange differences[1]	1,337,879	1,966,506	783,628	1,784,981
Gain on valuation of financial instruments	232,143	2,131,861	1,041	5,935
Others	54,588	103,499	41,894	68,511
	1,719,380	4,406,739	915,411	2,032,964
Finance expenses				
Interest expenses	220,451	477,961	359,453	761,744
Foreign exchange differences[1]	1,950,849	2,457,917	942,886	2,159,282
Others	968	994	10,412	16,864
	2,172,268	2,936,872	1,312,751	2,937,890
Net finance income (expense)	₩ (452,888)	₩ 1,469,867	₩ (397,340)	₩ (904,926)

[1] The foreign exchange differences loss from long-term investment assets amounting to ₩67,465 million (2024: ₩192,317 million) are included for the six-month period ended June 30, 2025.

25. Other Income and Expenses

(1) Other income for the three-month and six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)

	2025		2024	
	Three months	**Six months**	**Three months**	**Six months**
Gain on disposal of property, plant and equipment	₩ 14,748	₩ 59,657	₩ 365	₩ 8,937
Gain on disposal of intangible assets	1,037	1,037	-	13,128
Others	14,094	48,128	16,416	22,194
	₩ 29,879	₩ 108,822	₩ 16,781	₩ 44,259

(2) Other expenses for the three-month and six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)

	2025		2024	
	Three months	**Six months**	**Three months**	**Six months**
Donation	₩ 48,456	₩ 52,824	₩ 24,994	₩ 30,981
Loss on disposal of property, plant and equipment	24,336	26,157	124	1,271
Depreciation of idle property, plant and equipment	11,534	23,109	9,495	16,799
Others	245	84,345	1,959	27,028
	₩ 84,571	₩ 186,435	₩ 36,572	₩ 76,079

26. Income Tax Expense

Income tax expense is recognized based on management's best estimate of the average annual effective income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period. Income tax expense includes current tax expense adjustments related to prior period.

27. Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Parent Company by the weighted average number of outstanding ordinary shares during the three-month and six-month periods ended June 30, 2025 and 2024.

(1) Basic earnings per share for the three-month and six-month periods ended June 30, 2025 and 2024 are as follows:

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

	2025		2024	
	Three months	**Six months**	**Three months**	**Six months**
Profit attributable to ordinary shareholders of the Parent Company	₩ 6,997,228	₩ 15,104,309	₩ 4,120,279	₩ 6,039,530
Weighted average number of outstanding ordinary shares[1]	690,395,022	690,019,799	688,616,895	688,461,511
Basic earnings per share (in Korean won)	₩ 10,135	₩ 21,890	₩ 5,983	₩ 8,773

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

(In shares)

	2025		2024	
	Three months	**Six months**	**Three months**	**Six months**
Issued ordinary shares	728,002,365	728,002,365	728,002,365	728,002,365
Acquisition of treasury shares	(37,607,343)	(37,982,566)	(39,385,470)	(39,540,854)
Weighted average number of outstanding ordinary shares	690,395,022	690,019,799	688,616,895	688,461,511

27. Earnings per Share, Continued

(2) Diluted earnings per share for the three-month and six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won, except for shares and per share amounts)	2025		2024	
	Three months	**Six months**	**Three months**	**Six Months**
Profit attributable to ordinary shareholders of the Parent Company	₩ 6,997,228	₩ 15,104,309	₩ 4,120,279	₩ 6,039,530
Adjustment:				
Changes in profit attributable to ordinary shareholders of the Parent Company due to the exercise of Restricted Stock Units (RSUs) related to subsidiaries	-	(2,185)	(3,322)	-
Interest expense(After-tax)	22,975	46,088	20,712	-
Loss on foreign currency translation(After-tax)	(204,350)	(217,996)	77,415	-
Diluted profit attributable to ordinary shareholders of the Parent Company	6,815,853	14,930,216	4,215,084	6,039,530
Weighted average number of diluted outstanding ordinary shares[1]	711,467,642	711,094,878	709,858,296	689,349,007
Diluted earnings per share (in Korean won)	₩ 9,580	₩ 20,996	₩ 5,938	₩ 8,761

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

(In shares)	2025		2024	
	Three months	**Six months**	**Three months**	**Six months**
Weighted average number of outstanding ordinary shares	690,395,022	690,019,799	688,616,895	688,461,511
Share options	933,331	935,790	904,684	887,496
Exchangeable bond	20,139,289	20,139,289	20,336,717	-
Weighted average number of diluted outstanding ordinary shares[1]	711,467,642	711,094,878	709,858,296	689,349,007

[1] Although there were potential dilutive effects of 20,336,717 shares due to the issuance of exchangeable bonds, it was not considered when calculating diluted earnings per share due to the anti-dilution effect for the six-month period ended June 30, 2024.

28. Transactions with Related Parties and Others

(1) Details of related parties as of June 30, 2025 are as follows:

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

28. Transactions with Related Parties and Others, Continued

(2) Significant transactions with related parties for the three-month and six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)

		For the three-month period ended June 30, 2025		
	Company	Sales and others	Purchase and others	Asset acquisition
Associates	SK China Company Limited	₩ 7	₩ 3,088	₩ -
	Prume Social Farm, Co., Ltd.	-	20	-
	SK Japan Inc. (formerly, SK telecom Japan Inc.)	11	891	-
Joint ventures	HITECH Semiconductor (Wuxi) Co., Ltd.	5,032	193,673	13,703
	SK hynix system ic (Wuxi) Co., Ltd.	2,359	-	-
	SK hynix system ic Wuxi solutions Inc.	5,083	-	-
	Wuxi xinfa IC industry park., Ltd	-	47	-
Other related parties	SK Telecom Co., Ltd.	11,235	12,890	5,286
	SK Holdings Co., Ltd.[1]	6,650	121,249	140,271
	ESSENCORE Limited	418,767	-	-
	SK Ecoplant Co., Ltd.	14,828	-	743,372
	SK Energy Co., Ltd.	13,189	21,727	-
	SK Networks Co., Ltd.	1,653	749	200
	SK enpulse Co., Ltd.	23	11,964	-
	Chungcheong energy service Co., Ltd.	14	8,885	-
	SK Specialty Co., Ltd.	-	-	-
	SK Siltron Co., Ltd.	10,844	127,013	-
	SK Airplus Inc. (formerly, SK Materials Airplus Inc.)	160	26,045	-
	Techdream Co., Ltd.	-	37,399	-
	SK Tri Chem Co., Ltd.	326	34,536	-
	SK Shieldus Co., Ltd.	211	25,560	2,576
	SK Innovation Co., Ltd.	1,989	18,558	-
	SK Square Co., Ltd.	2	-	-
	SK REIT Co., Ltd.	-	1,386	284
	Clean Industrial REIT Co., Ltd.	-	6,748	-
	FSK L&S Co., Ltd.	13	10,324	817
	SK LNG Trading Pte., Ltd.	-	98,612	-
	Others	39,086	77,898	33,951
		₩ 531,482	₩ 839,262	₩ 940,460

28. Transactions with Related Parties and Others, Continued

(2) Significant transactions with related parties for the three-month and six-month periods ended June 30, 2025 and 2024 are as follows, Continued:

(In millions of Korean won)

		For the six-month period ended June 30, 2025		
	Company	Sales and others	Purchase and others	Asset acquisition
Associates	SK China Company Limited	₩ 13	₩ 6,320	₩ -
	Prume Social Farm, Co., Ltd.	-	38	-
	SK Japan Inc. (formerly, SK telecom Japan Inc.)	11	1,813	-
Joint ventures	HITECH Semiconductor (Wuxi) Co., Ltd.	9,910	371,769	20,670
	SK hynix system ic (Wuxi) Co., Ltd.	4,935	-	-
	SK hynix system ic Wuxi solutions Inc.	10,102	-	-
	Wuxi xinfa IC industry park., Ltd	-	47	-
Other related parties	SK Telecom Co., Ltd.	12,804	26,075	5,286
	SK Holdings Co., Ltd.[1]	11,699	192,248	141,050
	ESSENCORE Limited	765,459	-	-
	SK Ecoplant Co., Ltd.	26,242	-	1,035,235
	SK Energy Co., Ltd.	17,692	79,662	-
	SK Networks Co., Ltd.	3,173	2,021	232
	SK enpulse Co., Ltd.	815	25,642	-
	Chungcheong energy service Co., Ltd.	17	28,100	-
	SK Specialty Co., Ltd.	1,017	26,810	-
	SK Siltron Co., Ltd.	21,664	249,621	-
	SK Airplus Inc. (formerly, SK Materials Airplus Inc.)	248	51,816	-
	Techdream Co., Ltd.	-	68,031	-
	SK Tri Chem Co., Ltd.	591	69,134	-
	SK Shieldus Co., Ltd.	410	55,790	3,388
	SK Innovation Co., Ltd.	3,480	42,880	-
	SK Square Co., Ltd.	28	-	-
	SK REIT Co., Ltd.	-	2,785	284
	Clean Industrial REIT Co., Ltd.	-	13,563	-
	FSK L&S Co., Ltd.	37	20,835	1,777
	SK LNG Trading Pte., Ltd.	-	345,494	-
	Others	68,989	135,402	34,940
		₩ 959,336	₩ 1,815,896	₩ 1,242,862

[1] Royalty expense for the use of the SK brand for the six-month period ended June 30, 2025 is included.

28. Transactions with Related Parties and Others, Continued

(2) Significant transactions with related parties for the three-month and six-month periods ended June 30, 2025 and 2024 are as follows, Continued:

(In millions of Korean won)

		For the three-month period ended June 30, 2024		
	Company	Sales and others	Purchase and others	Asset acquisition
Associates	SK China Company Limited	₩ 1	₩ 3,631	₩ -
	Prume Social Farm, Co., Ltd.	-	25	-
	SK Japan Inc. (formerly, SK telecom Japan Inc.)	-	42	-
Joint ventures	HITECH Semiconductor (Wuxi) Co., Ltd.	2,029	186,661	(122)
	Hystars Semiconductor (Wuxi) Co., Ltd.	-	3,629	1,002
Other related parties	SK Telecom Co., Ltd.	19,135	12,966	283
	SK Holdings Co., Ltd.[1]	4,769	61,068	32,717
	ESSENCORE Limited	131,781	-	-
	SK Ecoplant Co., Ltd.	6,459	-	119,713
	SK Energy Co., Ltd.	8,730	17,028	-
	SK Networks Co., Ltd.	1,950	622	1,378
	SK enpulse Co., Ltd. (formerly, SKC Solmics Co., Ltd.)	105	20,180	-
	Chungcheong energy service Co., Ltd.	3	8,701	-
	SK Specialty Co., Ltd. (formerly, SK Materials Co., Ltd.)	1,046	25,883	-
	SK Siltron Co., Ltd.	8,679	104,547	-
	SK Airplus Inc. (formerly, SK Materials Airplus Inc.)	203	25,599	-
	Techdream Co., Ltd.	-	23,293	-
	SK Tri Chem Co., Ltd.	397	37,556	-
	SK Shieldus Co., Ltd.	199	25,791	8,396
	SK Innovation Co., Ltd.	1,689	9,402	-
	SK Square Co., Ltd.	2	-	-
	SK REIT Co., Ltd.	-	1,643	11,165
	Clean Industrial REIT Co., Ltd.	-	14,816	-
	FSK L&S Co., Ltd.	11	11,470	1,099
	SK E&S Co., Ltd.	3	7,541	1,106
	SK LNG Trading Pte., Ltd.	-	125,324	7,792
	Others	50,096	70,133	69,015
		₩ 237,287	₩ 797,551	₩ 253,544

28. Transactions with Related Parties and Others, Continued

(2) Significant transactions with related parties for the three-month and six-month periods ended June 30, 2025 and 2024 are as follows, Continued:

(In millions of Korean won)

		For the six-month period ended June 30, 2024		
	Company	Sales and others	Purchase and others	Asset acquisition
Associates	SK China Company Limited	₩ 3	₩ 7,166	₩ -
	Prume Social Farm, Co., Ltd.	-	54	-
	SK Japan Inc. (formerly, SK telecom Japan Inc.)	-	1,003	-
Joint ventures	HITECH Semiconductor (Wuxi) Co., Ltd.	5,836	332,023	8,403
	Hystars Semiconductor (Wuxi) Co., Ltd.	-	7,232	40,777
Other related parties	SK Telecom Co., Ltd.	27,639	27,233	376
	SK Holdings Co., Ltd.[1]	9,480	142,215	40,071
	ESSENCORE Limited	304,128	-	-
	SK Ecoplant Co., Ltd.	12,737	-	188,951
	SK Energy Co., Ltd.	18,499	59,839	-
	SK Networks Co., Ltd.	3,545	2,057	1,444
	SK enpulse Co., Ltd. (formerly, SKC Solmics Co., Ltd.)	219	40,157	10
	Chungcheong energy service Co., Ltd.	7	27,083	61
	SK specialty Co., Ltd. (formerly, SK Materials Co., Ltd.)	1,996	59,582	-
	SK Siltron Co., Ltd.	16,536	203,015	-
	SK Airplus Inc. (formerly, SK Materials Airplus Inc.)	330	50,222	98,200
	Techdream Co., Ltd.	-	52,291	-
	SK Tri Chem Co., Ltd.	617	73,159	-
	SK Shieldus Co., Ltd.	396	50,872	11,339
	SK Innovation Co., Ltd.	3,908	30,144	78
	SK Square Co., Ltd.	8	-	-
	SK REIT Co., Ltd.	-	3,285	11,165
	Clean Industrial REIT Co., Ltd.	-	22,444	-
	FSK L&S Co., Ltd.	36	21,521	1,850
	SK E&S Co., Ltd.	71	15,088	1,106
	SK LNG Trading Pte., Ltd.	-	199,888	26,884
	Others	103,736	129,804	72,489
		₩ 509,727	₩ 1,557,377	₩ 503,204

[1] Royalty expense for the use of the SK brand for the six-month period ended June 30, 2024 is included.

28. Transactions with Related Parties and Others, Continued

(3) The balances from significant transactions as of June 30, 2025 and December 31, 2024 are as follows:

(In millions of Korean won)

		June 30, 2025			
	Company		**Trade receivables and others**		**Other payables and others**
Associates	SK China Company Limited	₩	2	₩	6,044
	Prume Social Farm, Co., Ltd.		-		7
	SK Japan Inc. (formerly, SK telecom Japan Inc.)		635		3,425
Joint ventures	HITECH Semiconductor (Wuxi) Co., Ltd.		5,812		370,566
	SK hynix system ic (Wuxi) Co., Ltd.		120,540		-
	SystemIC Solution		1,797		-
	Hystars Semiconductor (Wuxi) Co., Ltd.		13		-
	TCL Fund		2,956		-
Other related parties	SK Telecom Co., Ltd.		3,384		26,285
	SK Holdings Co., Ltd.		1,968		264,143
	ESSENCORE Limited		146,797		-
	SK Ecoplant Co., Ltd.		7,993		969,197
	SK Energy Co., Ltd.		1,166		21,581
	SK Networks Co., Ltd.		56		4,086
	SK enpulse Co., Ltd.		-		12,284
	Chungcheong energy service Co., Ltd.		4		2,045
	SK Siltron Co., Ltd.		124,105		48,860
	SK Airplus Inc. (formerly, SK Materials Airplus Inc.)		85		630,265
	Techdream Co., Ltd.		-		7,482
	SK Tri Chem Co., Ltd.		182		13,616
	SK Shieldus Co., Ltd.		79		13,434
	SK Innovation Co., Ltd.		782		2,180
	SK Square Co., Ltd.		307		-
	SK REIT Co., Ltd.		17,330		149,466
	Clean Industrial REIT Co., Ltd		-		547,113
	FSK L&S Co., Ltd.		4		3,050
	SK LNG Trading Pte., Ltd.		-		48,153
	Others		22,447		148,534
		₩	458,444	₩	3,291,816

28. Transactions with Related Parties and Others, Continued

(3) The balances from significant transactions as of June 30, 2025 and December 31, 2024 are as follows, Continued:

(In millions of Korean won)

		December 31, 2024	
	Company	Trade receivables and others	Other payables and others
Associates	SK China Company Limited	₩ -	₩ 13,101
	Prume Social Farm, Co., Ltd.	-	5
	SK Japan Inc. (formerly, SK telecom Japan Inc.)	640	2,670
Joint ventures	HITECH Semiconductor (Wuxi) Co., Ltd.	457	401,028
	SK hynix system ic (Wuxi) Co., Ltd.	129,832	-
	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 ₩163,897 million of borrowings.

28. 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 three-month and six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)

	Period ended June 30			
	2025		2024	
Details	Three months	Six months	Three months	Six months
Salaries	₩ 1,598	₩ 5,339	₩ 2,517	₩ 4,931
Defined benefit plan related expenses	203	407	156	595
Share-based payment	258	502	1,077	1,169
	₩ 2,059	₩ 6,248	₩ 3,750	₩ 6,695

(5) The significant transactions between the Group and the companies that are in the same conglomerate group according to '*Fair Trade Law'* for the three-month and six-month periods ended June 30, 2025 and 2024 are as follows. These entities are not related parties according to Korean IFRS 1024 *Related Party Disclosures*.

(In millions of Korean won)

	Period ended June 30, 2025					
	Sales and others		Purchase and others		Asset acquisition	
Name of entity	Three months	Six months	Three months	Six months	Three months	Six months
SK Chemicals Co., Ltd.	₩ 2,753	₩ 4,915	₩ -	₩ -	₩ -	₩ -
SK Bioscience Co., Ltd.	504	801	-	-	-	-
UNA Digital Inc.	-	-	618	618	-	-
SMCore. Inc	70	243	377	759	-	-
Korea Nexlene Company	1,763	3,198	-	-	-	-
Others	488	821	-	-	-	-
	₩ 5,578	₩ 9,978	₩ 995	₩ 1,377	₩ -	₩ -

(In millions of Korean won)

	Period ended June 30, 2024					
	Sales and others		Purchase and others		Asset acquisition	
Name of entity	Three months	Six months	Three months	Six months	Three months	Six months
SK Chemicals Co., Ltd.	₩ 2,060	₩ 3,862	₩ -	₩ -	₩ -	₩ -
SK Bioscience Co., Ltd.	727	1,169	1	3	-	-
UNA Digital Inc.(formerly, ANTS Co., Ltd.)	1	3	2,262	5,037	-	-
SMCore. Inc	34	40	228	505	547	547
Korea Nexlene Company	908	1,659	-	-	-	-
Others	523	912	-	-	-	-
	₩ 4,253	₩ 7,645	₩ 2,491	₩ 5,545	₩ 547	₩ 547

28. 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 June 30, 2025 and December 31, 2024 are as follows. These entities are not related parties according to Korean IFRS 1024 *Related Party Disclosures*.

(In millions of Korean won)

Name of entity	June 30, 2025 Trade receivables and others	June 30, 2025 Other payables and others
SK Chemicals Co., Ltd.	₩ 716	₩ -
SK Bioscience Co., Ltd.	76	-
UNA Digital Inc.	-	388
SMCore Inc.	12	667
Korea Nexlene Company	224	-
Others	110	-
	₩ 1,138	₩ 1,055

(In millions of Korean won)

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

(7) The right-of-use assets and lease liabilities recognized regarding the lease agreements with HITECH Semiconductor (Wuxi) Co., Ltd. and Hystars Semiconductor (Wuxi) Co., Ltd., a joint venture for the six-month period ended June 30, 2025 amount to ₩20,670 million (2024: ₩50,942 million) and ₩20,670 million (2024: ₩50,942 million), respectively, and lease payments to HITECH Semiconductor (Wuxi) Co., Ltd. and Hystars Semiconductor (Wuxi) Co., Ltd., a joint venture for the six-month period ended June 30, 2025 amount to ₩35,925 million(2024: ₩45,300 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 six-month period ended June 30, 2025 amount to ₩30,614 million (2024: ₩117,689 million) and ₩30,614 million (2024: ₩117,689 million), respectively, and lease payments to the related parties amount to ₩84,012 million (2024: ₩102,251 million).

(8) The Group provides a payment guarantee amounting to RMB 675 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 10.

28. Transactions with Related Parties and Others, Continued

(10) Financial transactions with related parties for the six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)

		For the six-month period ended June 30, 2025	
	Company	Dividend received	Dividend paid
Joint ventures	HITECH Semiconductor (Wuxi) Co., Ltd.	₩ 21,472	₩ -
Other related parties	SK Square Co., Ltd.	-	245,302
		₩ 21,472	₩ 245,302

(In millions of Korean won)

		For the six-month period ended June 30, 2024		
	Company	Proceeds from borrowings	Dividend received	Dividend paid
Associates	Mirae Asset Committee Semiconductor No.1 Startup Venture Private Equity Investment Co., Ltd.	₩ -	₩ 94	₩ -
Joint ventures	HITECH Semiconductor (Wuxi) Co., Ltd.	-	17,064	-
	Hystars Semiconductor (Wuxi) Co., Ltd.	86,243	-	-
	Specialized Investment-type Private Equity Investment Trust For Growth Of Semiconductor,	-	2,098	-
Other related parties	SK Square Co., Ltd.	-	-	87,660
		₩ 86,243	₩ 19,256	₩ 87,660

29. Commitments and Contingencies

(1) Significant pending litigations and claims of the Group as of June 30, 2025 are as follows:

(a) The antitrust investigation in China
The State Administration for Market Regulation of China initiated to investigate the violation of the antitrust law regarding on major DRAM companies' sales in China in May 2018. The pending case currently is under investigation. As of June 30, 2025, the Group cannot predict the outcome of this investigation.

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

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

29. Commitments and Contingencies, Continued

(3) Assets provided as collateral

Details of assets provided as collateral as of June 30, 2025 are as follows:

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

	Book value		Pledged amount			
Category		**Amount**	**Currency**	**Amount in USD**	**Amount in KRW**	**Remark**
Land and buildings	₩	26,981	KRW	-	14,854	Borrowings for equipment and others
Machinery			USD	877	1,188,930	
		2,261,933	KRW	-	1,480,000	
			USD	877	1,188,930	
	₩	2,288,914	KRW	-	1,494,854	

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

	Book value		Collateral liabilities amount			
Category		**Amount**	**Currency**	**Amount in USD**	**Amount in KRW**	**Remark**
Land and buildings	₩	26,981	KRW	-	1,828	Borrowings for equipment and others
Machinery			USD	388	526,882	
		2,261,933	KRW	-	800,000	
			USD	388	526,882	
	₩	2,288,914	KRW	-	801,828	

29. Commitments and Contingencies, Continued

(4) Financing agreements

Details of credit lines with financial institutions as of June 30, 2025 are as follows:

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

	Financial institution	Commitment	Currency	Amount
The Parent Company	Hana Bank and others	Import finance 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	857
Domestic subsidiaries	Hana Bank and others	Import finance	KRW	29,500
		Import finance including usance	USD	15

(5) The Group's commitments in relation to the future capital expenditures on property, plant and equipment that have not been recognized as of June 30, 2025 are ₩8,756,558 million (as of December 31, 2024: ₩8,837,748 million).

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

In regard to the Group's interests in KIOXIA through its investments in BCPE Pangea Intermediate Holdings Cayman, L.P. and BCPE Pangea Cayman2 Limited, 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.

29. Commitments and Contingencies, Continued

(7) Acquisition of the Intel NAND business

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

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

30. Consolidated Interim Statements of Cash Flows

(1) Reconciliations between profit and cash generated from operations for the six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Profit for the period	₩	15,104,411	₩	6,037,042
Adjustment				
Income tax expense		2,917,401		1,387,720
Interest expense		477,961		761,744
Interest income		(197,326)		(164,638)
Depreciation		6,373,150		6,041,745
Amortization		426,775		284,097
Loss on valuation of financial instruments		113		5,707
Defined benefit plan		117,747		82,430
Loss on foreign currency translation		1,093,261		1,528,643
Gain on foreign currency translation		(1,285,652)		(953,170)
Gain on disposal of financial instruments		(103,499)		(61,007)
Gain on disposal of property, plant and equipment		(59,657)		(8,937)
Share of loss (profit)		23,775		(6,943)
Gain on valuation of financial instruments		(2,131,861)		(5,935)
Others		218,438		72,871
Changes in operating assets and liabilities				
Increase in trade receivables		(1,049,365)		(3,023,590)
Decrease in loans and other receivables		184,036		84,094
Decrease (increase) in inventories		(311,353)		196,212
Decrease (increase) in other assets		91,941		(65,149)
Increase (decrease) in trade payables		(62,653)		179,435
Increase (decrease) in other payables		13,899		(1,307,881)
Increase in other non-trade payables		141,650		926,238
Increase (decrease) in provisions		29,101		(7,262)
Decrease in other liabilities		(20,615)		(218,846)
Payment of defined benefit liabilities		1,946		(1,831)
Contributions to plan assets		(265,487)		(80,304)
Cash generated from operations	₩	21,728,137	₩	11,682,485

(2) Details of significant transactions without inflows and outflows of cash for the six-month periods ended June 30, 2025 and 2024 are as follows:

(In millions of Korean won)

		2025		2024
Increase in other payables related to property, plant and equipment	₩	526,738	₩	705,678
Transfer to current assets held for sale		87,686		835,286
Transfer to current liabilities held for sale		13,199		1,340,447

(3) 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.

31. Share-based Payment

(1) Details of the granted share-based payment

(a) The Parent Company accounts for share-based payment, with options granted to employees to choose either cash-settled or equity-settled share-based payment, in accordance with the substance of transactions and the details of the share options as of June 30, 2025 are as follows:

(In shares)

	Total numbers of share option granted	Forfeited or Cancelled	Exercised	Outstanding at June 30, 2025
10th	54,020	10,764	5,193	38,063
12th	6,469	-	3,469	3,000
13th [1]	75,163	29,851	23,657	21,655
14th [1]	195,460	59,167	9,415	126,878
	331,112	99,782	41,734	189,596

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

[1] During the six-month period ended June 30, 2025, the share options were exercised with cash settlement.

31. Share-based Payment, Continued

(1) Details of the granted share-based payment, Continued

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

	1-1st	1-2nd	2nd	3rd
Grant date	2022-03-17	2022-04-27	2023-06-28	2024-04-30
Types of shares to be issued	Registered common shares	Registered common shares	Registered common shares	Registered common shares
Grant method	Reissue of treasury shares	Reissue of treasury shares	Reissue of treasury shares	Reissue of treasury shares
Number of shares	Initial grant size * TSR * Adjustment ratio / Stock price on exercise date [1,3]	Initial grant size * TSR * Adjustment ratio / Stock price on exercise date [1,3]	Initial grant size * (Adjustment ratio + increase rate of stock price - increase rate of KOSPI200) [2,3]	Initial grant size * (Adjustment ratio + increase rate of stock price - increase rate of KOSPI200) [2,]
Base stock price	₩ 124,000	₩ 108,500	₩ 79,975	₩ 135,975
Exercisable period	March 17, 2025 ~ March 17, 2029	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 + 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	163,743,476	43,469,940	32,553,448

31. Share-based Payment, Continued

(2) Details of liabilities recognized for stock appreciation rights as of June 30, 2025 are as follows:

(In millions of Korean won)

		June 30, 2025
Stock appreciation rights liabilities [1]	₩	89,329

[1] As of June 30, 2025, stock appreciation rights liabilities include RSU for the subsidiaries' shares amount to ₩77,846 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 June 30, 2025. 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%

(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 six-month period ended June 30, 2025 is ₩51,686 million (2024: ₩47,528 million).

<u>Independent Auditors' Report</u>

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").

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 Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2024. This matter was 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 this matter.

(i) Fair value measurement of financial assets related to the Group’s investment in 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 as Level 3 in 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 the key audit matter was addressed in the audit

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 objectivity 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 estimates of the fair value.
- 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.

/s/ 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 (loss) 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)	Notes	Attributable to owners of the Parent Company: 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 (used) 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	Ownership (%) 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	Merger
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 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 an external customer 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)

			December 31, 2024						
		Carrying amounts		Level 1		Level 2		Level 3		Total
Financial assets measured at fair value									
Short-term financial instruments	₩	222,500	₩	-	₩	-	₩	222,500	₩	222,500
Short-term investment assets		569,236		-		569,236		-		569,236
Trade receivables[1]		672,860		-		672,860		-		672,860
Long-term investment assets		4,041,276		-		-		4,041,276		4,041,276
Other financial assets		269,118		-		269,118		-		269,118
		5,774,990		-		1,511,214		4,263,776		5,774,990
Financial assets not measured at fair value									
Cash and cash equivalents[2]		11,205,117		-		-		-		-
Short-term financial instruments[2]		2,159,510		-		-		-		-
Trade receivables[2]		12,346,146		-		-		-		-
Loans and other receivables[2]		737,347		-		-		-		-
Other financial assets[2]		122,940		-		-		-		-
		26,571,060		-		-		-		-
Total financial asset	₩	32,346,050	₩	-	₩	1,511,214	₩	4,263,776	₩	5,774,990
Financial liabilities measured at fair value									
Other financial liabilities	₩	1,745,396	₩	-	₩	1,745,396	₩	-	₩	1,745,396
		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)

		Carrying amounts		December 31, 2023 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 movement	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)

		For the year ended December 31, 2024		
	Company	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)

		For the year ended December 31, 2024		
	Company	**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)

		For the year ended December 31, 2023	
	Company	**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 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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