

SK Ecoplant Co., Ltd.

Separate Financial Statements

December 31, 2022 and 2021

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

Based on a report originally issued in Korean

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

Opinion

We have audited the separate financial statements of SK Ecoplant Co., Ltd. (the "Company"), which comprise the separate statement of financial position as of December 31, 2022, the separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the separate financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as of December 31, 2022, and its separate financial performance and its separate cash flows for the year 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 (KSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate financial statements in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters in the engineer- to- order manufacturing sector (ETO)

In accordance with Accounting and Audit Practice Guidelines 2016-1 (amended in 2018), key audit matters in the ETO sector are selected on the basis of auditor's professional judgment and communication with those charged with governance. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. General matter

An overview of key audit matters related to the ETO sector described in this audit report is as follows:

When the outcome of performance obligation can be reliably measured, contract revenue and contract costs are recognized based on the percentage-of-completion of contract activities and recorded as revenue and expense, respectively. The percentage-of-completion of contract activities is calculated based on the ratio of cumulative contract costs incurred for the work performed to the estimated total contract costs, excluding contract costs incurred that do not reflect the progress of completion. When the amount of the recognized profit and loss added to the cumulative actual cost exceeds the progress billing amount it is presented as unbilled construction. When the amount of the progress billings exceeds the recognized profit and loss added to the cumulative actual cost it is presented as over-billed construction. Meanwhile, if the outcome of performance obligation cannot be reliably estimated, the contract revenue is recognized to the extent the contract costs incurred are recoverable.

B. Revenue recognition based on the input method



As the Company recognizes its revenue based on the percentage-of-completion in accordance with the input method, we identified the revenue recognition under such method as a key audit matter.

The primary audit procedures we performed over the revenue recognition under the input method are as follows:

- Assessed the appropriateness of revenue recognition accounting policy by the input method for major contracts.
- Inspected the contract documentation of major construction sites to test the contract amount and main contract terms.

C. Uncertainty in estimating the total estimated costs of a construction contract and accounting treatment for variations in construction

As described in the Note 3, the total estimated costs of a construction contract are estimated based on the future estimates of material costs, labor costs, and outsourcing costs during the construction period. Therefore, the total estimated costs of a construction contract are affected by uncertainties due to unexpected changes in the construction environment and market conditions. Also, the Company measures the total construction revenue based on the initially agreed amount in the contract, but the total revenue for long-term construction may increase or decrease due to construction changes or delays in completion of construction. As a result, measurement of construction revenue is affected by uncertainties in future events and outcomes. The Company accounts for contract revenue if it is probable the customer will approve the change in the amount of the revenues due to the change in the construction and the Company can reliably measure the amount.

The primary audit procedures we performed in relation to the uncertainties of estimating the total estimated costs of a construction contract and accounting treatment for variations in construction are as follows:

- Evaluated and tested the internal controls over the initial estimation and changes in total estimated costs.
- Agreed the total estimated costs approved by management with the total estimated costs reflected in the financial reporting closing.
- Inquired of and inspected relevant documentation for construction sites with significant changes in the total estimated costs.
- Inquired of whether the additional estimated construction costs from variations in construction were accurately reflected in the total estimated costs and inspected relevant documentation.
- Inquired reasons for construction sites with significant differences between the actual stage of completion and the percentage-of-completion in accordance with the input method and inspected relevant documentation.

D. Calculation of the percentage-of-completion

In order to reliably estimate the results of performance obligations, the Company measures the progress based on the input method, and construction revenue is affected by the percentage-of-completion calculated by the ratio of cumulative construction cost to date against the total estimated costs of a construction contract. There is a risk that costs that are not directly related to construction contract or related to future activities may be included in calculating the percentage-of-completion and impact construction profit or loss. Therefore, we identified the calculation of the percentage-of-completion as a key audit matter.

The primary audit procedures we performed over the total estimated costs of the construction contract and the cumulative construction costs in calculating the percentage-of-completion are as follows:

- Inspected documentation for sampled costs to test whether the costs incurred were included in the appropriate period and the accuracy of the amounts incurred.
- Recalculated of the percentage-of-completion by site.

Other Matters

The separate financial statements of the Company for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on July 15, 2022.

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from an 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 circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the separate financial statements and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.
Seoul, Korea
March 14, 2023

This report is effective as of March 14, 2023, 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 separate 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 Ecoplant Co., Ltd.
Separate statements of financial position
as of December 31, 2022 and 2021

(Korean won in thousands)

	Notes	2022	2021
Assets			
Current assets:			
Cash and cash equivalents	4,36	₩ 1,012,939,266	₩ 452,438,518
Short-term financial instruments	4,36	4,600,000	4,600,000
Trade and other receivables	4,5,27	1,727,132,593	1,372,244,475
Contract assets	5,27	825,841,213	548,564,547
Inventories	6	357,611,783	347,324,570
Other current assets	4,7,18	340,620,823	315,552,302
Assets held-for-sale	33	-	510,467,823
Total current assets		<u>4,268,745,678</u>	<u>3,551,192,235</u>
Non-current assets:			
Long-term financial instruments	4,38	50,329,455	5,737,838
Long-term trade and other receivables	4,5,27	505,139,313	456,815,935
Long-term investment securities	4,8	743,529,401	450,520,769
Investments in subsidiaries and associates	9	3,225,179,871	1,715,798,350
Property, plant and equipment	10	92,806,890	110,988,611
Right-of-use assets	11	67,943,374	109,285,856
Investment properties	13	50,169,949	6,375,009
Intangible assets	12	83,275,856	80,699,194
Deferred tax assets	20	227,000,166	298,194,815
Other non-current assets	4,7,18	48,226,424	7,523,485
Total non-current assets		<u>5,093,600,699</u>	<u>3,241,939,862</u>
Total assets		<u>₩ 9,362,346,377</u>	<u>₩ 6,793,132,097</u>

(Continued)

SK Ecoplant Co., Ltd.
Separate statements of financial position
as of December 31, 2022 and 2021 (cont'd)

(Korean won in thousands)

	Notes	2022	2021
Liabilities			
Current liabilities:			
Trade and other payables	4,14	₩ 1,574,349,458	₩ 1,061,816,419
Short-term borrowings	4,15	889,591,563	581,280,768
Lease liabilities	4,11	25,827,163	30,684,103
Current portion of long-term liabilities	4,15	740,012,105	438,520,355
Provisions	16,26	313,827,653	335,197,812
Current tax liabilities		33,246,455	88,508,780
Other current liabilities	4,17,18,27	171,789,368	84,876,523
Contract liabilities	27	1,271,345,450	965,699,594
Liabilities held-for-sale	33	-	364,467,823
Total current liabilities		<u>5,019,989,215</u>	<u>3,951,052,177</u>
Non-current liabilities:			
Long-term trade and other payables	4,14	73,650,059	25,089,083
Bonds issued and long-term borrowings	4,15	1,794,354,864	1,659,923,436
Non-current lease liabilities	4,11	70,314,459	85,506,647
Net defined benefit liabilities	19	-	21,415,299
Non-current provisions	16	6,390,615	17,900,000
Non-current financial guarantee liabilities	4	19,841,558	11,700,017
Other non-current liabilities	4,17,18	11,050,178	13,419,993
Total non-current liabilities		<u>1,975,601,733</u>	<u>1,834,954,475</u>
Total liabilities		<u>6,995,590,948</u>	<u>5,786,006,652</u>
Equity			
Share capital	1,21	187,853,135	176,486,465
Other paid-up capital	22	1,083,700,575	70,878,623
Retained earnings	23	1,100,990,452	762,258,338
Other components of equity	24	(5,788,733)	(2,497,981)
Total equity		<u>2,366,755,429</u>	<u>1,007,125,445</u>
Total liabilities and equity		<u>₩ 9,362,346,377</u>	<u>₩ 6,793,132,097</u>

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

SK Ecoplant Co., Ltd.

Separate statements of comprehensive income
for the years ended December 31, 2022 and 2021

(Korean won in thousands, except per share amounts)

	Notes	2022	2021
Continuing operations			
Revenues	26,27	₩ 6,191,349,924	₩ 5,388,218,758
Cost of sales	29	5,671,038,774	4,936,422,217
Gross profit		520,311,150	451,796,541
Selling, general and administrative expenses	28,29	361,516,742	358,523,421
Operating profit		158,794,408	93,273,120
Finance income	31	290,894,744	118,443,867
Finance expenses	31	374,292,030	155,307,335
Other income	30	81,128,372	251,236,284
Other expenses	30	58,447,677	63,297,125
Profit before tax from continuing operations		98,077,817	244,348,811
Income tax expenses	20	47,788,128	187,557,068
Profit for the period from continuing operations		50,289,689	56,791,743
Discontinued operations			
Profit after tax for the period from discontinued operations	32	288,573,741	85,708,774
Profit for the period		₩ 338,863,430	₩ 142,500,517
Other comprehensive income			
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Remeasurement gain (loss) on defined benefit plans	19	20,776,245	6,918,147
Net gain (loss) on equity instruments designated at fair value through OCI	4,8	(22,033,084)	9,928,730
Net other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods		(1,256,839)	16,846,877
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Net gain (loss) on cash flow hedges		1,937,132	3,777,734
Exchange differences on translation of foreign operations		16,825,100	50,169,850
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods		18,762,232	53,947,584
Total comprehensive income for the period, net of tax		₩ 356,368,823	₩ 213,294,978
Earnings per share: (In won)			
Basic earnings per common share	33	₩ 8,995	₩ 4,122
Diluted earnings per common share		8,294	4,122
Earnings per share for continuing operations:			
Basic earnings from continuing operations per common share	33	803	1,643
Diluted earnings from continuing operations per common share		741	1,643
Earnings per share for discontinued operations:			
Basic earnings from discontinued operations per common share	33	8,192	2,479
Diluted earnings from discontinued operations per common share		7,553	2,479

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

SK Ecoplant Co., Ltd.
Separate statements of changes in equity
for the years ended December 31, 2022 and 2021
(Korean won in thousands)

	Capital stock	Other paid-up capital	Retained earnings	Other components of equity	Total
As of January 1, 2021	₩ 176,486,465	₩ 18,791,119	₩ 630,860,807	₩ (64,012,052)	₩ 762,126,339
Comprehensive income:					
Profit for the period	-	-	142,500,517	-	142,500,517
Remeasurement gain (loss) on defined benefit plans	-	-	6,918,147	-	6,918,147
Reclassification of gain (loss) on equity instruments designated at FVOCI	-	-	2,362,243	(2,362,243)	-
Net gain (loss) on equity instruments designated at FVOCI	-	-	9,928,730	9,928,730	9,928,730
Net gain (loss) on cash flow hedges	-	-	3,777,734	3,777,734	3,777,734
Exchange differences on translation of foreign operations	-	-	50,169,850	50,169,850	50,169,850
Total comprehensive income	-	-	151,780,907	61,514,071	213,294,978
Transaction with owners, recorded directly in equity:					
Dividends	-	-	(20,383,376)	-	(20,383,376)
Acquisitions and disposals of treasury stocks	-	52,087,504	-	-	52,087,504
Total transaction with owners, recorded directly in equity	-	52,087,504	(20,383,376)	-	31,704,128
As of December 31, 2021	₩ 176,486,465	₩ 70,878,623	₩ 762,258,338	₩ (2,497,981)	₩ 1,007,125,445

As of January 1, 2022	₩ 176,486,465	₩ 70,878,623	₩ 762,258,338	₩ (2,497,981)	₩ 1,007,125,445
Comprehensive income:					
Profit for the period	-	-	338,863,430	-	338,863,430
Remeasurement gain (loss) on defined benefit plans	-	-	20,776,245	-	20,776,245
Reclassification of gain (loss) on equity instruments designated at FVOCI	-	-	19,900	(19,900)	-
Net gain (loss) on cash flow hedges	-	-	-	(22,033,084)	(22,033,084)
Exchange differences on translation of foreign operations	-	-	-	1,937,132	1,937,132
Total comprehensive income	-	-	359,659,575	16,825,100	376,484,675
Transaction with owners, recorded directly in equity:					
Issuance of capital stock	11,366,670	988,248,626	-	-	999,615,296
Dividends	-	-	(20,927,461)	-	(20,927,461)
Acquisitions and disposals of treasury stocks	-	21,962,983	-	-	21,962,983
Share-based payments	-	2,610,343	-	-	2,610,343
Total transaction with owners, recorded directly in equity	11,366,670	1,012,821,952	(20,927,461)	-	1,003,261,161
As of December 31, 2022	₩ 187,853,135	₩ 1,083,700,575	₩ 1,100,990,452	₩ (5,788,733)	₩ 2,366,755,429

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

SK Ecoplant Co., Ltd.

Separate statements of cash flows

for the years ended December 31, 2022 and 2021

(Korean won in thousands)

	2022	2021
Operating activities:		
Profit for the period	₩ 338,863,430	₩ 142,500,517
Adjustments to reconcile profit for the period to net cash flows		
provided (used) by operating activities	34 (29,537,750)	177,324,200
Working capital adjustments	34 91,500,849	(112,077,427)
Interest received	12,868,651	3,799,963
Interest paid	(110,719,344)	(63,048,578)
Dividends received	12,924,735	6,196,328
Income tax paid	(123,737,918)	(79,557,908)
Net cash flows used in operating activities	192,162,653	75,137,095
Investing activities:		
Decrease in loans	₩ 72,110,314	₩ 115,722,054
Proceeds from sale of financial instruments	1,035,663	20,000
Decrease in deposits provided	39,083,871	-
Proceeds from disposal of Investments in subsidiaries and associates	995,734	4,934,257
Proceeds from disposal of investment properties	1,047,216	6,509,000
Proceeds from disposal of assets held-for-sale	448,067,109	281,389,799
Proceeds from disposal of property, plant and equipment	31,575,492	1,128,895
Proceeds from disposal of intangible assets	2,185,000	3,160,000
Decrease in lease receivables	1,751,673	-
Proceeds from disposal of financial instruments_FVPL	1,370,000	-
Proceeds from disposal of financial instruments_FVOCI	45,850	3,395,250
Increase in loans	(229,374,755)	(136,737,159)
Purchase of financial instruments	-	(4,680,175)
Increase in deposits provided	(71,470,194)	(9,918,162)
Acquisitions of investments in subsidiaries and associates	(1,323,869,478)	(707,202,860)
Acquisitions of property, plant and equipment	(42,990,102)	(17,190,307)
Acquisitions of intangible assets	(14,721,593)	(62,954,719)
Acquisitions of investment properties	(16,700,000)	-
Acquisitions of financial instruments_FVPL	(282,989,347)	(81,263,884)
Acquisitions of financial instruments_FVOCI	(6,098,546)	(263,990,100)
Net cash flows used in investing activities	(1,388,946,093)	(867,678,111)
Financing activities		
Increase in short-term borrowings	₩ 1,014,979,790	₩ 737,108,486
Proceeds from issuance of bonds	408,579,269	896,790,180
Increase in long-term borrowings	668,549,465	438,622,003
Disposals of treasury stocks	-	35,907,193
Increase in deposits received	6,019,459	469,790
Issuance of capital stock	999,615,296	-
Redemption of short-term borrowings	(700,246,397)	(549,598,836)
Decrease in current portion of long-term liabilities	(538,860,800)	(350,860,800)
Redemption of long-term borrowings	(120,000,000)	-
Redemption of debentures	(10,000,000)	(50,140,463)
Acquisitions of treasury stocks	(237,354)	-
Payment of dividends	(20,927,460)	(20,383,376)
Repayment of lease liabilities	(33,855,135)	(42,491,913)
Net cash flows provided by Financing activities	1,673,616,133	1,095,422,264
Net increase in cash and cash equivalents	476,832,693	302,881,248
Effects of exchange rate changes on cash and cash equivalents	(1,592,446)	23,487
Cash and cash equivalents, beginning of the period	452,438,518	444,541,047
Cash and cash equivalents included in assets held-for-sale	(85,260,501)	295,007,263
Cash and cash equivalents, end of the period	₩ 1,012,939,266	₩ 452,438,519

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

1. Corporate information

SK Ecoplant Co., Ltd. (the “Company”), a member of the SK group of companies, was incorporated on February 21, 1962 in accordance with the laws of the Republic of Korea to engage in various engineering and construction activities in the Republic of Korea as well as in foreign countries. In addition, the Company is expanding eco-friendly business, including the acquisition of Environment Management Corporation Co., Ltd. in 2020, such as fuel cells, renewable energy, green hydrogen and energy solutions.

On May 21, 2021, the Company changed its name from SK Engineering & Construction Co., Ltd. to SK Ecoplant Co., Ltd., and on December 1, 2021, the head office location was changed to 19, Yulgok-ro 2-gil, Jongno-gu, Seoul.

As of December 31, 2022, the Company has 35,297,293 common shares issued amounting to ₩176,486 million and 2,273,334 preferred shares issued amounting to ₩11,367 million. The largest shareholder of the Company is SK Inc. which has 44.48% of total issued common shares.

2. Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

The Company prepares statutory financial statements in Korean in accordance with Korean International Financial Reporting Standards (“K-IFRS”) enacted by the Act on External Audit of Stock Companies, Etc.

From the annual reporting period beginning on January 1, 2021, the Company prepares the separate financial statements in accordance with K-IFRS, which is an accounting standards established by adopting International Financial Reporting Standards of International Accounting Standards Committee as prescribed in Article 5 ① 1 of the Act on External Audit of Stock Companies, Etc.

The date of transition to K-IFRSs in accordance with K-IFRS 1101 “First-time adoption of Korean International Financial Reporting Standards” is January 1, 2020 and the impact of transition from Accounting Standards for Non-Public Entities (“Previous GAAP”) to K-IFRSs on the financial position, financial performance and cash flows of the Company is described in Note 39 of the separate financial statements.

The financial statements of the Company are the separate financial statements prepared in accordance with K-IFRS 1027 “Separate Financial Statements”.

The financial statements have been prepared on a historical cost basis, excluding certain non-current assets and financial assets that are measured at revaluation or fair value at the end of each reporting period. Historical cost is generally measured at the fair value of the consideration paid to acquire the asset.

The financial statements were approved by the Board of Directors on February 8, 2023 and are expected to be submitted for the Company’s annual general meeting of shareholders.

2.2 Significant accounting policies

1) New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.2 Significant accounting policies (Cont'd)

The Company applied *Proceeds before Intended Use* (Amendments to K-IFRS 1016 "Property, Plant and Equipment"), *Cost of Fulfilling a Contract* (Amendments to K-IFRS 1037 "Provisions, Contingent Liabilities and Contingent Assets"), *Reference to Conceptual Framework* (Amendments to K-IFRS 1103 "Business Combinations"), COVID-19-Related Rent Concessions beyond June 30, 2021 (Amendments to K-IFRS 1116 "Leases") and *K-IFRS Annual Improvements 2018-2020* for the first time on January 1, 2022. These standards effective from January 1, 2022 do not have a material impact on the Company's financial statements.

2) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- *Classification of Liabilities as Current of Non-current* (K-IFRS 1001 "Presentation of Financial Statements")
- *Disclosure of Accounting policies* (K-IFRS 1001 "Presentation of Financial statements")
- *Definition of Accounting estimate* (K-IFRS 1008 "Accounting Policies, Changes in Accounting Estimates and Errors")
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (K-IFRS 1012 "Income Taxes")

The Company is currently evaluating the effect of the above new and amended standards and interpretations, if any, to the financial statements.

2.2.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2.2 Functional currency and foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which headquarters, overseas branches and overseas offices operate (the "functional currency"). The separate financial statements of the Company are presented in Korean won which is functional currency and presentation currency of the Company.

2.2.2 Functional currency and foreign currency translation (Cont'd)

In preparing financial statements, transactions made in currencies other than the Company's functional currency (foreign currency) are recorded at the exchange rate of the transaction day. At the end of each reporting period, monetary foreign currency items are remeasured at the exchange rate at the end of each reporting period. On the other hand, non-monetary foreign currency items measured at fair value are re-measured at the exchange rate on the day the fair value was determined, but non-monetary foreign currency items measured at historical costs are not re-measured.

Foreign exchange differences on monetary items are recognized in profit or loss for the period which they arise, except for:

- Foreign exchange differences included in the cost of assets that relate to assets under construction for use in future production and are considered adjustments to interest expense on foreign currency borrowings.
- Foreign exchange differences arising from items designated as cash flow hedging instruments for foreign currency risk
- Foreign exchange differences arising from monetary items that form part of the net investment in a foreign operation, which are receivables or payables related to a foreign operation that are neither planned nor likely to be settled in the foreseeable future. These foreign exchange differences are recognized in OCI and are reclassified from equity to profit or loss when all or part of the net investment is disposed of.

In preparing financial statements, the assets and liabilities of foreign operations are translated into Korean won at the rate of exchange prevailing at the reporting date. The profit and loss items are translated at the average exchange rate for the period but if the exchange rate fluctuates significantly during the period, the profit or loss items are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation of foreign operations are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

2.2.3 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.2.4 Financial assets

1) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets or liabilities are recognized in separate statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

2) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investments; or FVPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

2.2.4 Financial assets (Cont'd)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI; however once elected, it cannot be canceled. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVPL. This includes all derivative financial assets. At initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. However once elected, it cannot be canceled.

3) Subsequent measurement and gains and losses

Classification	Subsequent measurement
Financial assets at FVPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized in profit or loss, unless they clearly represent a recovery of investment costs. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

4) Impairment

The Company recognizes impairment in accordance with expected credit loss impairment model for investments in debt as measured at amortized cost or FVOCI, lease receivables, contract assets, loan commitments or financial guarantee contracts.

The Company recognizes the loss allowance for financial assets as 12-month expected credit losses or lifetime expected credit losses classified by three stages as listed in the following table depending on the degree of increase in credit risk since initial recognition.

2.2.4 Financial assets (Cont'd)

	Remark (*1)	The loss allowance
Stage 1	No significant increase in credit risk after initial recognition (*2)	12-month expected credit losses: expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date.
Stage 2	Significant increase in credit risk after initial recognition	Lifetime expected credit losses: expected credit losses that result from all possible default events over the life of the financial instrument.
Stage 3	Credit impaired	

(*1) The loss allowance of trade receivables or contract assets that result from transactions that are within the scope of K-IFRS 1115, Revenue from Contracts with Customers, and that do not contain a significant financing component in accordance with K-IFRS 1115 should be measured at an amount equal to lifetime expected credit losses; or that contains a significant financing component in accordance with K-IFRS 1115 can be measured at an amount equal to lifetime expected credit losses. Also, the loss allowance of lease receivables can be measured at an amount equal to lifetime expected credit losses.

(*2) The Company may assume that the credit risk on financial assets has not increased significantly if the financial assets are determined to have low credit risk at the reporting date.

Originated credit-impaired financial assets recognize a loss allowance only the cumulative changes in lifetime expected credit losses since initial recognition.

5) Derecognition

If the Company has retained substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the transferred asset and simultaneously recognizes the cash flows from the asset expiration as a financial liability.

6) Offsetting of financial instruments

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

2.2.5 Inventories

Inventories are valued at the lower of cost and net realizable value and unit cost is determined by the total average method for inventories excluding stocks, goods in transit and unfinished construction (individual method).

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories shall be recognized as a cost of sales in the period in which the related revenue is recognized. 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 on the amount of inventories recognized as an expense in the period in which the reversal occurs.

2.2.6 Subsidiaries, associates and joint ventures

The financial statements of the Company are the separate financial statements prepared in accordance with K-IFRS 1027, Separate Financial Statements. Investments in subsidiaries, joint ventures and associates are recognized at cost under the direct equity method. For investments in subsidiaries, associates and joint ventures, the Company selects and accounts for the cost method in accordance with K-IFRS 1027. The Company recognizes dividend income from subsidiaries, joint ventures and associates in profit or loss when its right to receive the dividend is established.

2.2.7 Property, plant and equipment

Construction in progress is stated at cost less accumulated impairment losses, and property, plant and equipment is measured at cost. After the initial recognition, property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost includes any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. In addition, in case the recognition criteria are met, the subsequent costs will be added to the carrying amount of the asset or recognized as a separate asset, and the carrying amount of what was replaced is derecognized.

Land is not depreciated, and other property, plant and equipment is depreciated using the straight-line method over the following period.

	<u>Useful life</u>
Buildings and structures (*1)	5 to 40 years
Machinery and equipment	5 years
Construction equipment	5 years
Others	5 years

(*1) Items acquired before 1994 is subject to 50 years of useful life.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

2.2.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Other intangible assets are amortized using a straight-line method for a reasonable estimated useful life with a residual value of zero ("0") from the time they are available. However, for some memberships, there are no predictable restrictions on the period expected to be available, so the useful life of the intangible asset is evaluated as indefinite and is not amortized.

	<u>Useful life</u>
Other intangible assets	4 to 10 years

2.2.8 Intangible assets (Cont'd)

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

1) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

2) Subsequent expenditures

Subsequent expenditures are capitalized only when the future economic benefits of the particular asset involved increase, and other expenditures, including internally generated goodwill and trade names, are being costed immediately upon occurrence.

2.2.9 Impairment of tangible and intangible assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Meanwhile, when an impairment loss recognized in the past period is reversed, the carrying amount of individual asset (or CGU) is determined as the smaller of the revised recoverable amount and the carrying amount that would have been recorded currently if the impairment loss was not recognized in the past period. Reversals of impairment losses are recognized immediately in profit or loss.

2.2.10 Investment properties

Investment properties are property held to earn rentals or for capital appreciation or both. Investment properties are measured initially at its cost and transaction costs are included in the initial measurement. After initial recognition, the book value of investment properties is presented at the cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are recognized as the carrying amount of the asset when, and only when it is probable that future economic benefits associated with the asset will flow to the Company, and the cost of the asset can be measured reliably, or recognized as a separate asset if appropriate. The carrying amount of what was replaced is derecognized.

Land is not depreciated, and other investment properties are depreciated using the straight-line method over the following period.

	<u>Useful life</u>
Buildings	10 to 40 years

2.2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized to the cost of those assets, until they are ready for their intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.2.12 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants related to assets are presented in the separate statements of financial position by deducting the grant in arriving at the carrying amount of the asset, and government grants related to income are deferred and later deducted from the related expense.

2.2.13 Non-current assets for held-for-sale and discontinued operations

The Company classifies non-current assets or disposal groups as held for sale if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for sale or as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Costs to distribute are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding the finance costs and income tax expense.

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable, and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the decision to distribute will be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale or as held for distribution.

Assets and liabilities classified as held for sale or for distribution are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale

2.2.13 Non-current assets for held-for-sale and discontinued operations (Cont'd)

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss and other comprehensive income.

Additional disclosures are provided in Note 32. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

2.2.14 Bond premium (discount) issuance difference

The difference between cash inflow and par value through issuance of bonds is presented in the form of addition (subtraction) from par value of the bonds as the subject of bond premium (discount) issuance difference. The bond premium (discount) issuance difference is reversed (amortized) by applying the effective interest rate method over the period from the bond issuance date to the final redemption date, and the amortization amount is deducted (added) to interest expense.

2.2.15 Leases

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

1) The Company as a lessee

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

a. Right-of-use assets

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

	<u>Useful life</u>
Land and buildings	1 to 8 years
Vehicles	1 to 5 years
Other right-of-use assets	1 to 5 years

The right-of-use asset is depreciated on a straight-line basis over the shorter of the estimated useful life or the lease term, unless it is reasonably expected that the Company will obtain title to the leased asset at the end of the lease term. On the other hand, the Company conducts an impairment assessments on the right-of-use assets.

b. Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2.2.15 Leases (Cont'd)

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

The Company's lease liabilities are included in financial liabilities.

c. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

2) The Company as a lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

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

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

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortized cost (i.e., after a deduction of the loss allowance).

2.2.16 Financial liabilities and equity instruments

Debt instruments and equity instruments issued by the Company are recognized as financial liabilities or equity depending on the contract and the definitions of financial liability and equity instrument.

1) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.2.16 Financial liabilities and equity instruments (Cont'd)

2) Compound financial instruments

Compound financial instruments (e.g., convertible bond, etc.) issued by the Company are recognized as financial liabilities or equity depending on the contract and the definitions of financial liability and equity instrument. Conversion option to issue or purchase a fixed number of its own equity instruments in exchange for a fixed amount of cash or another financial asset is an equity instrument of the entity.

The fair value of the liability component is estimated using the market interest rate applied to general bonds with similar conditions as of the issuance date. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or until maturity of the financial instrument.

The equity component is determined by deducting the liability component from the fair value of the entire compound financial instrument and is recognized as an equity item after deducting the corporate tax effect and is not subsequently remeasured. In addition, the conversion option (conversion option consideration) classified as equity remains in equity until the conversion option is exercised, and when the conversion option is exercised, the amount recognized in equity is replaced with share premium. No gain or loss is recognized in profit or loss when the convertible bonds are converted to equity instruments or the conversion right expires.

Transaction costs related to issuance of convertible bonds are allocated to the liability and equity components in proportion to the total issue amount allocated. Transaction costs related to the equity component are recognized directly in equity, and transaction costs related to the liability component are included in the carrying amount of the liability component and amortized using the effective interest rate method over the life of the convertible bond.

3) Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at fair value through profit or loss. However, financial liabilities and financial guarantee contracts issued that arise when transfers of financial assets do not qualify for derecognition or where the continuing involvement approach is applied are measured in accordance with specific accounting policies described below.

a. Financial liabilities at fair value through profit or loss (FVPL)

Financial liabilities are classified as at FVPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVPL as of the date of initial recognition.

A financial asset or financial liability that:

- is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial liabilities that are not held for trade or are not contingent consideration paid by the acquirer as part of a business combination may be designated at fair value through profit or loss upon initial recognition if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.
- a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and, information about the group is provided internally on that basis to the Company's key management personnel for example, the entity's board of directors and chief executive officer
- if a contract contains one or more embedded derivatives and the host is not an asset within the scope of K-IFRS 1109, an entity may designate the entire hybrid contract as at fair value through profit or loss

2.2.16 Financial liabilities and equity instruments (Cont'd)

Financial liabilities at fair value through profit or loss are measured at fair value, and valuation gains or losses arising from changes in fair value, excluding those designated as hedging relationships, are recognized in profit or loss.

The Company shall present a gain or loss on a financial liability that is designated as at fair value through profit or loss as follows:

- (a) The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, and
- (b) the remaining amount of change in the fair value of the liability shall be presented in profit or loss unless the treatment of the effects of changes in the liability's credit risk described in (a) would create or enlarge an accounting mismatch in profit or loss.

Gains and losses arising from financial guarantee contracts designated as fair value through profit or loss are recognized in profit or loss.

b. Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVPL as of the date of initial recognition, are measured subsequently at amortized cost using the effective interest method.

4) Financial guarantee liability

A financial guarantee contract is a contract that the issuer must pay a certain amount of money to compensate for losses incurred by the holder due to the failure of a specific debtor to pay the due date on the original contract or modified terms of the debt instrument. Financial guarantee liabilities are measured initially at fair value and subsequently measured at the greater of the following, unless they are designated as at fair value through profit or loss or arising from the transfer of assets.

- Loss provision calculated in accordance with K-IFRS 1109 (Refer to 'financial assets' above)
- The amount recognized less the accumulated profits recognized in accordance with K-IFRS 1115

5) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

2.2.17 Retirement benefit plans

The retirement benefit obligation recognized in the statements of financial position represents the present value of the defined benefit obligation, less the fair value of plan assets. Defined benefit obligations are calculated by an actuary using the Projected Unit Credit Method.

The present value of the defined benefit obligations is measured by discounting estimated future cash outflows by the interest rate of high-quality corporate bonds, with similar maturity as the expected post-employment benefit payment date. In countries where there is no deep market in such bonds, the market yields at the end of the reporting period on government bonds are used.

The remeasurements of the net defined benefit liabilities (assets) comprising actuarial gain or loss from changes in actuarial assumptions or differences between actuarial assumptions and actual results, the effect of the changes to the asset ceiling and return on plan assets, excluding amounts included in net interest on the net defined benefit liabilities (assets), are recognized in other comprehensive income of the statements of comprehensive income, which is immediately recognized as retained earnings. Those recognized in retained earnings will not be reclassified in profit or loss. Past service costs are recognized in profit and loss when the plan amendment occurs, and net interest is calculated by applying the discount rate determined at the beginning of the annual reporting period to the net defined benefit liabilities (assets). Defined benefit costs are composed of service cost (including current service cost, past service cost, as well as gains and losses on settlements), net interest expense (income), and remeasurements.

2.2.17 Retirement benefit plans (Cont'd)

The retirement benefit obligation recognized in the statements of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Contributions to defined contribution retirement benefit plans are recognized as expenses when employees provide services eligible for payment.

2.2.18 Share-based payments

Equity-settled share-based payments granted to employees and similar service providers are measured at the fair value of the equity instruments at the grant date.

The fair value of equity-settled share-based payment transactions determined at grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the equity instruments to be vested. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The effect of adjustments to initial estimates is recognized in profit or loss and reflected in other paid-in capital over the remaining vesting period so that cumulative costs reflect the adjustments.

Equity-settled share-based payments granted to counterparties other than employees are measured at the fair value of the goods or services provided. However, if the fair value of the goods or services received cannot be estimated reliably, the goods or services received are measured based on the fair value of the equity instruments granted as of the date the goods or services are received.

For cash-settled share-based payments, liabilities corresponding to the consideration for goods or services provided are initially recognized at fair value. Until the liability is settled, the fair value of the liability is remeasured at the end of each reporting period and at the time of settlement, and changes in fair value are recognized in profit or loss during the period.

2.2.19 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are measured using the present value of cash flows estimated to settle the present obligations.

The Company reviews the balance of provisions at the end of each reporting period and adjusts them to reflect the best estimate as of the end of the reporting period. When the possibility of an outflow of resources embodying economic benefits is no longer high to fulfill the obligation, the related provisions are reversed.

1) Warranty provisions

If the Company obligated to warrant after selling a product or providing a service, the Company estimate them based on the warranty period and past experience rate and account for the warranty provisions.

2) Onerous contracts

If the Company has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognizes any impairment loss that has occurred on assets dedicated to that contract.

2.2.19 Provisions (Cont'd)

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

3) Provisions for restoration

The Company recognizes related expenses when restoration obligations arise in accordance with published environmental policies and appropriate legal requirements.

2.2.20 Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, currency swap contracts and so on, to manage its foreign currency risks. Derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. If derivative financial instruments are not designated as a hedging instrument or are not effective as a hedging instrument, any gain or loss on the fair value of the derivative instrument is immediately recognized in profit or loss. If derivative financial instruments are designated as a hedging instrument and are effective for hedging, the timing of recognition in profit or loss depends on the nature of the hedging relationship.

1) Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Derivatives embedded in hybrid contracts that contain financial assets within the scope of K-IFRS 1109 as main contracts are not separated but are classified based on the entire hybrid contracts and subsequently measured at amortized cost or fair value.

If a hybrid contract contains a host that is not an asset within the scope of K-IFRS 1109, an embedded derivative shall be separated from the host and accounted for as a derivative under this Standard if, and only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss (i.e., a derivative that is embedded in a financial liability at fair value through profit or loss is not separated).

2) Hedge accounting

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

2.2.20 Derivative financial instruments (Cont'd)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

3) Fair value hedges

Gains or losses on qualifying hedging instruments are recognized in profit or loss. However, if the hedging instrument hedges an equity instrument designated as other comprehensive income - fair value measurement item, the gain or loss of the hedging instrument is recognized in other comprehensive income.

The carrying amount of a hedged item that is not measured at fair value is adjusted for changes in fair value attributable to the hedged risk and recognized in profit or loss. In the case of other comprehensive income - fair value measurement debt instruments, the carrying amount already corresponds to the fair value, so the gain or loss from the hedged risk is recognized in profit or loss instead of other comprehensive income. If the hedged item is an equity instrument designated as other comprehensive income - fair value measurement item, the profit or loss from the hedged risk is retained in other comprehensive income to match the hedging instrument.

When the gain or loss from the hedged risk is recognized in profit or loss, it is recognized as an item related to the hedged item. Hedge accounting is discontinued only if the hedging relationship (or part of the hedging relationship) does not meet the applicable conditions (even after considering rebalancing of the hedging relationship, if applicable). This includes cases where the hedging instrument expires, is sold, is terminated, or is exercised, and suspension is accounted for prospectively. Any adjustments to the fair value of the carrying amount of the hedged item resulting from the hedged risk are amortized and recognized in profit or loss from the date of discontinuation.

4) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Hedge accounting is discontinued only if the hedging relationship (or part of the hedging relationship) does not meet the applicable conditions (even after considering rebalancing of the hedging relationship, if applicable). This includes cases where the hedging instrument expires, is sold, is terminated, or is exercised, and suspension is accounted for prospectively. Gains and losses on valuation of hedging instruments that were recognized in other comprehensive income and accumulated in equity at the time cash flow hedge accounting was discontinued continue to be recognized in equity and reclassified to profit or loss when forecast transactions are ultimately recognized in profit or loss. However, when a forecast transaction is no longer expected to occur, the cumulative gain or loss on the hedging instrument recognized in equity is immediately reclassified to profit or loss.

2.2.21 Revenue from contracts with customers

The Company applies K-IFRS 1115 'Revenue from contracts with customers'. The Company is engaged in the construction business, etc. When control of a good or service is transferred to a customer, revenue is recognized at the fair value of the consideration to which the customer is expected to be entitled in return for the good or service, taking into account variable consideration such as returns and discounts.

2.2.21 Revenue from contracts with customers (Cont'd)

1) Sale of goods

Revenue from the sale of goods is recognized when control of the goods transfers to the customer, typically upon delivery of the goods.

2) Providing services

The Company provides services such as construction contracts. In the case of construction contracts, etc., the Company has an obligation to provide construction work and maintenance services to customers during the contract period, and transactions price allocated to performance obligations is recognized as revenue over the period of service delivery as it is determined that the customer can control the assets as the Company creates or increases their value. Meanwhile, in the case of other services, the Company has an obligation to provide related services to customers during the contract period, so the transaction price allocated to the performance obligation is recognized as revenue over the period of providing the service.

3) Rental income, etc.

Rental income from investment property is recognized on a straight-line basis over the lease term. Meanwhile, lease incentives are recognized by deducting total cost from lease income on a straight-line basis over the lease period.

4) Contract asset and liability

A contract asset is the Company's right to consideration on exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time. If the Company transfers goods or services to the customer before the customer pays the consideration or before the payment is due, the Company's right to receive the consideration is a contract asset.

A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer. If the customer pays the consideration before the Company transfer goods or services to the customer, a contract liability is recognized when payment is made or when payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Company fulfills its performance obligations under the contract.

2.2.22 Income Taxes

Income tax expense consists of current and deferred income tax, and is recognized in profit or loss, except for amounts related to items recognized directly in other comprehensive income or equity. In cases related to items in other comprehensive income or equity, the applicable income tax is recognized by adding or subtracting directly from other comprehensive income or equity, respectively.

1) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income.

2) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

2.2.22 Taxes (Cont'd)

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflected the effect of corporate tax in the manner in which the Company is expected to recover or settle the carrying amounts of the assets and liabilities concerned at the end of the reporting period.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.2.23 Earnings per share

Basic earnings per share is calculated by dividing net income attributable to owners of the Company's common stock by the weighted-average number of common shares outstanding. Diluted earnings per share is calculated by adjusting the net profit or loss attributable to common stocks and the weighted average number of common shares outstanding, taking into account the impact of potential common stocks with any dilutive effect, such as stock options.

2.2.24 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using a valuation technique. In estimating the fair value of an asset or liability, the Company consider characteristics of the asset or liability that market participants consider when pricing the asset or liability at the measurement date.

2.2.24 Fair value measurement (Cont'd)

Fair value for measurement or disclosure purposes is determined in accordance with the principles described above, except for measurements that are partially similar to fair value but are not fair value, such as share-based payment transactions included in the scope of application of K-IFRS 1102 'Share-Based Payment', lease transactions included in the scope of application of K-IFRS 1116 'Lease', Net realisable value of K-IFRS 1002 'Inventory Assets' and value in use in K-IFRS 1036 'Impairment of Assets'.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

2.2.25 Operating segments

In accordance with K-IFRS 1108, 'Operating Segments', the Company discloses information related to the operating segments in the consolidated financial statements, and is not separately disclosed in the separate financial statements.

3. Significant accounting judgments, estimates and assumptions

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

Estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The items below are key assumptions and other sources of estimation uncertainty regarding transactions at the end of the reporting period that have a material risk factor that could cause a material change in the carrying amounts of assets and liabilities within the next financial year.

1) Uncertainty in estimates of total contract revenue

Total contract revenue is measured based on the initially agreed upon contract amount, but may increase due to construction changes, compensation, or incentives in the process of contract execution, or decrease when a penalty is paid due to a delay in completion due to reasons attributable to the Company. Therefore, the measurement of contract revenue is affected by various uncertainties related to the outcome of future events. The Company considers the possibility that the customer will approve a change in the amount of revenue due to construction changes, etc., or the possibility that the Company will meet the performance standards. And the Company include in the contract amount some or all of an amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

2) Estimated total contract cost

The amount of construction revenue is affected by the percentage of completion calculated as the ratio of cumulative construction costs to total construction costs. Total contract costs are estimated based on future estimates of material costs, labor costs, construction period and others. In addition, most of the Company's construction contracts are carried out over a long period of time, and the future estimate is also affected by changes in macroeconomic and microeconomic variables that serve as the basis for estimation during the construction period and various changes in the area where construction is performed. There is uncertainty in estimating projected costs.

3. Significant accounting judgments, estimates and assumptions (Cont'd)

3) Impairment of non-financial assets

At the end of each reporting period, the Company evaluates all non-financial assets for indications of impairment. Intangible assets with indefinite useful lives, such as memberships, are tested for impairment annually or when there are indications of impairment. Other non-financial assets are tested for impairment when there are indications that their carrying amount may not be recoverable. To calculate value in use, management must estimate the expected future cash flows from the asset or cash-generating unit and select an appropriate discount rate to calculate the present value of the expected future cash flows.

4) Fair value of financial instruments

Investment securities and derivative financial instruments are measured at fair value after initial recognition, and valuation gains and losses resulting from changes in fair value are reflected in current profit or loss or accumulated other comprehensive income. When measuring fair value, if there is a market price disclosed in an active market, the market price is applied as the fair value. But, if there is no such market price, fair value is estimated using a valuation technique that requires management's judgment on expected future cash flows and discount rates.

5) Loss allowance for trade receivables, loans and other receivables

In order to calculate the loss allowance for trade receivables, loans and other receivables, the Company estimates the amount of bad debt taking into account the age of the current receivables, past bad debt experience, and other factors in the economic and industrial environment.

6) Defined benefit plans

The Company operates a defined benefit plan. The defined benefit obligation is calculated by performing actuarial valuation at the end of each reporting period. In order to apply this actuarial valuation method, it is necessary to estimate assumptions such as discount rate, expected wage growth rate and mortality rate. Due to the long-term nature of retirement benefit plans, these estimates contain significant uncertainties.

7) Deferred tax

Recognition and measurement of deferred income tax assets and liabilities require management's judgment. In particular, whether or not deferred tax assets are recognized and the scope of recognition is affected by assumptions about future situations and management's judgment.

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4. Financial instruments by category

(1) Details of financial assets by category as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022				
	Financial assets measured at FVPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	Derivative assets designated as hedging instrument	Total
Current assets :					
Cash and cash equivalents	₩ -	₩ -	₩ 1,012,939,266	₩ -	₩ 1,012,939,266
Short-term financial instruments	-	-	4,600,000	-	4,600,000
Trade receivables	-	-	1,129,890,115	-	1,129,890,115
Non-trade receivables	-	-	359,854,753	-	359,854,753
Short-term loans	-	-	144,590,932	-	144,590,932
Accrued Revenues	-	-	32,979,279	-	32,979,279
Lease receivables	-	-	7,182,754	-	7,182,754
Deposits provided	-	-	59,817,513	-	59,817,513
Derivative assets	6,626,445	-	-	4,538,843	11,165,288
Sub total	6,626,445	-	2,751,854,612	4,538,843	2,763,019,900
Non-current assets :					
Long-term financial instruments	-	-	4,702,175	-	4,702,175
Long-term loans	-	-	251,880,578	-	251,880,578
Long-term lease receivables	-	-	20,555,611	-	20,555,611
Long-term deposits provided	-	-	253,258,736	-	253,258,736
Long-term investment securities	460,614,257	282,915,144	-	-	743,529,401
Derivative assets	6,127,013	-	-	-	6,127,013
Sub total	466,741,270	282,915,144	530,397,100	-	1,280,053,514
Total	₩ 473,367,715	₩ 282,915,144	₩ 3,282,251,712	₩ 4,538,843	₩ 4,043,073,414

	December 31, 2021				
	Financial assets measured at FVPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	Derivative assets designated as hedging instrument	Total
Current assets :					
Cash and cash equivalents	₩ -	₩ -	₩ 452,438,518	₩ -	₩ 452,438,518
Short-term financial instruments	-	-	4,600,000	-	4,600,000
Trade receivables	-	-	994,812,361	-	994,812,361
Non-trade receivables	-	-	271,318,087	-	271,318,087
Short-term loans	-	-	57,817,003	-	57,817,003
Accrued Revenues	-	-	21,259,217	-	21,259,217
Deposits provided	-	-	27,037,807	-	27,037,807
Derivative assets	9,756,019	-	-	854,689	10,610,708
Sub total	9,756,019	-	1,829,282,993	854,689	1,839,893,701
Non-current assets :					
Long-term financial instruments	-	-	5,737,838	-	5,737,838
Long-term loans	-	-	180,101,935	-	180,101,935
Long-term deposits provided	-	-	276,714,000	-	276,714,000
Long-term investment securities	143,262,394	307,258,375	-	-	450,520,769
Derivative assets	701,144	-	-	-	701,144
Sub total	143,963,538	307,258,375	462,553,773	-	913,775,686
Total	₩ 153,719,557	₩ 307,258,375	₩ 2,291,836,766	₩ 854,689	₩ 2,753,669,387

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4. Financial assets and financial liabilities (Cont'd)

(2) Details of financial liabilities by category as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022			
	Financial assets measured at FVPL	Financial assets measured at amortized cost	Derivative assets designated as hedging instrument	Total
Current liabilities :				
Short-term borrowings	₩ -	₩ 889,591,563	₩ -	₩ 889,591,563
Current portion of long-term liabilities	-	740,012,105	-	740,012,105
Trade payables	-	1,259,331,313	-	1,259,331,313
Non-trade payables	72,108,000	164,732,353	-	236,840,353
Accrued expenses	-	50,807,841	-	50,807,841
Deposits received	-	27,369,951	-	27,369,951
Derivative liabilities	72,909,243	-	1,760,621	74,669,864
Lease liabilities	-	25,827,163	-	25,827,163
Sub total	145,017,243	3,157,672,289	1,760,621	3,304,450,153
Non-current liabilities :				
Bonds issued	-	947,896,553	-	947,896,553
Long-term borrowings	-	846,458,311	-	846,458,311
Long-term accrued expenses	43,069,736	4,143,018	-	47,212,754
Deposits received	-	26,437,305	-	26,437,305
Derivative liabilities	-	-	440,404	440,404
Lease liabilities	-	70,314,459	-	70,314,459
Financial guarantee liabilities	-	19,841,558	-	19,841,558
Sub total	43,069,736	1,915,091,204	440,404	1,958,601,344
Total	₩ 188,086,979	₩ 5,072,763,493	₩ 2,201,025	₩ 5,263,051,497

	December 31, 2021			
	Financial assets measured at FVPL	Financial assets measured at amortized cost	Derivative assets designated as hedging instrument	Total
Current liabilities :				
Short-term borrowings	₩ -	₩ 581,280,768	₩ -	₩ 581,280,768
Current portion of long-term liabilities	-	438,520,355	-	438,520,355
Trade payables	-	686,639,639	-	686,639,639
Non-trade payables	-	264,577,965	-	264,577,965
Accrued expenses	-	44,738,291	-	44,738,291
Deposits received	-	65,860,524	-	65,860,524
Derivative liabilities	2,801,145	-	1,780,273	4,581,418
Lease liabilities	-	30,684,103	-	30,684,103
Sub total	2,801,145	2,112,301,645	1,780,273	2,116,883,063
Non-current liabilities :				
Bonds issued	-	1,146,916,117	-	1,146,916,117
Long-term borrowings	-	513,007,319	-	513,007,319
Long-term accrued expenses	-	1,415,949	-	1,415,949
Deposits received	-	23,673,134	-	23,673,134
Derivative liabilities	362,632	-	-	362,632
Lease liabilities	-	85,506,647	-	85,506,647
Financial guarantee liabilities	-	11,700,017	-	11,700,017
Sub total	362,632	1,782,219,183	-	1,782,581,815
Total	₩ 3,163,777	₩ 3,894,520,828	₩ 1,780,273	₩ 3,899,464,878

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4. Financial assets and financial liabilities (Cont'd)

(3) Gains and losses on each category of financial instruments for the years ended December 31, 2022 and 2021, are as follows (Korean won in thousands):

	2022	2021
<u>Financial assets at FVPL</u>		
Dividend income	₩ 2,297,460	₩ 534,789
Gain and loss on valuation, net - profit of loss	34,212,869	7,036,138
<u>Financial assets at FVOCI</u>		
Dividend income	10,627,276	77,095
Gain and loss on valuation, net - OCI	(28,688,911)	13,098,588
<u>Financial assets at amortized cost</u>		
Bad debt expenses	(5,007,040)	(21,967,251)
Interest income	24,633,354	12,191,515
Foreign exchange gain and loss, net	(5,804,482)	18,787,354
<u>Financial liabilities at amortized cost</u>		
Interest expense	(123,076,152)	(69,985,688)
Foreign exchange gain and loss, net	(2,552,092)	(23,355,234)
<u>Derivatives as hedging instruments</u>		
Gain and loss related to derivatives, net	(2,778,111)	(6,458,894)
Gain and loss on valuation - OCI	2,552,308	-
<u>Derivatives for trading</u>		
Gain and loss related to derivatives, net	(12,204,318)	13,276,663

(4) Fair value hierarchy classifications

1) The measurements by fair value level for each type of financial instrument measured at fair value as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<u>Financial assets :</u>				
Financial assets at fair value through profit or loss	₩ -	₩ -	₩ 460,614,257	₩ 460,614,257
Financial assets at fair value through OCI	260,341,030	-	22,574,114	282,915,144
Derivative assets	-	17,292,301	-	17,292,301
Total	260,341,030	17,292,301	483,188,371	760,821,702
<u>Financial liabilities :</u>				
Trade and other payables	-	-	72,108,000	72,108,000
Long-term trade and other payables	-	-	43,069,736	43,069,736
Derivative liabilities	-	75,110,268	-	75,110,268
Total	₩ -	₩ 75,110,268	₩ 115,177,736	₩ 190,288,004
December 31, 2021				
	Level 1	Level 2	Level 3	Total
<u>Financial assets :</u>				
Financial assets at fair value through profit or loss	₩ -	₩ -	₩ 143,262,394	₩ 143,262,394
Financial assets at fair value through OCI	28,964,963	-	278,293,412	307,258,375
Derivative assets	-	11,311,852	-	11,311,852
Total	28,964,963	11,311,852	421,555,806	461,832,621
<u>Financial liabilities :</u>				
Derivative liabilities	-	4,944,050	-	4,944,050
Total	₩ -	₩ 4,944,050	₩ -	₩ 4,944,050

4. Financial assets and financial liabilities (Cont'd)

2) Valuation techniques and inputs

Descriptions of the financial instruments categorized within Level 2 and Level 3 of the fair value hierarchy and the valuation techniques and the inputs used in the fair value measurements of them are as follows.

a. Currency forwards and swap

Fair value of currency forwards and swap is measured based on forward exchange rate quoted in the current market at the end of the reporting period, which has the same remaining period of derivatives to be measured. If the forward exchange rate, which has the same remaining period of currency forwards and swap, is not quoted in the current market, fair value is measured using estimates of similar period of forward exchange rate by applying interpolation method with quoted forward exchange rates. The discount rate used to measure the fair value of currency forwards and swap was determined using the yield curve derived from the interest rates quoted in the market as of the end of the reporting period.

b. Debt instruments

Fair value of debt instruments is measured applying discounted cash flow method. The rate used to discount cash flows is determined based on the market interest rate applied to companies with credit ratings similar to those of the debt securities issuer.

c. Unlisted equity securities

Fair value of unlisted equity securities is measured using discounted cash flow projection and certain assumptions not based on observable market prices or rate, such as sales growth rate, pre-tax operating income ratio and discount rate are used to estimate the future cash flow. The discount rate used to discount the future cash flows, is calculated by applying the Capital Asset Pricing Model, using the data of similar listed companies. The Company determines that the effect of estimation and assumptions referred above affecting fair value of unlisted equity securities is significant and classifies fair value measurements of unlisted securities as Level 3 of the fair value hierarchy.

d. Convertible debt securities

Fair value of convertible debt securities is measured by adding up fair value of the component of general bond that do not include conversion right and fair value of the conversion right which is embedded derivatives (purchase call options). Fair value of the component of the general bond without conversion right is measured by discounting the future cash flows of the bond by applying the market interest rate applied to companies with credit rating similar to that of the issuer of the convertible bond and fair value of conversion right is measured using the option pricing model. Stock price volatility, a significant input variable used to measure the fair value of conversion right, is estimated based on past stock price fluctuations. The Company determines that the fair value of the conversion right accounted for a significant portion of total fair value of the convertible debt securities, and classifies total fair value measurements of convertible debt securities as Level 3 of the fair value hierarchy.

e. Contingent consideration

The fair value of the contingent consideration is measured by the present value of the amount expected to be paid under the contract.

4. Financial assets and financial liabilities (Cont'd)

f. Fair value of financial assets and financial liabilities measured at recurring fair value

Some financial assets and financial liabilities are measured at their fair value at the end of the reporting period. The method of calculating the fair value of these financial assets and financial liabilities is as follows.

	Valuation technique	Significant unobservable inputs and ranges	Associations between unobservable inputs and fair value measurements
Listed equity securities	Quoted prices in active markets	Not applicable	Not applicable
Unlisted equity securities	<i>Income approach</i> Discounted cash flow techniques are used to estimate the present value of future economic benefits expected to be derived from the ownership of the investee.	Long-term sales growth rate that takes into account management's experience and knowledge of market conditions in a particular industry	Fair value increases as sales growth rate increases
		Operating margin before tax, taking into account management's experience and knowledge of market conditions in a particular industry	Fair value increases as pre-tax operating profit increases
		Weighted average cost of capital	Fair value decreases as weighted average cost of capital increases
		Discount due to lack of marketability calculated by referring to stock prices of listed stocks in similar industries	Fair value decreases as discount increases

Among the input variables used to measure the fair value of financial instruments measured at Level 3, if the terminal growth rate increases (decreases), the fair value increases (decreases), and if the weighted average cost of capital increases (decreases), the fair value decreases (increases). Meanwhile, there is no change in the valuation method used to measure the fair value of financial instruments classified as level 2 and level 3 fair value measurements for the year ended December 31, 2022.

5. Trade and other receivables

(1) Details of trade and other receivables as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022		December 31, 2021	
	Current	Non-current	Current	Non-current
Trade receivables :				
Trade receivables and contract assets (*1)	₩ 2,127,834,244	₩ 1,759,050	₩ 1,791,564,523	₩ 1,759,050
Other receivables :				
Loans	144,781,325	465,700,208	57,984,784	379,413,174
Non-trade receivables	392,129,572	-	301,080,042	-
Accrued revenues	45,554,611	-	33,829,064	-
Deposits provided	59,817,513	255,322,451	27,037,807	279,603,147
Sub total	642,283,021	721,022,659	419,931,697	659,016,321
Loss allowance :				
Trade receivables and contract assets	(172,102,915)	(1,759,050)	(248,187,614)	(1,759,050)
Loans	(190,393)	(213,819,631)	(167,781)	(199,311,239)
Non-trade receivables	(32,274,819)	-	(29,761,956)	-
Accrued revenues	(12,575,332)	-	(12,569,847)	-
Deposits provided	-	(2,063,715)	-	(2,889,147)
Sub total	(217,143,459)	(217,642,396)	(290,687,198)	(203,959,436)
Total	₩ 2,552,973,806	₩ 505,139,313	₩ 1,920,809,022	₩ 456,815,935

(*1) In the statement of financial position, the contract assets (₩ 825,841 million and ₩ 548,565 million as of December 31, 2022 and 2021, respectively) is separately presented from trade receivables, but due to its nature, it is included in this notes.

SK Ecoplant Co., Ltd.
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5. Trade and other receivables (Cont'd)

(2) Aging analysis of trade and other receivables

Details of aging analysis of trade and other receivables as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022		December 31, 2021	
	Trade receivables and contract assets	Other receivables	Trade receivables and contract assets	Other receivables
Receivables that are not past due	₩ 1,640,161,677	₩ 614,575,148	₩ 994,808,474	₩ 343,751,806
<u>Receivables that are past due</u>				
1~90 days past due	141,632,163	151,148,675	248,544,562	78,849,823
91~180 days past due	79,852,911	15,472,490	82,699,444	41,225,235
More than 180 days past due	94,084,577	321,185,477	217,324,429	370,421,184
Impaired receivables	173,861,966	260,923,890	249,946,664	244,699,970
Total	₩ 2,129,593,294	₩ 1,363,305,680	₩ 1,793,323,573	₩ 1,078,948,018

(3) Changes in loss allowance for trade and other receivables for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022					
	Beginning balance	Bad debt expenses (*1)	Write-offs	Reversal of allowance (*1)	Others (*2)	Ending balance
Trade receivables and contract assets	₩ 249,946,664	₩ 3,709,320	₩(87,209,603)	₩ -	₩ 7,415,584	₩ 173,861,965
Other receivables	244,699,970	3,243,411	(473,906)	(1,945,692)	15,400,106	260,923,889
Total	₩ 494,646,634	₩ 6,952,731	₩(87,683,509)	₩ (1,945,692)	₩ 22,815,690	₩ 434,785,854

(*1) Profit and loss from discontinued operations is included.

(*2) Amount due to exchange differences and transfer.

	2021					
	Beginning balance	Bad debt expenses (*1)	Write-offs	Reversal of allowance (*1)	Others (*2)	Ending balance
Trade receivables and contract assets	₩ 356,179,220	₩ 1,920	₩(84,858,407)	₩ -	₩(21,376,069)	₩ 249,946,664
Other receivables	181,751,959	22,040,184	(9,417,713)	(1,411,570)	51,737,110	244,699,970
Total	₩ 537,931,179	₩ 22,042,104	₩(94,276,120)	₩ (1,411,570)	₩ 30,361,041	₩ 494,646,634

(*1) Profit and loss from discontinued operations is included.

(*2) Amount due to exchange differences and transfer.

6. Inventories

Details of inventories as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022		December 31, 2021	
	Acquisition cost	Carrying value	Acquisition cost	Carrying value
Building materials held for sale	₩ 17,135,295	₩ 17,135,295	₩ 31,576,315	₩ 31,576,315
Construction completed	3,849,208	3,849,208	19,592,665	19,592,665
Supplies	290,874,570	290,874,570	224,905,171	224,905,171
Construction materials	297,881	297,881	220,169	220,169
Materials in transit	45,454,829	45,454,829	71,030,250	71,030,250
Total	₩ 357,611,783	₩ 357,611,783	₩ 347,324,570	₩ 347,324,570

8. Investment securities (Cont'd)

(2) Details of equity instruments traded in an active market as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	Ownership (%)	December 31, 2022		December 31, 2021	
		Acquisition cost	Carrying value	Acquisition cost	Carrying value
HANILCEMENTCO.,LTD.	1.58	₩ 10,492,835	₩ 12,715,742	₩ 10,492,835	₩ 22,921,080
HANIL HOLDINGS CO.,LTD.	1.55	8,607,743	5,173,557	8,607,743	6,043,883
SAMBU CONSTRUCTION CO.,LTD	0.07	311,745	143,971	-	-
Bloom Energy Corporation	5.00	259,980,150	242,307,760	259,980,150	259,980,150
		₩ 279,392,473	₩ 260,341,030	₩ 279,080,728	₩ 288,945,113

(3) Details of equity instruments not traded in an active market as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	Ownership (%)	December 31, 2022		December 31, 2021	
		Acquisition cost	Carrying value	Acquisition cost	Carrying value
DAEHAN GO PYUNG REIT 22	4.55	₩ 5,000,000	₩ 5,000,000	₩ 5,000,000	₩ 5,000,000
SK Technology Innovation Company Geoje Offshore National Industrial Complex Co.,Ltd. (*1)	3.66	6,412,380	3,425,790	6,412,380	3,425,790
Korea Housing & Urban Guarantee Corporation.	21.60	648,000	648,000	648,000	648,000
Encored Inc.	0.13	12,964,985	6,606,112	12,964,985	6,606,112
Others	3.20	5,726,801	5,726,801	-	-
	-	29,591,124	1,167,411	31,041,074	2,633,360
		₩ 60,343,290	₩ 22,574,114	₩ 56,066,439	₩ 18,313,262

(*1) The Company holds more than 20% of the above investment stocks, but classifies them as investment securities as it has no significant influence on the investee companies.

(4) Details of debt instruments as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	Ownership (%)	December 31, 2022		December 31, 2021	
		Acquisition cost	Carrying value	Acquisition cost	Carrying value
Osung Fuel Cell CO., Ltd (preferred stock)	100.00	₩ -	₩ -	₩ 1,370,000	₩ 1,370,000
Construction Guarantee	0.52	20,821,029	29,866,153	21,478,109	29,786,318
Masan I Port CO.,LTD.	16.00	9,412,160	4,499,561	9,412,160	4,499,561
West-Seoul Highway Co. Ltd	7.83	9,480,830	8,628,976	8,329,060	7,477,206
Engineering Guarantee Insurance	3.24	16,323,639	27,086,811	17,473,029	25,341,766
Yongma Tunnel Co.,Ltd.	12.40	3,472,000	3,854,634	3,472,000	3,854,634
ULSAN MALEUN HWANGYEUNG Co., Ltd.	6.30	1,648,290	883,813	1,648,290	883,813
NETEUWOKINPEURA SERVICE SAMO INVESTMENT LIMITED PARTNERSHIP (*1)	29.48	60,000,000	61,660,064	60,000,000	61,660,064
DSNETWORKS SK-ECO Private Real Estate Investment Trust for Residential Development	19.61	7,823,529	7,823,529	7,823,529	7,823,529
Topsun co.,Ltd (*1)	32.92	88,733,580	88,733,580	-	-
Korea Investment Eco-Green Private Equity Fund (*1)	70.00	48,722,800	48,722,800	-	-
SK oceanplant Co.,Ltd	6.44	116,856,705	149,264,342	-	-
Others	-	44,685,049	29,589,994	15,660,557	565,503
		₩ 427,979,611	₩ 460,614,257	₩ 146,666,734	₩ 143,262,394

(*1) The Company holds more than 20% of the above investment stocks, but classifies them as investment securities as it has no significant influence on the investee companies.

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8. Investment securities (Cont'd)

(5) Changes in investment securities for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022		2021	
<u>Beginning balance</u>	₩	450,520,769	₩	117,446,212
Acquisition		289,087,893		345,253,984
Disposal		(1,415,850)		(3,395,250)
Valuation and amortization		5,316,942		19,393,715
Replacement		-		(22,057,200)
Transfer to held-for-sale		19,647		(6,120,692)
<u>Ending balance</u>	₩	<u>743,529,401</u>	₩	<u>450,520,769</u>

9. Investments in associates, joint ventures and subsidiaries

Details of investments in in associates, joint ventures and subsidiaries as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	Location	December 31, 2022		December 31, 2021	
		Ownership percentage	Carrying value	Ownership percentage	Carrying value
<u>Investments in subsidiaries :</u>					
Seosuwon development company (*7)	Korea	19.90%	₩ -	19.90%	₩ -
Sungju Tech	Korea	100.00%	11,520,000	100%	11,520,000
DDS	Korea	100.00%	54,967,452	100%	54,967,452
Samwon ENT Co., Ltd	Korea	100.00%	36,844,881	100%	35,744,881
DaewonGreenEnergy	Korea	100.00%	57,043,029	100%	57,331,325
SAEHAN ENVIRONMENT CO., LTD	Korea	100.00%	98,201,933	100%	98,201,933
e - Medi One	Korea	100.00%	59,354,476	100%	59,088,476
CITY ENVIRONMENT green environment technology co.,ltd.	Korea	100.00%	75,621,575	100%	75,355,575
DongNam Offshore Windfarm Co. Ltd (*1)	Korea	100.00%	74,577,026	100%	74,311,026
GANGDONG GREEN COMPLEX (*1)	Korea	86.60%	5,550,000	-	-
SKEC (Nanjing) Co., Ltd.	China	100.00%	1,750,000	-	-
SKEC (THAI) LTD	Thailand	100.00%	11,318,815	100%	11,318,815
Thai Woo Ree Engineering Co., Ltd. (*4)	Thailand	100.00%	-	100%	-
SKEC Anadolu LLC	Türkiye	47.79%	-	48%	-
SK HOLDCO PTE LTD	Singapore	100.00%	86,639,046	100%	86,639,046
KS INVESTMENT B.V. (*2)	Netherlands	56.49%	92,622,857	56.49%	92,622,857
Environment Management Corporation CO.,LTD	Korea	72.51%	43,411,434	72.51%	24,646,179
SK E&C BETEK CORPORATION	Korea	100.00%	445,360,000	100%	445,360,000
Sunlake Co., Ltd.	USA	100.00%	38,254,984	100%	38,254,984
SKEC Consultores Ecuador, S.A (*5)	Canada	100.00%	737,893	100%	737,893
Silvertown Investco Limited	Ecuador	4.42%	-	4%	-
SK ecoengineering Co., Ltd. (*6)	England	100.00%	50,830	100%	50,830
Eco Frontier (Singapore) Pte. Ltd. (*1)	Korea	-	-	100%	4,000,000
JA GREEN CO.,LTD (*1)	Singapore	78.63%	436,467,732	-	-
APDevelop Co.Ltd (*1)	Korea	100.00%	176,702,637	-	-
DY Indus Co.,Ltd. (*1)	Korea	100.00%	78,194	-	-
DY POLYMER CO., LTD. (*1)	Korea	100.00%	6,854,034	-	-
ECOPLANT HOLDING MALAYSIA SDN. BHD. (*1)	Korea	100.00%	17,959,301	-	-
SK oceanplant Co.,Ltd (*1)	Malaysia	100.00%	146,597,020	-	-
	Korea	30.61%	342,884,920	-	-
Sub total			₩ 2,321,370,069		₩ 1,170,151,272

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9. Investments in associates, joint ventures and subsidiaries (Cont'd)

	Location	December 31, 2022		December 31, 2021	
		Ownership percentage	Carrying value	Ownership percentage	Carrying value
<u>Investments in associates :</u>					
Pentaport Development co. Ltd. (*3)	Korea	-	₩ -	20.10%	₩ -
Intervest New Growth Fund	Korea	30.00%	-	30.00%	-
Shaw SKE&C Middle East Ltd.	UAE	41.00%	9,219,260	41.00%	9,219,260
SKEC Jurong Investment	Singapore	29.90%	-	29.90%	-
Xe-Pian Xe-Namnoy Power Company Limited	Laos	26.00%	89,144,830	26.00%	89,144,830
CHUNGJU MEGAPOLIS CO., Ltd. (*3)	Korea	-	-	47.00%	23,500
Daehan 4 New Stay REIT Co., Ltd.	Korea	38.70%	43,580,000	38.70%	43,580,000
SBC General Trading & Contracting Co.,W.L.L.	Kuwait	49.00%	433,707	49.00%	433,707
Canakkale Highway and Bridge (*2)	Türkiye	25.00%	290,268,682	25.00%	272,027,614
Gunpo Mixed Use Development PFV Company	Korea	23.70%	1,490,000	23.70%	1,490,000
YONGIN General Industrial Complex Co.,Ltd	Korea	33.00%	3,300,000	33.00%	3,300,000
Intrus Specialized Investment Private Real Estate Investment No1 LLC	Korea	47.62%	9,874,265	47.60%	9,874,265
Masterm No.93 Logispoint Gimpo PFV Co.,Ltd	Korea	44.33%	2,992,793	44.33%	2,992,793
Daewon Green Energy Co., Ltd. (*8)	Korea	19.97%	3,080,000	19.97%	3,080,000
Pohang Clean Water Co., Ltd.	Korea	26.88%	-	26.88%	-
Kimhae Clean Water Load CO., Ltd	Korea	22.96%	-	19.06%	-
Gangneung Sacheon Fuel Cell Co.,Ltd. (*2) (*8)	Korea	19.90%	2,764,390	19.90%	597,000
SE Greenenergy Co.,Ltd. (*8)	Korea	15.20%	4,179,200	15.20%	4,179,200
Godeok Clean Energy Co., Ltd. (*8)	Korea	19.50%	2,710,500	19.50%	2,710,500
Osung Fuel Cell CO., Ltd (*3)	Korea	0.00%	-	15.00%	600,000
Seong Bon Industrial Complex Development Co. Ltd.	Korea	29.95%	-	29.95%	-
Goseong Green Power (*8)	Korea	10.00%	90,600,000	10.00%	90,600,000
Chuncheon Green Energy Co.,Ltd. (*2)	Korea	29.50%	4,134,000	29.50%	1,475,000
PAJU ECO ENERGY (*8)	Korea	5.00%	2,693,000	5.00%	2,693,000
SK ecoengineering Co., Ltd. (*6)	Korea	49.99%	75,330,040	-	-
DCK One Co., Ltd. (*1)	Korea	49.00%	29,894,673	-	-
Sotra Link HoldCo AS (*1)	Norway	20.00%	13,954	-	-
CHUNGJUBIJEUKOEO CITY CO.,LTD. (*1)	Korea	28.57%	40,000	-	-
Topsun co.,Ltd (*1) (*8)	Korea	10.65%	16,166,405	-	-
DS Networks Youth Housing Private Property Development Investment Company No.1 (*1)	Korea	29.20%	14,000,000	-	-
DS Networks Youth Housing Private Property Development Investment Company No.2 (*1)	Korea	28.57%	6,000,000	-	-
haeundaemarinewonPFV corp. (*1)	Korea	28.94%	1,750,000	-	-
Masterm 171Yangjoo PFV Co. Ltd. (*1)	Korea	22.88%	970,000	-	-
Ascend Elements, Inc. (*1) (*8)	USA	11.11%	67,384,997	-	-
SONGSAN GREEN ENERGY CO.,LTD. (*1)	Korea	25.00%	1,400,000	-	-
CHANGWON NU-RI ENERGY CO., LTD. (*1)	Korea	33.33%	500,000	-	-
Encored Technologies, Inc. (*1) (*8)	Korea	10.85%	5,814,348	-	-
GRAY WHALE OFFSHORE WIND POWER NO. 1 CO., LTD. (*1) (*8)	Korea	15.00%	16,156,218	-	-
GRAY WHALE OFFSHORE WIND POWER NO. 2 CO., LTD. (*1) (*8)	Korea	15.00%	15,706,218	-	-
GRAY WHALE OFFSHORE WIND POWER NO. 3 CO., LTD. (*1) (*8)	Korea	15.00%	15,706,218	-	-
KOMUNDO OFFSHORE WIND POWER CO.,LTD.(*1)(*8)	Korea	15.00%	15,976,218	-	-
MAENGGOLDO OFFSHORE WIND POWER CO., LTD. (*1) (*8)	Korea	15.00%	18,856,218	-	-
BEOPHYEONILBAN INDUSTRIAL DANJI CO.,LTD. (*1)	Korea	40.00%	40,000	-	-
KCMT (*1)	Korea	49.00%	29,988,419	-	-
BARR Operation and Maintenance. LLP (*1) (*8)	Kazakhstan	10.00%	7,013	-	-
HCM001, LLC (*1)	USA	45.00%	60,976	-	-
HCS001, LLC (*1)	USA	45.00%	56,851	-	-
Sub total			<u>892,283,393</u>		<u>538,020,669</u>
<u>Investments in joint ventures :</u>					
Bloom SK Fuel Cell Inc. (*2)	Korea	49.33%	11,526,409	49.13%	7,626,409
Total			<u>₩ 3,225,179,871</u>		<u>₩ 1,715,798,350</u>

SK Ecoplant Co., Ltd.
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9. Investments in associates, joint ventures and subsidiaries (Cont'd)

- (*1) During the current year, the Company has acquired new shares of investee companies.
(*2) During the current year, the Company has contributed additional shares in the investee companies.
(*3) During the current year, the investee was excluded from associates due to liquidation, etc.
(*4) SKEC (Thai) Ltd., a 100%, subsidiary of the Company, holds the remaining 52.21% stake, and is classified as a subsidiary.
(*5) Sunlake Co., Ltd., a 100%, subsidiary of the Company, holds the remaining 95.58% stake, and is classified as a subsidiary.
(*6) During the current period, the Company has lost control by selling all of its preferred shares of SK Ecoengineering Co., Ltd. to Eco Energy Holdings Inc. Accordingly, SK ecoengineering Co., Ltd. was reclassified from subsidiary to associate.
(*7) It was determined that the Company has control over the investee, taking into account the power over related activities, the degree of exposure to variable returns, and the ability to use power to affect the Company's variable returns.
(*8) As the Company holds the right to appoint the board of directors, it is deemed to have significant influence and is classified as an associate.

10. Property, plant and equipment

(1) Details of property, plant and equipment ("PP&E") as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022			December 31, 2021		
	Acquisition cost	Accumulated depreciation (*1)	Carrying value	Acquisition cost	Accumulated depreciation (*1)	Carrying value
Land	₩ 20,705,991	₩ -	₩ 20,705,991	₩ 46,711,772	₩ -	₩ 46,711,772
Buildings	6,792,864	(2,421,251)	4,371,613	7,115,512	(2,402,382)	4,713,130
Structures	7,604,721	(1,336,579)	6,268,142	7,052,735	(1,683,813)	5,368,922
Machinery and equipment	70,718,417	(47,424,563)	23,293,854	65,541,005	(34,924,860)	30,616,145
Vehicles	6,852,129	(5,217,911)	1,634,218	7,197,543	(4,523,976)	2,673,567
Tools and office equipment	18,044,266	(15,506,795)	2,537,471	17,628,194	(15,147,898)	2,480,296
Others	49,597,458	(39,129,428)	10,468,030	49,904,809	(37,540,877)	12,363,932
Construction in progress	23,527,571	-	23,527,571	6,060,847	-	6,060,847
Total	₩203,843,417	₩(111,036,527)	₩ 92,806,890	₩207,212,417	₩(96,223,806)	₩110,988,611

(*1) Accumulated depreciation consist of accumulated depreciation and impairment loss.

(2) Changes in PP&E for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022					
	Beginning	Acquisitions	Disposals	Depreciation	Others (*1)	End
Land	₩ 46,711,772	₩ 482,512	₩(10,661,653)	₩ -	₩(15,826,640)	₩ 20,705,991
Buildings	4,713,130	124,327	(119,108)	(315,474)	(31,262)	4,371,613
Structures	5,368,922	3,024,835	(1,203,590)	(998,113)	76,088	6,268,142
Machinery and equipment	30,616,145	2,346,458	(2,061,681)	(15,472,825)	7,865,757	23,293,854
Vehicles	2,673,567	76,243	(114,223)	(1,183,294)	181,925	1,634,218
Tools and office equipment	2,480,296	1,090,946	(83,335)	(1,026,164)	75,728	2,537,471
Others	12,363,932	247,000	(6,279,920)	(2,646,938)	6,783,956	10,468,030
Construction in progress	6,060,847	36,229,730	(5,945,454)	-	(12,817,552)	23,527,571
Total	₩110,988,611	₩ 43,622,051	₩(26,468,964)	₩(21,642,808)	₩(13,692,000)	₩ 92,806,890

(*1) Others consist of transfer of construction in progress to the main account of PP&E and net foreign exchange differences, etc.

	2021					
	Beginning	Acquisitions	Disposals	Depreciation (*1)	Others (*2)	End
Land	₩ 45,995,150	₩ 74,504	₩ (10,870)	₩ -	₩ 652,988	₩ 46,711,772
Buildings	3,814,279	399,823	(87,864)	(268,438)	855,330	4,713,130
Structures	3,277,665	1,369,130	(2)	(852,811)	1,574,940	5,368,922
Machinery and equipment	33,683,787	7,347,901	(723,316)	(12,626,742)	2,934,515	30,616,145
Vehicles	2,483,483	1,361,272	(23,105)	(1,262,217)	114,134	2,673,567
Tools and office equipment	3,056,443	462,454	(129,481)	(970,669)	61,549	2,480,296
Others	11,763,079	1,940,157	(1)	(2,423,572)	1,084,269	12,363,932
Construction in progress	5,185,475	4,235,066	-	-	(3,359,694)	6,060,847
Total	₩109,259,361	₩ 17,190,307	₩ (974,639)	₩ (18,404,449)	₩ 3,918,031	₩110,988,611

(*1) It includes depreciation expenses incurred from discontinued operations.

(*2) Others consist of impairment losses, transfer of construction in progress to the main account of PP&E, transfer from investment properties, transfer to assets held-for-sale and net foreign exchange differences, etc.

10. Property, plant and equipment (Cont'd)

(3) Insurance subscription status

As of December 31, 2022, the Company has insurance for inventories and PP&E of KRW 85,941 million and USD 599 million in fire insurance and comprehensive property insurance.

(4) Assets provided as collateral

As of December 31, 2022, there are no assets provided as collateral for borrowings.

11. Right-of-use assets and lease liabilities

(1) Details of right-of-use assets and lease liabilities as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022		December 31, 2021
Right-of-use assets :			
Properties	₩ 62,588,591	₩	98,477,742
Vehicles	3,174,118		3,837,328
Others	2,180,665		6,970,786
	<u>67,943,374</u>		<u>109,285,856</u>
Lease liabilities :			
Current liabilities	25,827,163		30,684,103
Non-current liabilities	70,314,459		85,506,647
	<u>₩ 96,141,622</u>	₩	<u>116,190,750</u>

(2) The amounts recognized in profit or loss relating to lease for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022 (*1)		2021 (*1)
Depreciation expenses of right-of-use assets :	₩ 34,780,021	₩	43,419,501
Interest expenses on lease liabilities	8,018,568		4,508,804
Expense relating to short-term leases	99,412,710		62,769,653
Expense relating to leases of low-value assets	1,580,896		1,306,194
Variable lease payments not included in the measure of the lease liability	6,919,579		-
Revenue from sub-leasing of right-of-use assets	2,513,390		-
	<u>₩ 153,225,164</u>	₩	<u>112,004,152</u>

(*1) The amounts include expenses incurred from discontinued operations.

(3) Changes in right-of-use assets for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022			
	Properties	Vehicles	Others	Total
Beginning of the period	₩ 98,477,742	₩ 3,837,328	₩ 6,970,786	₩ 109,285,856
Additions	16,939,723	6,568,346	9,011,444	32,519,513
Disposals	(32,275,716)	(3,832,185)	(2,906,594)	(39,014,495)
Depreciation (*1)	(20,464,687)	(3,419,516)	(10,895,818)	(34,780,021)
Others	(88,471)	20,145	847	(67,479)
End of the period	<u>₩ 62,588,591</u>	<u>₩ 3,174,118</u>	<u>₩ 2,180,665</u>	<u>₩ 67,943,374</u>

(*1) The amounts include expenses incurred from discontinued operations.

11. Right-of-use assets and lease liabilities (Cont'd)

	2021			
	Properties	Vehicles	Others	Total
Beginning of the period	₩ 113,000,618	₩ 3,388,076	₩ 10,512,317	₩ 126,901,011
Additions	11,539,729	7,622,453	12,772,582	31,934,764
Disposals	(964,622)	(1,140,491)	(2,542,064)	(4,647,177)
Depreciation (*1)	(24,304,503)	(5,379,895)	(13,735,103)	(43,419,501)
Transfer to assets held-for-sale	(793,480)	(652,815)	(36,946)	(1,483,241)
End of the period	₩ 98,477,742	₩ 3,837,328	₩ 6,970,786	₩ 109,285,856

(*1) The amounts include expenses incurred from discontinued operations.

(4) Changes in lease liabilities for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022	2021
Beginning of the period	₩ 116,190,750	₩ 132,682,098
Additions	26,406,128	31,934,764
Accretion of interest (*1)	8,018,568	4,508,804
Decreases (payments)	(41,873,704)	(47,000,717)
Transfer to liabilities held-for-sale	79,064	(1,224,527)
Others (*2)	(12,679,184)	(4,709,672)
End of the period	₩ 96,141,622	₩ 116,190,750

(*1) The amounts include expenses incurred from discontinued operations.

(*2) Others consist of the amount reduced due to contract termination, etc.

(5) Details of total sum of the minimum lease payments for each period to be paid in the future related to the lease liabilities, present value, and liquidity classification as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	Amount of lease payments	
	2022	2021
Less than 1 year	₩ 27,607,963	₩ 51,172,972
1 ~ 5 years	80,170,942	109,471,634
5 years and more	-	11,004,414
Undiscounted lease liabilities at 31 December	₩ 107,778,905	₩ 171,649,020
Lease liabilities recognized in the statement of financial position at 31 December	₩ 96,141,622	₩ 116,190,750
Current lease liabilities	25,827,163	30,684,103
Non-current lease liabilities	70,314,459	85,506,647

(6) As of December 31, 2022, the gross investment in the lease and the present value of the minimum lease payments for finance leases are as follows (Korean won in thousands):

	December 31, 2022	
	Gross investment in the lease	Present value of the minimum lease payments
Less than 1 year	₩ 7,451,013	₩ 7,182,754
1 ~ 5 years	24,599,476	20,555,611
Total	₩ 32,050,489	₩ 27,738,365

(7) The Company had total cash outflows for lease of ₩141,768 million and ₩111,077 million for the years ended December 31, 2022 and 2021, respectively.

12. Intangible assets

(1) Details of intangible assets as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022			December 31, 2021		
	Acquisition cost	Accumulated amortization (*1)	Carrying value	Acquisition cost	Accumulated amortization (*1)	Carrying value
Membership	₩ 19,468,300	₩ (1,753,135)	₩ 17,715,165	₩ 14,860,099	₩ (1,753,135)	₩ 13,106,964
Others	184,385,564	(118,824,873)	65,560,691	176,500,501	(108,908,271)	67,592,230
Total	₩203,853,864	₩(120,578,008)	₩ 83,275,856	₩191,360,600	₩(110,661,406)	₩ 80,699,194

(*1) Accumulated amortization consist of accumulated depreciation and impairment loss.

(2) Changes in intangible assets for years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022		
	Membership	Others	Total
Beginning of the period	₩ 13,106,964	₩ 67,592,230	₩ 80,699,194
Acquisitions	6,841,271	7,880,321	14,721,592
Disposals	(2,233,070)	-	(2,233,070)
Amortization	-	(9,918,329)	(9,918,329)
Others (*1)	-	6,469	6,469
End of the period	₩ 17,715,165	₩ 65,560,691	₩ 83,275,856

(*1) Others consist of net foreign exchange differences, etc.

	2021		
	Membership	Others	Total
Beginning of the period	₩ 10,707,623	₩ 17,816,060	₩ 28,523,683
Acquisitions	5,633,161	57,321,558	62,954,719
Disposals	(3,233,820)	-	(3,233,820)
Amortization	-	(7,560,708)	(7,560,708)
Others (*1)	-	15,320	15,320
End of the period	₩ 13,106,964	₩ 67,592,230	₩ 80,699,194

(*1) Others consist of net foreign exchange differences and transfer of construction in progress to intangible assets, etc.

13. Investment properties

(1) Details of investment properties as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022		December 31, 2021	
Acquisition cost	₩	50,735,988	₩	7,067,502
Accumulated depreciation		(566,039)		(692,493)
Total	₩	50,169,949	₩	6,375,009

(2) Changes in investment properties for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022		
	Land	Buildings	Total
Beginning of the period	₩ 3,629,590	₩ 2,745,419	₩ 6,375,009
Acquisitions	12,219,271	4,480,729	16,700,000
Disposals	(309,650)	(737,566)	(1,047,216)
Depreciation	-	(140,774)	(140,774)
Others (*1)	18,692,726	9,590,204	28,282,930
End of the period	₩ 34,231,937	₩ 15,938,012	₩ 50,169,949

(*1) Others consist of transfer from PP&E and inventories.

13. Investment properties (Cont'd)

	2021		
	Land	Buildings	Total
Beginning of the period	₩ 6,095,025	₩ 9,911,983	₩ 16,007,008
Disposals	(1,737,219)	(5,622,435)	(7,359,654)
Depreciation	-	(134,347)	(134,347)
Others (*1)	(728,216)	(1,409,782)	(2,137,998)
End of the period	₩ 3,629,590	₩ 2,745,419	₩ 6,375,009

(*1) Others consist of impairment losses and transfer to PP&E, etc.

(3) Details recognized in profit or loss in relation to investment properties for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022		2021	
Rental income	₩	191,200	₩	13,065
Depreciation		(140,774)		(134,347)
Total	₩	50,426	₩	(121,282)

(4) As of December 31, 2022, the Company believes that the difference between the fair value and the carrying amount of investment properties is not material.

14. Trade and other payables

Details of trade and other payables as of December, 2022 and December 31, 2021 are as follows (Korean won in thousands):

	December 31, 2022		December 31, 2021	
	Current	Non-current	Current	Non-current
Trade payables	₩ 1,259,331,313	₩ -	₩ 686,639,640	₩ -
Other payables :				
Non-trade payables	236,840,353	-	264,577,965	-
Accrued expenses	50,807,841	47,212,754	44,738,290	1,415,949
Deposits received	27,369,951	26,437,305	65,860,524	23,673,134
Sub total	315,018,145	73,650,059	375,176,779	25,089,083
Total	₩ 1,574,349,458	₩ 73,650,059	₩ 1,061,816,419	₩ 25,089,083

15. Bonds issued and borrowings

(1) Details of bonds issued and borrowings as of December 31, 2022 and December 31, 2021 are as follows (Korean won in thousands):

	December 31, 2022		December 31, 2021	
	Current	Non-current	Current	Non-current
Short-term borrowings	₩ 889,591,563	₩ -	₩ 581,280,768	₩ -
Bonds issued and long-term borrowings :				
Bonds issued	599,518,332	947,896,553	407,659,555	1,146,916,117
Long-term borrowings	140,493,773	846,458,311	30,860,800	513,007,319
Sub total	740,012,105	1,794,354,864	438,520,355	1,659,923,436
Total	₩ 1,629,603,668	₩ 1,794,354,864	₩ 1,019,801,123	₩ 1,659,923,436

15. Bonds issued and borrowings (Cont'd)

(2) Bonds issued

Details of bonds issued as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

Series	Issuance date	Maturity	Annual interest rate (%)	December 31, 2022	December 31, 2021
158 th	2019. 04	2022. 04	3.50%	₩ -	₩ 158,000,000
160 th	2019. 10	2022. 10	2.80%	-	150,000,000
162-1 st	2020. 06	2022. 06	3.19%	-	50,000,000
162-2 nd	2020. 06	2023. 06	3.80%	100,000,000	100,000,000
163 rd	2020. 07	2023. 07	3.80%	50,000,000	50,000,000
164 th	2020. 10	2022. 10	3.09%	-	50,000,000
165 th	2020. 11	2023. 11	2.61%	150,000,000	150,000,000
166 th	2021. 02	2024. 02	2.16%	300,000,000	300,000,000
167 th	2021. 04	2023. 04	2.29%	200,000,000	200,000,000
168-1 st	2021. 07	2023. 07	2.31%	100,000,000	100,000,000
168-2 nd	2021. 07	2024. 07	2.61%	200,000,000	200,000,000
169-1 st	2021. 09	2025. 09	3.06%	50,000,000	50,000,000
170-1 st	2022. 03	2024. 02	3.60%	50,000,000	-
170-2 nd	2022. 03	2025. 02	3.92%	100,000,000	-
171-1 st	2022. 05	2024. 05	4.41%	50,000,000	-
171-2 nd	2022. 05	2025. 05	4.63%	100,000,000	-
171-3 rd	2022. 05	2025. 05	4.63%	10,000,000	-
172 nd (*1)	2022. 09	2025. 09	6.40%	60,000,000	-
173 rd (*2)	2022. 11	2025. 11	7.23%	30,000,000	-
		Sub total		1,550,000,000	1,558,000,000
		(less) Discount on bonds		(2,585,115)	(3,424,328)
		(less) Current portion of bonds issued		(599,518,332)	(407,659,555)
		Non-current bonds issued		₩ 947,896,553	₩ 1,146,916,117

(*1) The subordinated bonds of ₩ 900 million purchased in connection with the issuance of the bonds are pledged to Kodit 2022 the 16th Securitization Specialty Co., Ltd.

(*2) The subordinated bonds of ₩ 450 million purchased in connection with the issuance of the bonds are pledged to Kodit 2022 the 23th Securitization Specialty Co., Ltd.

(3) Details of short-term borrowings as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	Lender	Annual interest rate (%)	December 31, 2022	December 31, 2021
Won-denominated borrowings	KB Securities Co., Ltd. and others	3.40%~6.75%	₩ 254,688,992	₩ 331,562,352
Foreign currency borrowings	KEB Hana Bank and others	1.95%~6.17%	634,902,571	249,718,416
	Total		₩ 889,591,563	₩ 581,280,768

(4) Details of long-term borrowings as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	Lender	Annual interest rate (%)	December 31, 2022	December 31, 2021
Won-denominated borrowings	KEB Hana Bank and others	1.00%~5.86%	₩ 627,582,400	₩ 218,443,200
Foreign currency borrowings	Korea Eximbank and others	Libor 3M + 0.65%~2.00%	367,517,000	231,172,500
Redeemable preferred stock (*1)	Boxtree Co., Ltd.	-	-	50,000,000
Redeemable preferred stock (*2)	ECO NG 1ST CO.,LTD.	-	-	50,000,000
	Sub-total		995,099,400	549,615,700
	(less) Discount on present value		(8,147,316)	(5,747,581)
	(less) Current portion of long-term borrowings		(140,493,773)	(30,860,800)
	Non-current portion of long-term borrowings		₩ 846,458,311	₩ 513,007,319

(*1) For the ₩ 200,000 million of redeemable preferred stocks issued in 2015, the Company made early redemption of ₩ 50,000 million, ₩ 100,000 million and ₩ 50,000 million in 2018, 2020 and 2022, respectively.

(*2) For the ₩ 150,000 million of redeemable preferred stocks issued in 2014, the Company made early redemption of ₩ 50,000 million in 2016, 2019 and 2022, respectively.

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16. Provisions

(1) Details of Provisions as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022		December 31, 2021	
	Current	Non-current	Current	Non-current
Provision for construction warranties	₩ 91,321,179	₩ -	₩ 95,543,264	₩ -
Provision for litigation losses	5,330,875	-	28,203,832	-
Provision for losses	216,770,491	-	210,638,553	17,900,000
Provision for others losses	405,108	6,390,615	812,163	-
Total	₩ 313,827,653	₩ 6,390,615	₩ 335,197,812	₩ 17,900,000

(2) Changes in provisions for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022				
	Beginning	Increase	Decrease	Others (*1)	End
Provision for construction warranties	₩ 95,543,264	₩ 17,013,580	₩ (21,262,480)	₩ 26,815	₩ 91,321,179
Provision for litigation losses	28,203,832	-	(22,872,957)	-	5,330,875
Provision for losses	228,538,553	59,676,279	(60,005,127)	(11,439,214)	216,770,491
Provision for others losses	812,163	277,230	(407,055)	6,113,385	6,795,723
Total	₩ 353,097,812	₩ 76,967,089	₩ (104,547,619)	₩ (5,299,014)	₩ 320,218,268

(*1) Others consist of transfer to loss allowance, etc.

	2021				
	Beginning	Increase	Decrease	Others (*1)	End
Provision for construction warranties	₩ 94,706,962	₩ 19,050,846	₩ (16,135,016)	₩ (2,079,528)	₩ 95,543,264
Provision for litigation losses	101,956,625	-	(42,424,698)	(31,328,095)	28,203,832
Provision for losses	331,627,429	19,448,156	(86,720,391)	(35,816,641)	228,538,553
Provision for others losses	1,347,981	-	(535,818)	-	812,163
Total	₩ 529,638,997	₩ 38,499,002	₩ (145,815,923)	₩ (69,224,264)	₩ 353,097,812

(*1) Others consist of transfer to liabilities held-for-sale and payables for litigation losses, etc.

17. Other liabilities

Details of other liabilities as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022	December 31, 2021
Other current liabilities :		
Advances from customers	₩ 11,717,447	₩ 10,695,241
Withholdings	82,862,141	66,265,995
Taxes withheld	2,484,569	3,277,085
Firm commitments	55,347	56,784
Derivative liabilities	74,669,864	4,581,418
Total	171,789,368	84,876,523
Other non-current liabilities :		
Derivative liabilities	440,404	362,632
Other long-term employee benefits	1,522,798	1,666,388
Others	9,086,976	11,390,973
Total	₩ 11,050,178	₩ 13,419,993

18. Derivative assets and liabilities

(1) Details of derivative assets and liabilities as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022			December 31, 2021		
	Derivative assets (liabilities)		Firm commitments	Derivative assets (liabilities)		Firm commitments
	Current	Non-current	Current	Current	Non-current	Current
Forward contract	₩(64,253,023)	₩ 5,686,609	₩ 4,930,157	₩ (1,562,566)	₩ -	₩ 5,591,236
Swap contract	748,447	-	-	7,591,856	338,512	-
Total	(63,504,576)	5,686,609	4,930,157	6,029,290	338,512	5,591,236
Assets	11,165,288	6,127,013	4,985,505	10,610,708	701,144	5,648,019
Liabilities	₩(74,669,864)	₩ (440,404)	₩ (55,348)	₩ (4,581,418)	₩ (362,632)	₩ (56,783)

(2) The Company enters into derivative transaction such as currency forwards, currency swaps and interest rate swaps in order to avoid the risk of exchange rate fluctuations of foreign currency assets and liabilities and the risk of interest rate fluctuations such as borrowings. Details of major derivative instruments held by the Company for trading or hedging purposes as of December 31, 2022 are as follows.

Purpose of transaction	Type of derivatives	Financial institution
Cash flow hedges	Currency forwards	HSBC, KEB Hana Bank, BNP, etc.
Fair value hedges	Currency forwards	Busan Bank, Woori Bank, SG Bank, etc.
Held for trading	Currency forwards and swaps	KEB Hana Bank, SG Bank, HSBC, etc.

19. Retirement benefit plan

(1) Defined contribution retirement benefit plan

The Company partially operates a defined contribution retirement benefits for employees, and the expenses recognized in connection with the defined contribution retirement benefits during the current period is ₩3,916 million.

(2) The amounts recognized in the statements of financial position related to defined benefit plans as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	₩ 195,058,364	₩ 241,358,087
Fair value of plan assets (*1)	(240,685,644)	(219,942,788)
Total	₩ (45,627,280)	₩ 21,415,299

(*1) Plan assets of ₩45,627 million paid in excess of defined benefit obligations as of December 31, 2022 are classified as long-term financial instruments in the statement of financial position.

19. Retirement benefit plan (Cont'd)

(3) Changes in net defined benefit assets and liabilities for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Beginning of the year	₩ 241,358,087	₩ (219,942,788)	₩ 21,415,299
<u>Pension cost charged to profit or loss :</u>			
Service cost	25,398,054	-	25,398,054
Net interest	6,475,513	(6,591,536)	(116,023)
Sub total	31,873,567	(6,591,536)	25,282,031
<u>Remeasurements :</u>			
Return on plan assets	-	4,243,116	4,243,116
Actuarial changes arising from changes in financial assumptions, etc.	(31,652,410)	-	(31,652,410)
Sub total	(31,652,410)	4,243,116	(27,409,294)
Contribution by employer	-	(56,000,000)	(56,000,000)
Benefits paid	(51,826,457)	42,911,141	(8,915,316)
Transfer to liabilities held-for-sale	5,305,577	(5,305,577)	-
End of the year	₩ 195,058,364	₩ (240,685,644)	₩ (45,627,280)
	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Beginning of the year	₩ 341,464,459	₩ (309,603,990)	₩ 31,860,469
<u>Pension cost charged to profit or loss :</u>			
Service cost	32,943,355	-	32,943,355
Net interest	7,841,535	(7,512,714)	328,821
Sub total	40,784,890	(7,512,714)	33,272,176
<u>Remeasurements :</u>			
Return on plan assets	-	1,975,970	1,975,970
Actuarial changes arising from changes in financial assumptions, etc.	(11,102,813)	-	(11,102,813)
Sub total	(11,102,813)	1,975,970	(9,126,843)
Contribution by employer	-	(33,400,000)	(33,400,000)
Benefits paid	(59,841,240)	58,650,736	(1,190,504)
Transfer to liabilities held-for-sale	(69,947,209)	69,947,210	1
End of the year	₩ 241,358,087	₩ (219,942,788)	₩ 21,415,299

(4) As of December 31, 2022 and 2021, 99.96% and 99.94% of plan assets consist of cash, cash equivalents and debt instruments.

(5) Major actuarial assumptions

The major actuarial assumptions used for actuarial valuation as of December 31, 2022 and 2021 are as follows.

	December 31, 2022	December 31, 2021
Discount rate	5.58%	3.12%
Future wage growth rate	4.21%	4.18%

(6) Sensitivity analysis for significant actuarial assumptions as of December 31, 2022 is as follows (Korean won in thousands):

	Impact on defined benefit obligations		
	Changes in assumption	Increase	Decrease
Discount rate	0.5%p	₩ (4,528,859)	₩ 4,757,132
Future wage growth rate	0.5%p	4,937,686	(4,736,875)

20. Income taxes

(1) The major components of income tax expense for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022	2021
Income tax payment	₩ 70,999,954	₩ 139,475,206
Changes in deferred tax due to temporary differences	71,194,649	85,580,833
Deferred tax directly charged or credited to equity	(2,240,662)	(10,091,917)
Other differences	(35,410)	(43,567)
Income tax expense	₩ 139,918,531	₩ 214,920,555
Income tax expense relating to continuing operations	47,788,128	187,557,068
Income tax expense relating to discontinued operations	92,130,403	27,363,487

(2) Reconciliation between profit before tax and income tax expenses for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022	2021
Profit before tax	₩ 478,781,961	₩ 357,421,072
Profit before tax from continuing operations	98,077,817	244,348,811
Profit before tax from discontinued operations	380,704,144	113,072,261
Applicable tax rate (*1)	24.20%	24.20%
Income tax along with applicable tax rate	₩ 115,865,235	₩ 86,495,899
Tax rate change effect (*2)	9,956,156	-
Non-deductible expenses, etc.	10,153,657	3,780,438
Tax credit	-	13,038,155
Additional income tax payment	30,404,072	27,669,945
Unrecognized deferred tax	(19,428,501)	62,665,521
Others	(7,032,088)	21,270,597
Income tax expense	₩ 139,918,531	₩ 214,920,555
Income tax expense relating to continuing operations	47,788,128	187,557,068
Income tax expense relating to discontinued operations	92,130,403	27,363,487
Effective tax rate	29.22%	60.13%

(*1) The applicable tax rate is based on the income tax rate (10% below ₩200 million, 20% above ₩200 million and below ₩20 billion, 22% above ₩20 billion, and 25% above ₩300 billion) and local income tax (10% of income tax).

(*2) The effect of changes in the average tax rate applicable to taxable income in the period in which the temporary differences are expected to reverse.

(3) Deferred tax directly charged or credited to equity for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022	2021
Actuarial gain or loss	₩ (6,633,049)	₩ (2,208,696)
Gain and loss on valuation of financial assets of FVOCI	6,862,843	(2,415,686)
Gain and loss on valuation of derivative financial instruments	(598,970)	(1,206,084)
Gain and loss on sale of treasury stocks	(1,871,486)	(4,261,451)
Total	₩ (2,240,662)	₩ (10,091,917)

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20. Income taxes (Cont'd)

(4) Changes in deferred tax assets and liabilities for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022			
	Beginning	Net income effect	Equity effect	End
<u>Temporary differences :</u>				
Allowance for bad debt	₩ 130,914,785	₩ (38,475,090)	₩ -	₩ 92,439,695
PP&E	933,863	(63,253)	-	870,610
Provisions	90,048,320	(16,887,016)	-	73,161,304
Defined benefit liabilities	69,131,352	(21,101,237)	(6,633,049)	41,397,066
Loss on valuation of derivatives	-	14,022,384	(598,970)	13,423,414
Investments in subsidiaries and associates	18,985,969	(3,535,773)	-	15,450,196
Non-trade payables	22,201,265	(7,105,455)	-	15,095,810
Pre-paid construction on costs	29,136,094	(29,136,094)	-	-
Undetermined expenses, etc.	17,163,060	682,166	-	17,845,226
Retirement benefit plan assets	(64,867,733)	20,014,291	-	(44,853,442)
Financial assets of FVOCI	(6,849,887)	7,051,586	6,862,843	7,064,542
Accrued interest	(539,291)	(352,678)	-	(891,969)
Land revaluation	(6,845,873)	2,535,203	-	(4,310,670)
Gain on valuation of derivatives	(1,547,433)	1,547,433	-	-
Others	330,324	1,849,546	(1,871,486)	308,384
Total	₩ 298,194,815	₩ (68,953,987)	₩ (2,240,662)	₩ 227,000,166
	2021			
	Beginning	Net income effect	Equity effect	End
<u>Temporary differences :</u>				
Allowance for bad debt	₩ 117,832,568	₩ 13,082,217	₩ -	₩ 130,914,785
PP&E	934,304	(441)	-	933,863
Provisions	128,529,867	(38,481,547)	-	90,048,320
Defined benefit liabilities	76,126,370	(4,786,322)	(2,208,696)	69,131,352
Loss on valuation of derivatives	3,817,703	(2,611,619)	(1,206,084)	-
Investments in subsidiaries and associates	24,194,453	(5,208,484)	-	18,985,969
Non-trade payables	1,102,379	21,098,886	-	22,201,265
Pre-paid construction on costs	27,422,034	1,714,060	-	29,136,094
Undetermined expenses, etc.	15,881,598	1,281,462	-	17,163,060
Retirement benefit plan assets	(68,544,351)	3,676,618	-	(64,867,733)
Financial assets of FVOCI	(3,407,368)	(1,026,833)	(2,415,686)	(6,849,887)
Accrued interest	(417,001)	(122,290)	-	(539,291)
Land revaluation	(6,845,873)	-	-	(6,845,873)
Gain on valuation of derivatives	-	(1,547,433)	-	(1,547,433)
Others	54,110,811	(49,519,036)	(4,261,451)	330,324
Tax credit	13,038,155	(13,038,155)	-	-
Total	₩ 383,775,649	₩ (75,488,917)	₩ (10,091,917)	₩ 298,194,815

(5) Details on temporary differences unrecognized for deferred tax as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022	December 31, 2021
PP&E	₩ -	₩ (470,851)
Investments in subsidiaries and associates	47,789,313	48,817,573
Others	20,410,745	63,169,945
Total	₩ 68,200,058	₩ 111,516,667

21. Share capital

Details of issued capital as of December 31, 2022 and 2021 are as follows (Korean won in thousands, except par value):

	December 31, 2022	December 31, 2021
Number of ordinary shares authorized	120,000,000 shares	120,000,000 shares
Number of preferred shares authorized	40,000,000 shares	40,000,000 shares
Number of ordinary shares issued	35,297,293 shares	35,297,293 shares
Number of preferred shares issued	2,273,334 shares	-
Par value (In won)	₩ 5,000	₩ 5,000
Ordinary share capital	176,486,465	176,486,465
Preferred share capital	11,366,670	-
RCPS share capital (*1)	4,700,000	-
CPS share capital (*2)	₩ 6,666,670	₩ -

(*1) This preferred shares are non-voting convertible redeemable preferred shares. The redemption right is held by the Company and the convertible right can be exercised at a rate of 5 common shares per preferred share after 7 year from the date of issuance. This preferred shares are cumulative and participatory preferred shares and carry preferential dividends according to the higher dividend rate among the ratio added by 1.45% to implied yield consensus of 5 year corporate bond issued by the Company and 5.5%.

(*2) This preferred shares are voting convertible preferred shares. 30% of issued shares can be exercised after one year from the issuance date, and 70% after listing, at a ratio of 5 shares of common share to 1 share of preferred share.

22. Other paid-up capital

(1) Details of other paid-up capital as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022	December 31, 2021
Additional paid in capital	₩ 1,033,012,889	₩ 44,764,263
Gain on disposal of treasury stocks	60,775,369	42,610,163
Treasury stocks	(375,595)	(4,173,371)
Other capital adjustments	(9,712,088)	(12,322,432)
	₩ 1,083,700,575	₩ 70,878,623

(2) Changes in other paid-up capital for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022	2021
Beginning of the period	₩ 70,878,623	₩ 18,791,119
Paid-in capital increase	988,248,626	-
Share-based payments	2,610,343	-
Acquisition and disposal of treasury stocks	21,962,983	52,087,504
End of the period	₩ 1,083,700,575	₩ 70,878,623

23. Retained earnings

(1) Details of retained earnings as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022	December 31, 2021
Legal reserves (*1)	₩ 23,690,028	₩ 21,336,060
Unappropriated retained earnings	1,077,300,424	740,922,278
	₩ 1,100,990,452	₩ 762,258,338

(*1) In accordance with the Korean Commercial Code, an amount equal to at least 10% of cash dividends is required to be appropriated as a legal reserve until the reserve equals 50% of paid-in capital. The legal reserve may not be utilized for cash dividends but may only be used to offset a deficit, if any, or be transferred to capital.

23. Retained earnings (Cont'd)

(2) Appropriation of retained earnings for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022	2021
Retained earnings before appropriation	₩ 1,077,300,424	₩ 740,922,278
Unappropriated retained earnings carried forward from the prior year	717,640,849	589,141,371
Gain and loss on valuation of financial assets of FVOCI	19,900	2,362,243
Profit for the year	338,863,430	142,500,517
Actuarial gain and loss	20,776,245	6,918,147
Transfer from other reserves	-	-
Appropriations :	(56,756,426)	(23,281,429)
Legal reserve	(5,159,675)	(2,353,968)
Dividend distribution to common shareholders	(21,155,731)	(20,927,461)
Dividend distribution to preferred shareholders	(30,441,020)	-
Unappropriated retained earnings to be carried forward to the next year	₩ 1,020,543,998	₩ 717,640,849

(3) The computation of the dividends for the years ended December 31, 2022 and 2021 is as follows (Korean won in thousands, except dividends per share):

	2022			2021
	Common share	CPS	RCPS	Common share
Dividends per share (won)	₩ 600	₩ 600	₩ 31,533	₩ 600
Dividends rate	12%	12%	631%	12%
Number of shares issued (shares) (*1)	35,259,552	1,333,334	940,000	34,879,101
Dividends declared	₩ 21,155,731	₩ 800,000	₩ 29,641,020	₩ 20,927,461

(*1) Calculated by subtracting the number of treasury shares from the total number of issued shares.

24. Other components of equity

Details of other components of equity as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022	December 31, 2021
Net gain (loss) on equity instruments designated at fair value through OCI	₩ (10,351,631)	₩ 11,701,353
Net gain (loss) on cash flow hedges	1,134,085	(803,047)
Exchange differences on translation of foreign operations	3,428,813	(13,396,287)
	₩ (5,788,733)	₩ (2,497,981)

25. Share-based payment transactions

(1) Employee share ownership plan

In accordance with the resolution of the board of directors during the prior year, the Company granted some of the treasury stocks, which were donated from individual major shareholders in 2013, to executives and employees through employee share ownership plan and recognized the difference between fair value and disposal price of the treasury stock to share-based payment expense. The details of employee share ownership plan are as follows:

	Details
Grant date	May 7, 2021
Grant method	Granting treasury stocks
Number of granted shares	839,208
Fair value per share as of grant date	61,991 won
Disposal price per share	42,787 won

25. Share-based payment transactions (Cont'd)

The Company plans to pay ₩7,000 per share to the employees who have purchased the shares if they serve as members of the employee share ownership association for 2 years from the date of subscription and in this regard, the Company recognized ₩1,924 million and ₩1,851 million as expenses for the years ended December 31, 2022 and 2021, respectively.

(2) Stock Grant

During the current year, the Company signed a "Stock Grant" contract to pay treasury stocks free of charge to executives and employees of the Company in accordance with the resolution of the board of directors. In this regard, the Company granted 377,869 shares during the current year. There are no vesting conditions for the contract, but they cannot dispose of the shares within 3 years from grant date for 3,834 shares granted in February and within the term of office for 2,000 shares granted in April.

Apart from the above grants, Stock Grant for new executives and employees will be given a total of 4,800 treasury stocks. In this regard, the Company granted 3,400 shares during the current year. As a result of this Stock Grant, the share based payment expenses amounted to ₩23,883 million and ₩4,326 million for the years ended December 31, 2022 and 2021, respectively.

Meanwhile, the fair value of treasury stocks was assessed using the DCF model. The assumptions and variables for evaluating fair value are as follows:

	Details
Sales growth rate	-5.3% ~ 29.3%
Operating profit ratio	1.7% ~ 3.3%
Discount rate (WACC)	9.03%
Permanent growth rate	1.0%

(3) Stock Option

The Company has granted stock options to its executives according to the special resolution of the general shareholders' meeting and the resolution of the board of directors, and the details are as follows:

	1-1 st	1-2 nd
Grant date	March 25, 2022	March 25, 2022
Type of shares to be issued	Registered common share	
Granting method	Granting treasury stocks. However, if the exercise price is lower than the real value of the share (evaluated based on the exercise date of the stock option), the Company may pay the difference in money or transfer treasury stocks equivalent to the difference.	
Number of granted shares	166,331 shares	83,165 shares
Exercise price	KRW 60,121	
Exercise period	2024.03.25 ~ 2029.03.25	2025.03.25 ~ 2029.03.25
Vesting conditions	Working for at least 2 years after grant date	Working for at least 3 years after grant date

Due to the above stock option, the Company recognized ₩2,610 million as a compensation cost (₩2,610 million as a cumulative compensation cost) during the current period, and the remaining compensation cost is ₩5,001 million.

25. Share-based payment transactions (Cont'd)

Meanwhile, the compensation cost of stock options has calculated by applying the fair value approach using the binary model, and the assumptions and variables for calculating the compensation cost are as follows.

	1-1 st and 1-2 nd
Risk free rate	2.84%
Expected life	7 years
Share price on expected grant date (using DCF model)	KRW 62,855
Expected share price volatility	41.53%
Dividend rate	0.00%
Exercise price	KRW 60,121
Fair value per share	KRW 30,507

26. Revenue from contracts with customers

Set out below is the disaggregation of the Company's revenue from contracts with customers for the years ended December 31, 2022 and 2021 (Korean won in thousands):

	2022	2021
1. Total Revenue	₩ 6,191,349,924	₩ 5,388,218,758
2. Revenue from contracts with customers		
<u>Type of goods or service :</u>		
Service sales	6,072,410,022	5,248,672,073
Product and merchandise sales	63,438,268	123,111,312
Other sales	55,501,634	16,435,373
Total revenue from contract with customers	6,191,349,924	5,388,218,758
<u>Timing of revenue recognition :</u>		
Goods and services transferred at a point in time	63,438,268	123,111,312
Goods and services transferred over time	6,127,911,656	5,265,107,446
Total revenue from contract with customers	6,191,349,924	5,388,218,758
<u>Geographical markets :</u>		
Domestic	5,033,305,567	4,043,467,832
Overseas	1,158,044,357	1,344,750,926
Total revenue from contract with customers	₩ 6,191,349,924	₩ 5,388,218,758

27. Construction contracts

(1) The amounts recognized as revenue related to construction contracts for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022	2021
<u>Contract work :</u>		
Infrastructure	₩ 1,052,180,029	₩ 1,057,512,844
Architectural construction	1,512,934,011	1,802,302,613
Plant	3,505,986,186	2,385,505,127
Sub-total	6,071,100,226	5,245,320,584
Presale construction	223,600	104,407,730
Total	₩ 6,071,323,826	₩ 5,349,728,314

27. Construction contracts (Cont'd)

(2) Details of contract assets and liabilities as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022	December 31, 2021
Construction assets :		
Unbilled construction		
Infrastructure	₩ 275,412,799	₩ 234,132,967
Architectural construction	176,585,460	98,388,156
Plant	373,842,954	216,043,424
Total construction assets	<u>825,841,213</u>	<u>548,564,547</u>
Construction liabilities : (*1)		
Over-billed construction		
Infrastructure	453,302,782	196,240,488
Architectural construction	199,547,394	208,546,001
Plant	618,495,274	560,913,105
Sub total	<u>1,271,345,450</u>	<u>965,699,594</u>
Advances from customers		
Architectural construction	11,717,446	10,695,241
Total construction liabilities	<u>₩ 1,283,062,896</u>	<u>₩ 976,394,835</u>

(*1) Among the contract liabilities carried forward, the amounts recognized as revenue are ₩867,334 million and ₩871,141 million for the years ended December 31, 2022 and 2021, respectively.

(3) Details of construction contracts in progress or completed as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022			
	Accumulated revenue	Accumulated cost	Accumulated profit	Retention (*2)
Infrastructure	₩10,397,086,945	₩10,386,163,998	₩ 10,922,947	₩ 6,143,762
Architectural construction (*1)	5,978,437,744	5,081,194,017	897,243,727	-
Plant	32,275,452,036	31,016,841,311	1,258,610,725	107,647,958
	<u>₩48,650,976,725</u>	<u>₩46,484,199,326</u>	<u>₩ 2,166,777,399</u>	<u>₩ 113,791,720</u>

(*1) Presale construction is included in the architectural construction.

(*2) It is recorded as other receivables and long-term other receivables in the statement of financial position.

	December 31, 2021			
	Accumulated revenue	Accumulated cost	Accumulated profit (loss)	Retention (*2)
Infrastructure	₩ 9,771,576,238	₩ 9,783,221,584	₩ (11,645,346)	₩ 36,470,701
Architectural construction (*1)	7,151,657,972	6,025,357,426	1,126,300,546	-
Plant	30,909,421,136	29,884,703,387	1,024,717,749	148,446,888
	<u>₩47,832,655,346</u>	<u>₩45,693,282,397</u>	<u>₩ 2,139,372,949</u>	<u>₩ 184,917,589</u>

(*1) Presale construction is included in the architectural construction.

(*2) It is recorded as other receivables and long-term other receivables in the statement of financial position.

27. Construction contracts (Cont'd)

(4) The amounts of change in profit or loss due to changes in accounting estimates related to contracts that apply the progress criteria by the cost-based input method for the years ended December 31, 2022 are as follows (Korean won in thousands):

	2022			
	Infrastructure	Architectural construction (*1)	Plant (*2)	Total
Changes in estimated construction revenues	₩ 758,745,574	₩ 26,416,824	₩ 1,323,735,783	₩ 2,108,898,181
Changes in estimated construction costs	581,900,388	59,845,926	1,258,892,388	1,900,638,702
Impact on current profit and loss	15,738,069	12,022,162	34,044,240	61,804,471
Impact on future profit and loss	161,107,117	(45,451,264)	30,799,155	146,455,008
Changes in unbilled construction	47,014,743	(5,537,615)	(26,820,664)	14,656,464
Changes in over-billed construction	31,276,674	(17,559,777)	(60,864,905)	(47,148,008)
Provision for construction losses	54,103,743	63,265,476	36,926,275	154,295,494

(*1) Presale construction is included in the architectural construction.

(*2) The amounts related to discontinued operations are excluded.

The impact on current and future profit and loss is calculated based on estimates of total construction cost incurred by December 31, 2022 and estimates of total construction revenue as of December 31, 2022. And the estimates of total construction cost and revenue may vary in the future period.

(5) Major contracts for which total contract revenue amounted to 5% or more of sales in the immediately preceding fiscal year in relation to contracts to which the Company applied the progress basis as the cost-based input method during the current year are as follows (Korean won in thousands):

	Contract date	Contractual completion due (*1)	Progress rate (%)	Unbilled construction		Trade receivables (*2)	
				Total	Impairment losses	Total	Allowance for losses
Turkey-Istanbul road project (Turnkey EPC)	2012.12	2017.03	99.32%	₩ -	₩ -	₩ -	₩ -
Bujeon-Masan Electronic Railroad Project	2013.04	2022.12	90.40%	52,628,590	-	31,824,100	-
Laos Xe-Pian Xe-Namnoy Waterpower Generation Project	2013.11	2019.02	99.99%	-	-	-	-
Qatar Doha Metro Red Line	2013.06	2019.08	99.70%	-	-	-	-
Al-Zour Refinery Project(ZOR#5)	2015.1	2019.07	99.73%	-	-	99,026	-
UAE, M Project	2017.11	2023.1	82.19%	121,642,430	-	172,722	-
Metropolitan Express Line A	2019.03	2024.06	47.61%	34,716,781	-	15,374,562	-
UK, Silvertown Tunnel Project	2019.11	2025.03	46.51%	-	-	-	-
Yongin General Industrial Complex	2021.12	2025.06	1.29%	-	-	-	-
Yongin General Industrial Complex (Water supply)	2022.09	2025.12	1.44%	-	-	-	-
Norway Rv.555 The Sotra Connection	2022.03	2028.06	5.57%	-	-	-	-
Yangchon Yongjeong General Industrial Complex Site Preparation	2022.12	2026.09	0.10%	-	-	-	-
Sinheung SK VIEW	2018.01	2022.04	95.90%	-	-	-	-
Maegyo Station PRUGIO SK VIEW	2017.08	2022.06	97.46%	-	-	8,782,784	-
Dongrae 3rd SK VIEW	2017.11	2021.12	99.97%	-	-	11,000,000	-
Luwon City SK Leaders VIEW	2018.12	2022.01	99.13%	-	-	-	-
Luwon City 2nd SK Leaders VIEW	2018.12	2023.01	94.37%	-	-	100,760,726	-
Bupyeong Datacenter 1st	2022.12	2025.03	0.22%	-	-	-	-
West Busan SK V1	2022.09	2026.08	0.25%	710,064	-	-	-
Esmeraldas Refinery Project	2009.01	2016.03	100.00%	42,751,340	42,751,340	-	-
Esmeraldas Refinery Project(Phase-II)	2010.03	2017.03	98.70%	10,632,958	10,632,958	-	-
RRE Project	2009.12	2016.05	100.00%	-	-	-	-
Shin Hanul Nuclear Power Plant Units 1,2	2010.03	2023.09	99.09%	10,017,482	-	-	-
NSRP Project	2013.07	2016.11	99.27%	6,246,701	-	14,036,902	-
PACO Coal Fired Power Plant Project	2011.07	2018.01	100.00%	-	-	3,903,424	3,903,424
KES Project	2012.01	2017.12	92.33%	-	-	-	-

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27. Construction contracts (Cont'd)

	Contract date	Contractual completion due (*1)	Progress rate (%)	Unbilled construction		Trade receivables (*2)	
				Total	Impairment losses	Total	Allowance for losses
UHV Project	2012.01	2015.08	100.00%	₩ -	₩ -	₩ -	₩ -
JZR & TP	2012.12	2017.12	99.06%	-	-	1,231,219	-
Goseong Green Power	2014.07	2022.01	99.15%	68,044,041	-	-	-
Karbala Refinery Project	2014.05	2022.02	90.97%	-	-	26,576,671	-
KNPC CFP	2014.04	2020.02	99.43%	390,440	-	161,697,419	-
FORT HILLS SE PROJECT(EPC)	2014.04	2017.06	100.00%	-	-	-	-
PIEM Project	2014.11	2019.04	99.32%	-	-	-	-
Hynix M15 FAB/CUB Project	2017.01	2020.12	99.99%	-	-	-	-
LSPC Project	2018.09	2023.04	85.83%	-	-	13,715,458	-
M16 PH-1 Project	2018.08	2022.01	98.59%	-	-	324,846,569	-
SK hynix M15 Ph-2 Project	2021.07	2023.11	74.71%	-	-	253,636,770	-
RDMP RU-V Balikpapan Project	2019.03	2023.07	92.46%	-	-	20,617,263	-
SK hynix Electricity Power Securing Construction (Icheon)	2018.11	2023.03	95.45%	-	-	-	-
M16 PH-2 Project	2021.04	2022.07	88.14%	-	-	55,620,134	-

(*1) It is the deadline for construction in the project contract or the scheduled construction period.

(*2) The balances do not include unbilled construction receivables.

(6) Details of the major joint contracts as of December 31, 2022 are as follows:

Contract	Location	Participatory ratio	Main contractor
Goseong Green Power	Korea	90.00%	SK Ecoplant Co., Ltd.
Karbala Refinery Project	Iraq	25.00%	Hyundai E&C Co., Ltd.
KNPC CFP Common	Kuwait	33.33%	JGC
LSPC Project	Vietnam	50.00%	TechnipFMC
Yongin Semiconductor Cluster Industrial Complex	Korea	90.00%	SK Ecoplant Co., Ltd.
Shin Hanul Nuclear Power Plant Units 1,2	Korea	30.00%	Hyundai E&C Co., Ltd.
Norway Rv.555 The Sotra Connection	Norway	30.00%	FCC
Metropolitan Express Line A	Korea	20.00%	DL E&C Co., Ltd.
Bujeon-Masan Electronic Railroad Project	Korea	39.35%	SK Ecoplant Co., Ltd.
Al-Zour Refinery Project(ZOR#5)	Kuwait	30.00%	Hyundai E&C Co., Ltd

SK Ecoplant Co., Ltd.
Notes to the separate financial statements
December 31, 2022 and 2021

28. Selling, general and administrative expenses

Details of selling, general and administrative expenses for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022	2021
Salaries expenses	₩ 149,875,162	₩ 145,526,585
Expenses related to defined benefit plans	13,956,376	14,549,252
Employee benefits	17,760,998	15,933,879
Travel expenses	4,369,429	2,632,664
Bad debt expenses	3,709,320	1,359,158
Communication expenses	1,143,910	939,654
Utility expenses	12,580,974	9,083,109
Taxes and dues	11,173,746	10,130,865
Supplies expenses	480,184	846,223
Rental expenses	390,491	284,803
Depreciation expenses	19,812,654	20,335,971
Amortization expenses	2,207,395	2,078,501
Repairs expenses	907,394	1,300,167
Vehicles maintenance expenses	471,467	335,446
Insurance premium	3,561,270	7,407,686
Advertising expenses	22,452,924	22,565,925
Training and research expenses	4,135,589	4,620,726
Service fees	72,781,589	89,355,186
Freight expenses	82,333	10,352
Entertainment expenses	999,843	632,309
Conference expenses	4,401,167	3,430,119
Other expenses	14,262,527	5,164,841
Total	<u>₩ 361,516,742</u>	<u>₩ 358,523,421</u>

29. Expenses by nature

Details of expenses by nature for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022	2021
Sale of merchandise	₩ 42,457,431	₩ 13,885,990
Use of raw materials, etc.	1,204,176,874	1,610,185,012
Employee benefits	602,032,650	714,490,452
Depreciation, amortization (include right-of-use assets)	63,681,272	68,037,745
Advertising expense	26,758,190	23,915,125
Transportation expense	3,930,887	4,059,225
Operating lease and rent expense	107,913,186	64,075,847
Other expense	3,981,605,026	2,796,296,242
Total	<u>₩ 6,032,555,516</u>	<u>₩ 5,294,945,638</u>

30. Other income and expenses

(1) Details of other income for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022	2021
Gains on disposal of PP&E	₩ 6,349,081	₩ 409,746
Gains on disposal of right-of-use assets	6,099,267	51,537
Reversal of allowance for doubtful accounts	1,945,692	1,411,570
Reversal of provisions	40,253,364	95,236,821
Gain on sale of investments in subsidiaries and associates	-	34,783
Gain on disposal of assets held-for-sale	-	115,669,537
Others	26,480,968	38,422,290
Total	₩ 81,128,372	₩ 251,236,284

(2) Details of other expenses for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022	2021
Loss on disposal of trade receivables	₩ 11,035,095	₩ 9,796,784
Other bad debt expenses	3,243,411	22,019,663
Loss on disposal of PP&E	1,242,553	255,490
Impairment loss on PP&E	-	943,638
Loss on disposal of intangible assets	48,070	73,820
Loss on disposal of assets held-for-sale	2,945,284	-
Loss on disposal of investment properties	-	850,654
Impairment loss on investment properties	-	656,702
Loss on sale of investments in subsidiaries and associates	-	452,035
Impairment loss on investments in associates	-	1,567,669
Donation	3,354,536	3,391,355
Others	36,578,728	23,289,315
Total	₩ 58,447,677	₩ 63,297,125

31. Finance income and expenses

(1) Details of finance income for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022	2021
Interest income	₩ 24,633,354	₩ 12,191,515
Gain on foreign currency transaction	72,432,503	37,398,184
Gain on foreign currency translation	74,658,869	19,646,650
Dividend income	12,924,735	9,529,720
Gain on derivatives transactions	67,010,949	9,239,372
Gain on valuation of derivatives	5,021,464	21,146,866
Gain on valuation of firm commitment (*1)	-	2,255,422
Gain on valuation of financial assets of FVPL	34,212,870	7,036,138
Total	₩ 290,894,744	₩ 118,443,867

(*1) It is the valuation gain arising from the currency forward contracts entered into for the hedging of foreign exchange risk.

31. Finance income and expenses (Cont'd)

(2) Details of finance expenses for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022	2021
Interest expenses	₩ 123,076,152	₩ 69,985,688
Loss on foreign currency transaction	96,606,695	46,109,993
Loss on foreign currency translation	58,841,251	15,502,721
Loss on derivatives transactions	15,947,772	11,958,818
Loss on valuation of derivatives	71,067,069	11,609,652
Loss on valuation of firm commitment (*1)	303,476	-
Loss on bond retirement	844,563	140,463
Others	7,605,052	-
Total	₩ 374,292,030	₩ 155,307,335

(*1) It is the valuation loss arising from the currency forward contracts entered into for the hedging of foreign exchange risk.

32. Physical divestiture

(1) According to the resolution of board of directors on October 28, 2021, the Company physically divided K-solutions business group, P-solutions business group, Gas & Power business group, Battery business group and Industrial business group and merged it with SK Ecoengineering Co., Ltd.

1) Details of physical division are as follows.

	Details
Division method	Physical divestiture and merge
Split company	SK Ecoplant Co., Ltd.
Successor company	SK Ecoengineering Co., Ltd.
Approval date of general meeting of shareholders	December 13, 2021
Division date	February 1, 2022

2) Details of assets and liabilities transferred to corporate for divided combination are as follows (Korean won in thousands):

	Amounts
<u>Assets</u>	₩
Current assets	454,363,385
Cash and cash equivalents	209,746,762
Unbilled construction	193,683,691
Other current assets	50,932,932
Non-current assets	45,802,814
Deposits provided	36,743,939
Investment assets	7,342,311
PP&E	165,846
Right-of-use assets	1,550,718
Total assets	500,166,199
<u>Liabilities</u>	
Current liabilities	351,842,855
Trade and other payables	30,489,171
Over-billed construction	313,508,942
Current provisions	6,933,323
Short-term lease liabilities	739,669
Other current liabilities	171,750
Non-current liabilities	1,662,505
Long-term other payables	1,256,711
Long-term lease liabilities	405,794
Total liabilities	353,505,360
Net assets transferred	₩ 146,660,839

32. Physical divestiture (Cont'd)

(2) Meanwhile, according to the resolution of the board of directors on October 28, 2021, the Company sold 50.0003% of shares in SK Eco Engineering Co., Ltd., a merged corporation through spin-off, on February 15, 2022, and reported the profit and loss of the spin-off business as discontinued operations.

1) Details of assets and liabilities classified as held-for-sale as of the December 31, 2021 in relation to the division subject to division is as follows (Korean won in thousands):

	Assets		Liabilities	
K-solutions business group, etc. (*1)	₩	510,467,823	₩	364,467,823

(*1) The Company classified assets and liabilities of the division subject to division into assets and liabilities held for sale and measured them at the lower of fair value less costs to sell and carrying amount.

2) Main details presented as profit from discontinued operations for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022		2021	
Revenues	₩	648,430,542	₩	1,783,839,986
Expenses		267,726,399		1,670,767,725
Profit before tax from discontinued operation		380,704,143		113,072,261
Income tax expenses from discontinued operations		92,130,402		27,363,487
Profit from discontinued operations		288,573,741		85,708,774

3) Details of cash flows from discontinued operations for years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022		2021	
Cash flow from operating activities	₩	(82,019,757)	₩	542,185,065
Cash flow from investing activities		(3,162,423)		(27,638,781)
Cash flow from financing activities		(78,320)		(865,441)

33. Earnings per share

(1) Basic earnings per share

The calculation details of basic earnings per share for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands except earnings per share):

	2022			2021		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit for the period	₩ 50,289,689	₩ 288,573,741	₩ 338,863,430	₩ 56,791,743	₩ 85,708,774	₩ 142,500,517
Less: Dividends attributable to preferred share	(22,000,159)	-	(22,000,159)	-	-	-
Profit attributable to common share	28,289,530	288,573,741	316,863,271	56,791,743	85,708,774	142,500,517
Weighted average number of shares of common share outstanding (shares)	<u>35,227,157</u>	<u>35,227,157</u>	<u>35,227,157</u>	<u>34,571,198</u>	<u>34,571,198</u>	<u>34,571,198</u>
Basic earnings per share (won)	<u>₩ 803</u>	<u>₩ 8,192</u>	<u>₩ 8,995</u>	<u>₩ 1,643</u>	<u>₩ 2,479</u>	<u>₩ 4,122</u>

Basis of calculating weighted average number of shares of common share outstanding for calculating basic earnings per share for the years ended December 31, 2022 and 2021 are as follows (share):

	2022		2021	
Weighted average number of shares issued		35,297,293		35,297,293
Weighted average number of treasury stocks		(70,136)		(726,095)
Weighted average number of shares of common share outstanding		35,227,157		34,571,198

33. Earnings per share (Cont'd)

(2) Diluted earnings per share

The calculation details of basic earnings per share for the years ended December 31, 2022 are as follows (Korean won in thousands except earnings per share):

	2022		
	Continuing operations	Discontinued operations	Total
Diluted, profit for the year	₩ 28,289,529	₩ 288,573,741	₩ 316,863,270
Weighted average number of common shares adjusted for the effect of dilution (share)	38,204,327	38,204,327	38,204,327
Diluted earnings per share (won)	₩ 741	₩ 7,553	₩ 8,294

Basis of calculating weighted average number of shares of common share outstanding for calculating diluted earnings per share for the years ended December 31, 2022 are as follows (share):

	Details
Weighted average number of shares issued	35,227,157
Weighted average number of treasury stocks	2,977,170
Weighted average number of shares of common share adjusted for the effect of dilution	38,204,327

Details of potential common share as of December, 2022 and 2021 are as follows (share):

	December 31, 2022 (*1)	December 31, 2021 (*2)
Convertible preferred shares	6,666,670	-
Convertible redeemable preferred shares	4,700,000	-
Stock Grant	3,400	6,000
Stock Option	249,496	-

(*1) Dilution effect occurred from convertible preferred shares issued during the current year.

(*2) Diluted earnings per share is the same as basic earnings per share due to the anti-dilution effect of the stock grant granted in the previous period.

34. Information on the statement of cash flows

(1) Adjustments to reconcile profit for the period to net cash flows used in operating activities for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022		2021
Depreciation expenses	₩ 56,563,604	₩	61,958,297
Amortization expenses	9,918,330		7,560,708
Expenses related to defined benefit plans	25,282,031		33,272,176
Bad debt expenses	3,708,021		1,920
Loss on foreign currency translation	58,843,518		15,507,984
Loss on sale of investments in subsidiaries and associates	-		452,035
Impairment loss on sale of investments in associates	-		1,567,669
Loss on disposal of investment properties	-		850,654
Impairment loss on investment properties	-		656,702
Loss on valuation of derivatives	71,082,505		11,609,652
Loss on disposal of PP&E	1,242,553		255,490
Impairment loss on PP&E	-		943,638
Loss on disposal of intangible assets	48,070		73,820
Share compensation expenses	2,610,343		-
Losses on disposal of trade receivables	11,035,095		9,796,784
Loss on bond retirement	844,563		140,463
Other bad debt expenses	3,244,625		22,040,184
Contribution to provisions for estimated liabilities	76,689,859		-
Salaries expenses	5,996,276		-
Interest expenses	123,129,355		69,985,688
Income tax expenses	139,918,531		214,920,555
Loss on valuation of firm commitment	303,476		-
Gain on foreign currency translation	(74,689,650)		(19,669,099)
Gain on sale of investments in subsidiaries and associates	-		(34,783)
Gain on valuation of derivatives	(5,237,358)		(21,146,866)
Gain on disposal of PP&E	(6,349,081)		(409,746)
Reversal of provisions for estimated liabilities	(86,126,553)		(95,236,821)
Reversal of allowance for doubtful accounts	(1,984,286)		(1,411,570)
Interest income	(24,633,380)		(12,191,515)
Gain on valuation of firm commitment	-		(2,255,422)
Gain on disposal of assets held-for-sale	(372,736,310)		(115,669,537)
Gain on valuation of FVPL	(34,212,869)		(7,036,138)
Dividend income	(12,924,735)		(9,529,720)
Others	(1,104,283)		10,320,998
Total	₩ (29,537,750)	₩	177,324,200

34. Information on the statement of cash flows (Cont'd)

(2) Working capital adjustments for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022		2021	
Decrease (increase) in trade receivables and unbilled construction	₩	(444,704,160)	₩	63,797,219
Increase in non-trade receivables		(86,847,996)		(43,960,926)
Decrease (increase) in advance payments		(53,914,040)		(50,883,007)
Decrease (increase) in prepaid expenses and construction costs		4,289,373		(11,918,671)
Decrease (increase) in deposits provided		16,748,633		(33,980,659)
Decrease (increase) in inventories		(24,793,947)		(224,098,607)
Increase (decrease) in trade payables		555,942,673		(154,484,326)
Increase (decrease) in advances from customers and over-billed construction		293,061,860		157,079,916
Increase (decrease) in withholdings		15,786,230		3,507,720
Increase (decrease) in non-trade payables		(90,592,831)		144,326,364
Increase (decrease) in accrued expenses		(2,019,521)		17,146,209
Increase (decrease) in current provisions for estimated liabilities		(14,994,221)		(12,080,101)
Decrease (increase) in plan assets		(13,088,858)		25,250,736
Increase (decrease) in deposits received		(36,381,575)		28,954,571
Payment of severance benefits		(51,826,456)		(59,841,240)
Decrease in derivative instruments from operating activities		12,596,475		7,535,437
Others		12,239,210		31,571,938
Total	₩	<u>91,500,849</u>	₩	<u>(112,077,427)</u>

(3) Major non-cash transactions not stated on the statement of cash flows for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022		2021	
Transfer of construction in-progress to main accounts	₩	12,666,774	₩	3,359,694
Acquisition of asset by lease		32,519,513		31,934,764
Valuation of FVOCI		(28,895,927)		9,928,730
Transfer of long-term bonds and borrowings to current portion		839,374,762		438,520,355
Write-off of account receivables		87,683,509		84,858,407
Transfer of inventories to investment properties		14,506,734		-
Increase in contingent consideration		115,177,736		-
Increase in other payable due to acquisition of PP&E		631,950		-

(4) Changes in liabilities from financing activities for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022					
	Short-term borrowings	Current portion of long-term liabilities	Long-term borrowings	Bonds	Lease liabilities	Total
Beginning of the year	₩581,280,768	₩ 438,520,355	₩ 513,007,319	₩1,146,916,117	₩ 116,190,750	₩2,795,915,309
Cash flow from financing activities	314,733,393	(538,860,800)	548,549,465	398,579,268	(33,855,136)	689,146,190
Non-cash flow activities :						
Exchange rate fluctuation	(6,422,598)	-	21,831,500	-	-	15,408,902
Transfer to current portion	-	839,374,762	(240,281,109)	(599,093,653)	-	-
New lease contract	-	-	-	-	26,406,128	26,406,128
Others	-	977,789	3,351,136	1,494,819	(12,600,120)	(6,776,376)
End of the year	<u>₩889,591,563</u>	<u>₩ 740,012,106</u>	<u>₩ 846,458,311</u>	<u>₩ 947,896,551</u>	<u>₩ 96,141,622</u>	<u>₩3,520,100,153</u>

34. Information on the statement of cash flows (Cont'd)

	2021					Total
	Short-term borrowings	Current portion of long-term liabilities	Long-term borrowings	Bonds	Lease liabilities	
Beginning of the year	₩ 386,250,587	₩ 320,883,058	₩ 132,881,618	₩ 705,939,883	₩ 132,682,098	₩ 1,678,637,244
Cash flow from financing activities	187,509,650	(350,860,800)	438,622,003	846,649,717	(42,491,913)	1,079,428,657
Non-cash flow activities :						
Exchange rate fluctuation	23,565,224	-	1,558,500	-	-	25,123,724
Transfer to current portion	-	438,520,355	(30,860,800)	(407,659,555)	-	-
New lease contract	-	-	-	-	31,934,764	31,934,764
Others	(16,044,693)	29,977,742	(29,194,002)	1,986,072	(5,934,199)	(19,209,080)
End of the year	₩ 581,280,768	₩ 438,520,355	₩ 513,007,319	₩ 1,146,916,117	₩ 116,190,750	₩ 2,795,915,309

35. Contingencies and commitments

(1) Major guarantees provided by third parties

1) Guarantees provided by financial institution

Guarantees provided by financial institution as of December 31, 2022 and 2021 are as follows (Each foreign currency unit and Korean won in thousands):

Financial institution	Descriptions	Currency	December 31, 2022	December 31, 2021
The Export-import Bank of Korea	Guarantees for overseas construction	USD	90,968,594	91,368,594
		NOK	136,301,854	-
		EUR	12,271	60,750,000
KEB Hana Bank	"	USD	132,026,289	180,564,990
		SAR	182,198,130	182,198,130
		EUR	84,937,500	88,885,426
		GBP	18,900,000	18,900,000
ANZ	"	USD	92,733,156	90,749,338
		VND	595,464,833,845	655,882,822,045
BNP Paribas	"	USD	3,433,000	6,400,000
		EUR	-	92,803,642
Confianza	"	USD	-	16,380,347
First Abu Dhabi Bank	"	USD	53,066,522	53,066,522
		SAR	-	8,116,804
GSD	"	TRY	4,386	114,266
		USD	21,334,000	24,030,900
HSBC	"	EUR	-	1,535,300
		KWD	10,042,494	10,042,494
		KRW	-	726,208
		KZT	7,568,928,889	7,568,928,889
ING	"	TRY	26,259,306	26,259,306
IS Bank	"	USD	3,112,803	3,112,803
		AED	119,780,349	88,148,879
Mashreq	"	KWD	26,267,069	26,267,069
		QAR	30,937,500	396,605,127
		USD	153,909,622	191,425,269
National Bank of Kuwait	"	KWD	40,310,734	53,438,300
		USD	89,354,727	132,488,916
Standard Chartered	"	IQD	-	2,600,000,000
		THB	153,039,675	278,253,955
Garanti	"	TRY	-	4,329,000
		USD	600,000	600,000

35. Contingencies and commitments (Cont'd)

Financial institution	Descriptions	Currency	December 31, 2022	December 31, 2021
Liberty	"	HKD	24,920,800	20,060,800
		USD	-	175,239,469
LBBW	"	USD	4,095,087	4,095,087
Credit Agricole	"	NOK	370,294,723	-
Societe Generale	"	PLN	-	8,316,018
Swiss Re	"	USD	16,380,347	-
		KRW	-	726,208
		USD	661,014,147	969,522,235
		EUR	84,949,771	243,974,368
		THB	153,039,675	278,253,955
		KWD	76,620,297	89,747,863
		SAR	182,198,130	190,314,934
		NOK	506,596,577	-
		AED	119,780,349	88,148,879
Total		QAR	30,937,500	396,605,127
		TRY	26,263,692	30,702,572
		VND	595,464,833,845	655,882,822,045
		KZT	7,568,928,889	7,568,928,889
		IQD	-	2,600,000,000
		HKD	24,920,800	20,060,800
		GBP	18,900,000	18,900,000
		PLN	-	8,316,018

As of December 31, 2022, the Company has signed agreements related to forward exchange contract (comprehensive limit: USD 1,189 million) with Shinhan bank and 12 other financial institutions, loan limit agreements (limit: KRW 400,000 million) with KEB Hana bank and 14 other financial institutions, overdraft agreements, etc. (limit: KRW 50,000 million) with Kookmin bank and 6 other financial institutions. In addition, the Company has signed secured loan of credit sales agreements (limit: KRW 53,680 million) with KEB Hana Bank and 4 other financial institutions.

2) Guarantees provided by third parties

Details of the performance guarantees provided by third parties except for other construction companies as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

Guarantee provider	Descriptions	December 31, 2022	December 31, 2021
Construction Guarantee	Performance guarantee for domestic construction contract, etc.	₩ 5,252,096,374	₩ 4,245,406,704
Seoul Guarantee Insurance	Performance guarantee for domestic construction contract, etc.	199,801,387	365,571,804
Korea Housing & Urban Guarantee Corporation	Guarantees for house sales, etc.	3,566,825,092	2,308,991,552
Engineering Guarantee Insurance	Performance guarantee for domestic construction contract, etc.	1,135,691,342	1,004,994,074
Korea Trade Insurance Corporation	Overseas investment insurance	120,393,500	113,335,000
		₩ 10,274,807,695	₩ 8,038,299,134

35. Contingencies and commitments (Cont'd)

(2) Major guarantee details provided by the Company to third parties, etc.

1) As of December 31, 2022, the Company is obligated to cash deficiency support of ₩968,700 million (₩768,179 million as of December 31, 2021) for loans, etc. of private investment business corporations and major cash deficiency support agreements are as follows (Korean won in millions):

	Gyeongsangbuk-do	Busan	Gyeonggi-do	Total
Creditor institution	2 nd financial sector	2 nd financial sector	2 nd financial sector	
Amounts of cash deficiency support	₩ 16,000	₩ 100,000	₩ 65,100	₩ 181,100
Limit of cash deficiency support	16,000	100,000	78,120	194,120
Agreement amounts	16,000	100,000	105,000	221,000
Type of guarantees	Cash deficiency support	Cash deficiency support	Cash deficiency support	
Loan period	2021.11~2028.11	2022.09~2023.06	2021.04~2025.08	
Category	Other	Other	Loan	

2) Details of payment guarantees provided by the Company in relation to the borrowings of the developer as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	December 31, 2022	December 31, 2021
ABCP / ABSTB	₩ -	₩ 24,700
Loan	156,082	131,610
	₩ 156,082	₩ 156,310

Details of project financing based on debt guarantee amount as of December 31, 2022 are as follows:

	Busan	Seoul	Ulsan	Gyeonggi-do
Creditor institution	Bank	2 nd financial sector, etc.	2 nd financial sector	2 nd financial sector
Amounts of payment guarantees	₩ 10,053	₩ 10,655	₩ 4,226	₩ 4,195
Limit of payment guarantees	12,064	12,786	5,072	5,034
Agreement amounts	12,064	12,786	5,072	5,034
Type of guarantees	Collective surety	Collective surety	Collective surety	Collective surety
Loan period	2019.10~2023.09	2019.10~2023.10	2020.06~2024.11	2020.03~2025.02
Category	Loan	Loan	Loan	Loan

	Gwangju	Daejeon	Gyeonggi-do	Seoul
Creditor institution	2 nd financial sector, etc.	2 nd financial sector, etc.	2 nd financial sector	Bank
Amounts of payment guarantees	₩ 4,311	₩ 4,845	₩ 8,620	₩ 11,876
Limit of payment guarantees	5,173	5,814	10,344	14,251
Agreement amounts	5,173	5,814	10,344	17,520
Type of guarantees	Collective surety	Collective surety	Collective surety	Collective surety
Loan period	2020.07~2025.08	2022.09~2027.07	2022.11~2028.01	2021.12~2026.12
Category	Loan	Loan	Loan	Loan

	Seoul	Gyeonggi-do	Gyeonggi-do	Total
Creditor institution	Bank	Bank	2 nd financial sector	
Amounts of payment guarantees	₩ 13,910	₩ 82,600	₩ 791	₩ 156,082
Limit of payment guarantees	16,692	107,380	948	195,558
Agreement amounts	22,800	111,800	948	209,355
Type of guarantees	Collective surety	Collective surety	Collective surety	
Loan period	2022.02~2027.02	2022.04~2023.04	2022.03~2026.07	
Category	Loan	Loan	Loan	Loan

35. Contingencies and commitments (Cont'd)

Details of project financing based on debt guarantee amount as of December 31, 2021 are as follows:

	Gyeonggi-do	Busan	Seoul	Seoul
	2 nd financial sector, etc.	Bank	2 nd financial sector, etc.	2 nd financial sector, etc.
Creditor institution				
Amounts of payment guarantees	₩ 75,597	₩ 10,050	₩ 10,655	₩ 7,010
Limit of payment guarantees	98,276	12,060	12,786	8,412
Agreement amounts	105,300	12,060	12,786	8,412
Type of guarantees	Collective surety	Collective surety	Collective surety	Collective surety
Loan period	2018.11~2022.11	2019.10~2023.09	2019.10~2023.10	2019.11~2024.10
Category	Loan	Loan	Loan	Loan

	Ulsan	Gyeonggi-do	Gyeonggi-do	Gwangju
	2 nd financial sector	2 nd financial sector, etc.	2 nd financial sector	2 nd financial sector, etc.
Creditor institution				
Amounts of payment guarantees	₩ 4,226	₩ 6,500	₩ 4,195	₩ 4,578
Limit of payment guarantees	5,071	7,800	5,035	5,494
Agreement amounts	5,071	7,800	5,034	5,494
Type of guarantees	Collective surety	Collective surety	Collective surety	Collective surety
Loan period	2020.06~2024.11	2019.11~2025.01	2020.03~2025.02	2020.07~2025.08
Category	Loan	Loan	Loan	Loan

	Seoul	Gyeonggi-do	Total
	Bank	Other	
Creditor institution			
Amounts of payment guarantees	₩ 8,799	₩ 24,700	₩ 156,310
Limit of payment guarantees	10,558	29,640	195,132
Agreement amounts	17,520	29,640	209,117
Type of guarantees	Collective surety	Collective surety	
Loan period	2021.12~2026.12	2021.10~2022.01	
Category	Loan	Other	

3) As of December 31, 2022, the Company provides performance warranty for long-term maintenance contract of fuelcell power generation business totaling ₩164,423 million (₩105,448 million as of Decemebr 31, 2021) and has also provided obligatory commitments for completion of housing projects totaling ₩4,127,360 million (₩3,050,461 million as of December 31, 2021) such as the Luwon City 2nd SK Leader's View and so on.

4) As of December 31, 2022, the Company provides guarantees of ₩787,307 million (₩704,419 million as of December 31, 2021) for the repayments of loans and moving expenses on behalf of customers with rights to purchase the Company's apartments, limited to ₩952,104 million (₩2,310,370 million based on agreements total, limited to ₩844,655 million and ₩1,500,530 million based on agreements as of December 31, 2021). Also, the Company provides collective guarantee totaling ₩2,242,500 million (₩2,538,473 million as of December 31, 2021) for the developer provided by the Korea Housing & Urban Guarantee Corporation.

5) The Company provides joint surety to the other construction companies for domestic and overseas construction projects and as of December 31, 2022, the amount of guarantee provided is ₩731,638 million (₩819,974 million as of December 31, 2021).

6) In addition to the payment guarantees provided above, the Company provides payment guarantees of KRW 46,413 million, KWD 3.5 million, EUR 31 million, GBP 11 million, CAD 6 million and USD 735 million for borrowings of subsidiaries and associates as of December 31, 2022.

(3) Corporate purchase exclusive card contract

The Company settles trade payables arising from its main business activities through corporate purchase exclusive card contracts with some financial institutions, and pays the payment to the credit card company on the end of the credit extension period according to the contract. As of December 31, 2022, there are no related accounts payable.

35. Contingencies and commitments (Cont'd)

(4) Contingent liabilities, etc.

1) As of December 31, 2022, the Company provided financial institutions with 10 blank promissory notes and 4 blank check as collateral in relation to the construction contracts, etc..

2) As of December 31, 2022, the Company has no notes receivable that are not yet matured but factored to financial institutions (₩893,199 million as of December 31, 2021).

3) As of December 31, 2022, the Company has a total of 63 pending litigations as a defendant relating to compensation for damages, etc., which the total legal proceedings amount to approximately ₩733,538 million and has a total of 31 pending litigations as a plaintiff, which the total legal proceedings amount to approximately ₩775,131 million. As of December 31, 2022, the Company has recognized a provision for pending litigations which have high probability of losing and the expected losses can be reasonably measured. The Company has not reflected in the financial statements the effects of legal proceedings of which the outcomes are unpredictable.

4) The Company has signed an agreement with Eco Energy Holdings Inc., the buyer of SK ecoengineering Co., Ltd. convertible redeemable preferred shares sold during the current year. Under the agreement, Eco Energy Holdings Inc. may exercise its drag-along right to convertible redeemable preferred shares if certain conditions are met in the future.

5) The Company entered into an agreement with financial investors of DS Networks Youth Housing Private Property Development Investment Company No.1 and No.2, which were established during the current year. According to the agreement, financial investors may exercise put options against the Company for their holdings.

6) The Company holds call options for shares held by non-controlling shareholders of Eco Frontier PTE. LTD. If the Company does not exercise the call option and non-controlling shareholder sells its stake to the outside, a shareholder agreement is entered into which compensates for the difference between the call option exercise price and the actual sale price.

(5) Financial assets with restrictions on use

Details of financial instruments with restriction of use as of December 31, 2022 and 2021 are as follows (Korean won in thousands):

	December 31, 2022	December 31, 2021	Reason for restriction on use
Short-term financial instruments	₩ 4,600,000	₩ 4,600,000	Mutual growth deposit
Long-term financial instruments	22,000	22,000	Checking account deposit
	-	1,035,663	Contract performance guarantee
	4,680,175	4,680,175	Provisional seizure of litigation, etc.
Total	₩ 9,302,175	₩ 10,337,838	

36. Assets provided as collateral

Details of assets provided as collateral for borrowings, etc. of the Company as of December 31, 2022 are as follows (Korean won in thousands):

	Carrying value or insured amount	Reason for collateral	Secured creditor
Financial assets at FVPL	₩ 225,979,792	Collateral for borrowings, etc.	Korea development bank, etc.
Financial assets at FVOCI	24,886,095	Collateral for borrowings, etc.	Woori bank, etc.
Investments in associates and joint ventures (*1)	494,152,714	Collateral for borrowings, etc.	NPS, etc.
Investments in subsidiaries (*2)	743,780,670	Collateral for borrowings, etc.	KB Securities, etc.
	₩ 1,488,799,271		

(*1) As of December 31, 2022, the Company's equity securities such as Goseong Green Power, Bloom SK Fuel Cell Inc., etc., are provided as collateral for the Company's borrowings. The amounts above are the carrying values of the equity securities.

(*2) As of December 31, 2022, the Company's equity securities such as Green Environment Technology Co., Ltd., City Environment, SK Oceanplant Co., Ltd., etc., are provided as collateral for the Company's borrowings. The amounts above are the carrying values of the equity securities.

SK Ecoplant Co., Ltd.
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37. Related party disclosures

(1) Parent and subsidiaries which are in related party relationship with the Company as of December 31, 2022 are as follows:

Relationship	Related parties
Parent Company	SK Inc.
Subsidiaries (*1)	Seosuwon development company, Sungju Tech, DDS, Samwon ENT Co., Ltd., DaewonGreenEnergy, DAEWON HI-TECK Co.Ltd, SAEHAN ENVIRONMENT CO., LTD, e - Medi One, Emedione Logis, CITY ENVIRONMENT, green environment technology co.,ltd., DongNam Offshore Windfarm Co. Ltd, GANGDONG GREEN COMPLEX, BT FC LLC, JA GREEN CO.,LTD, SKEC (Nanjing) Co., Ltd., SKEC (THAI) LTD, Thai Woo Ree Engineering Co., Ltd., SKEC Anadolu LLC, SK HOLDCO PTE LTD, KS INVESTMENT B.V., Environment Management Corporation CO.,LTD, Seonam Environment Energy Co.,ltd., honam environmental energy corporation, Chungchong Environment Energy Corporation, Gyeonggi Environment Energy Corporation, ENE Corporation, Gyeongin Environment Energy Company, YS Tec Co., Ltd., Green Hwasun INC., Green Sunchang INC., Gyeongsan Clean Water Way CO.,LTD, Dalsung Clean Waterway Co.,Ltd, Goksung env, SK E&C BETEK CORPORATION, Mesa Verde RE Ventures, LLC, Sunlake Co., Ltd., SKEC Consultores Ecuador, S.A., Eco Frontier (Singapore) Pte. Ltd., TES-ENVIROCORP PTE. LTD, TES CHINA HOLDINGS PTE. LTD, TES-AMM (SINGAPORE) PTE. LTD, Total Environmental Solutions Co., Ltd, TES-AMM (H.K.) LIMITED, TES-AMM (MALAYSIA) SDN. BHD., TES-AMM (Europe) Ltd, TES-AMM AUSTRALIA PTY LTD, TES-AMM CORPORATION (CHINA) LTD, TES-AMM (BEIJING) CO., LTD, TES-AMM NEW ZEALAND LIMITED, TES-AMM KOREA INC., TES-AMM (TAIWAN) CO., LTD, SHANGHAI TES-AMM WASTE PRODUCTS RECYCLE CO., LTD, TES-AMM JAPAN K.K., TES-AMM MIDDLE EAST FZE, TES-AMM (SUZHOU) E-WASTE SOLUTIONS CO. LTD, PT. TES-AMM INDONESIA, TES-AMM (CAMBODIA) CO., LTD, TES-AMM (GUANGZHOU) CO., LTD, Shanghai Taixiang Network Technology Co., Ltd, Advanced Datacom (Australia) Pty Ltd, Green Technology Management Pty Ltd, PC Off Corporation, TES-AMM EUROPE HOLDINGS LTD, TES-AMM UK Ltd, TES-AMM Central Europe GmbH, TES-AMM SAS, TES Total Environmental Solution AB, TES-AMM ESPANA ASSET RECOVERY AND RECYCLING, S.L., TES-AMM ITALIA SRL, TES USA, INC., VSL SUPPORT LIMITED, Technology Supplies International Ltd., Goldberg Enterprises Ltd, TES CONSUMER SOLUTIONS LTD, Integrations Et Services, TES Recupyl, GENPLUS PTE. LTD., Redeem UK Limited, REDEEM HOLDINGS LIMITED, TES ENERGY SOLUTIONS PTE. LTD., TES SUSTAINABILITY PRODUCTS PTE. LTD., CUSTOM CONTROLLERS UK LIMITED, TES B PTE. LTD., TES ESS PTE. LTD., Envirofone Limited, TES Sustainable Battery Solutions B.V., TES Sustainable Battery Solutions GmbH, Sustainable Product Stewards Pty Ltd, CASH FOR TECH LTD, Stock Must Go Limited, TES C PTE. LTD., TES Sustainable Battery Solutions (Australia) Pty Ltd, TES Sustainable Battery Solutions Limited Liability Company, APDevelop Co.Ltd, DY Indus Co.,Ltd., DY POLYMER CO., LTD., SK oceanplant Co.,Ltd, SAM KANG S&C CO.,LTD., Goseong Holdings, ECOPLANT HOLDING MALAYSIA SDN. BHD., Silvertown Investco Limited, Changzhou SKY New Energy Co., Ltd.
Associates / Joint ventures (*1)	SK ecoengineering Co., Ltd., Intervest New Growth Fund, SKEC Jurong Investment, Sotra Link Holdco AS, CHUNGJUBIJEUKOEO CITY CO.,LTD., Daehan 4 New Stay REIT Co., Ltd., Canakkale Highway and Bridge, Topsun co.,Ltd, Ascend Elements, Inc., JEONNAMSINANTAERYANGGWANGBALJEON CO.,LTD., Gunpo Mixed Use Development PFV Company, YONGIN General Industrial Complex Co.,Ltd, Bloom SK Fuel Cell Inc. and so on
Other related parties (*2)	SK Chemicals Co., Ltd., SK Innovation Co., Ltd., SK TELECOM CO.,LTD, SK E&S Co., Ltd., SK Energy Co. Ltd., SK GAS LTD and so on

(*1) During the current year, the Company sold its entire preferred shares of SK ecoengineering Co., Ltd. to Eco Energy Holdings Inc. and lost control on SK ecoengineering Co., Ltd. Accordingly, SK ecoengineering Co., Ltd. was transfer from subsidiary to associate.

(*2) Other related parties is not a related party as defined in K-IFRS 1024 paragraph 9. But they are classified as a related parties by the Securities and Future Commission' resolution that large business group affiliates are the substantial related party as defined in K-IFRS 1024 paragraph 10.

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37. Related party disclosures (cont'd)

(2) Significant transactions with related parties for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

Relationship	Related parties	2022		
		Revenues	Expenses	Acquisition (disposal) of PP&E and intangible assets
Parent	SK Inc.	₩ 2,617,872	₩ 31,218,688	₩ 3,435,701
Subsidiaries	Seosuwon development company	6,814,173	-	-
	Sungju Tech	137,244	-	-
	DDS	107,621	-	-
	Samwon ENT Co., Ltd	13,024,577	-	-
	DaewonGreenEnergy	128,789	-	-
	SAEHAN ENVIRONMENT CO., LTD	149,242	-	-
	e - Medi One	161,568	-	-
	CITY ENVIRONMENT	128,833	-	-
	green environment technology co.,ltd.	146,544	-	-
	JA GREEN CO.,LTD	80,821	317,235	-
	APDevelop Co.Ltd	35,505	-	-
	SK oceanplant Co.,Ltd	1,495,595	-	-
	SKEC (Nanjing) Co., Ltd.	14,458,076	178,467	-
	Changzhou SKY New Energy Co.,Ltd.	335,037	-	-
	Thai Woo Ree Engineering Company Ltd.	398,805	-	-
	SKEC Anadolu LLC	4,220,810	-	-
	SK HOLDCO PTE. LTD.	9,123	-	-
	Environment Management Corporation CO.,LTD	-	535,215	-
	SK E&C BETEK CORPORATION	1,375,957	-	-
	Sunlake Co., Ltd	164,816	-	-
	Eco Frontier (Singapore) Pte. Ltd.	3,374,253	-	-
	Silvertown Investco Limited	202,143	-	-
Associates /	Gunpo Mixed Use Development PFV Company	288,607	-	-
Joint ventures	YONGIN General Industrial Complex Co.,Ltd	35,343,109	-	-
	Bloom SK Fuel Cell Inc.	189,200	44,427,531	-
	Mastern No.93 Logispoint Gimpo PFV Co.,Ltd	13,596,892	-	-
	Daewon Green Energy Co., Ltd.	4,368,252	-	-
	Gangneung Sacheon Fuel Cell Co.,Ltd.	105,025,548	-	-
	Goseong Green Power	66,899,829	-	-
	SK ecoengineering Co., Ltd.	17,384,805	3,187,050	(6,272,986)
	SE Greenenergy Co.,Ltd.	-	-	-
	Seong Bon Industrial Complex Development Co. Ltd.	666,050	-	-
	Godeok Clean Energy Co., Ltd.	8,553,335	-	-
	PAJU ECO ENERGY	113,359	-	-
	Chuncheon Green Energy Co.,Ltd.	140,987,292	-	-
	DCK One Co., Ltd.	999,505	-	-
	DS Networks Youth Housing Private Property Development Investment Company No.2	4,455,300	-	-
	haeundaemarinewonPFV corp.	1,046,129	-	-
	KCMT	-	410,608	-
	Xe-Pian Xe-Namnoy Power Company	1,972,865	-	-
	Canakkale Highway and Bridge	46,320	-	-
	Sotra Link Holdco AS	26,779,924	-	-
	Intrus Specialized Investment Private Real Estate Investment No1 LLC	600,000	-	-
	SBC General Tarding & Const.Co.W.L.L.	₩ 1,740,632	₩ 17,667	₩

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37. Related party disclosures (cont'd)

		2022 (Cont'd)		
Relationship	Related parties	Revenues	Expenses	Acquisition (disposal) of PP&E and intangible assets
Other related	Eurasia Tunnel	₩ 3,226,704	₩ -	₩ -
Parties	BAKAD Investment and Operation LLP	92,337,956	-	-
	SK Innovation Co., Ltd.	4,651,073	8,423,006	-
	SK Enmove Co., Ltd.	56,803	-	-
	SK Energy Co. Ltd.	2,610,030	29,205	-
	SK Geo Centric Co., Ltd.	53,250	-	-
	SK PINX Co.,Ltd.	-	1,645,346	-
	SK hi-tech battery materials(Jiangsu) Co.,Ltd.	32,806	-	-
	SK BATTERY AMERICA	91,728,605	-	-
	SK ON Hungary Kft.	59,079,081	-	-
	SK hi-tech battery materials Poland sp. z o.o.	33,425,280	-	-
	SK On Co., Ltd.	1,858,106	-	-
	SK Forest Co. Ltd.	-	34,892,301	-
	SK TNS Co.,Ltd. (*1)	-	-	-
	SK picglobal Co.,LTD.	146,893	-	-
	SK E&S Co., Ltd.	845,019	-	-
	SK GAS LTD	728,808	-	-
	Paju Energy Service Co., Ltd.	-	-	-
	Boryeong LNG Terminal Co., Ltd.	3,345,658	-	-
	Ulsan GPS Corporation	20,279,097	-	-
	Yeoju Energy Service	11,382,986	-	-
	IGE Co., Ltd.	6,881,043	-	-
	SK D&D Co.,Ltd.	188,877	-	-
	SK Chemicals Co., Ltd.	176,285	-	-
	SK Bioscience Co.,Ltd	6,875,463	-	-
	SK shieldus Co.,Ltd	-	5,949,055	850,750
	SMCore.Inc	-	-	-
	SKNetworksCompanyLimited	-	996,412	-
	HAPPYNARAE Co., Ltd.	-	37,426,409	398,447
	SK Networks Service	13,018	600,000	-
	SK Magic Co., Ltd	-	3,919,262	-
	SK RENT A CAR CO.,LTD	-	1,009,699	-
	SK TELECOM CO.,LTD	112,162	2,578,821	39,856
	SK Broadband Co., Ltd.	-	486,511	-
	Wave City Development co., Ltd	-	-	-
	SK hynix Inc.	2,258,751,992	-	-
	ULSAN PP CO., LTD	1,747,640	-	-
	Korea Energy terminal Co.,Ltd.	10,382,271	-	-
	Others	313,647	1,249,836	-
	Total	₩ 3,091,854,910	₩ 179,498,324	₩ (1,548,232)

(*1) During the previous period, the Company sold its entire shares of SK TNS Co.,Ltd. to Network Infra Holdings LLC and lost control on SK TNS Co.,Ltd. Accordingly, SK TNS Co.,Ltd. has been excluded from related parties.

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37. Related party disclosures (cont'd)

Relationship	Related parties	2021		
		Revenues	Expenses	Acquisition (disposal) of PP&E and intangible assets
Parent	SK Inc.	₩ 134,593	₩ 40,147,785	₩ 9,808,084
Subsidiaries	Seosuwon development company	5,156,261	-	-
	Sungju Tech	94,521	-	-
	DDS	66,567	-	-
	Samwon ENT Co., Ltd.	354,299	-	-
	DaewonGreenEnergy	142,510	-	-
	SAEHAN ENVIRONMENT CO., LTD	26,999	-	-
	e - Medi One	21,397	-	-
	CITY ENVIRONMENT	23,014	-	-
	green environment technology co.,ltd.	18,342	-	-
	JA GREEN CO.,LTD	-	-	-
	APDevelop Co.Ltd	-	-	-
	SK oceanplant Co.,Ltd	-	-	-
	SKEC (Nanjing) Co., Ltd.	3,837,700	-	-
	Changzhou SKY New Energy Co.,Ltd.	-	-	-
	Thai Woo Ree Engineering Company Ltd.	-	-	-
	SKEC Anadolu LLC	471,350	886,496	-
	SK HOLDCO PTE. LTD.	6,394	-	-
	Environment Management Corporation CO.,LTD	-	57,000	-
	SK E&C BETEK CORPORATION	1,035,194	-	-
	Sunlake Co., Ltd	3,419	-	-
	ECO FRONTIER (SINGAPORE) PTE. LTD.	-	-	-
	Silvertown Investco Limited	-	-	-
Associates /	Gunpo Mixed Use Development PFV Company	387,628	-	-
Joint ventures	YONGIN General Industrial Complex Co.,Ltd	5,984,085	-	-
	Bloom SK Fuel Cell Inc.	-	17,271,996	-
	Mastern No.93 Logispoint Gimpo PFV Co.,Ltd	-	-	-
	Daewon Green Energy Co., Ltd.	115,099,825	-	-
	Gangneung Sacheon Fuel Cell Co.,Ltd.	-	-	-
	Goseong Green Power	104,879,917	-	-
	SK ecoengineering Co., Ltd.	203,986	970,267	-
	SE Greenenergy Co.,Ltd.	2,069,908	-	-
	Seong Bon Industrial Complex Development Co. Ltd.	25,840,010	-	-
	Godeok Clean Energy Co., Ltd.	55,897,003	-	-
	PAJU ECO ENERGY	1,976,929	-	-
	Chuncheon Green Energy Co.,Ltd.	-	-	-
	DCK One Co., Ltd.	-	-	-
	DS Networks Youth Housing Private Property Development Investment Company No.2	-	-	-
	haeundaemarinewonPFV corp.	-	-	-
	KCMT	-	-	-
	Xe-Pian Xe-Namnoy Power Company	8,072,946	-	-
	Canakkale Highway and Bridge	(34,068)	-	-
	Sotra Link Holdco AS	-	-	-
	Intrus Specialized Investment Private Real Estate Investment No1 LLC	-	-	-
	SBC General Tarding & Const.Co.W.L.L.	₩ 334,160	₩ 13,760	₩ -

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37. Related party disclosures (cont'd)

Relationship	Related parties	2021 (Cont'd)		
		Revenues	Expenses	Acquisition (disposal) of PP&E and intangible assets
Other related Parties	Eurasia Tunnel	₩ 2,893,918	₩ 33	₩ -
	BAKAD Investment and Operation LLP	57,549,136	-	-
	SK Innovation Co., Ltd.	9,924,607	10,265,475	-
	SK Enmove Co., Ltd.	1,079,525	-	-
	SK Energy Co. Ltd.	8,579,957	29,467	-
	SK Geo Centric Co., Ltd.	16,245,320	-	-
	SK PINX Co.,Ltd.	-	-	-
	SK hi-tech battery materials(Jiangsu) Co.,Ltd.	3,114,114	-	-
	SK BATTERY AMERICA	505,418,012	-	-
	SK ON Hungary Kft.	102,989,039	-	-
	SK hi-tech battery materials Poland sp. z o.o.	129,128,329	-	-
	SK On Co., Ltd.	666,548	-	-
	SK Forest Co. Ltd.	-	48,424,215	-
	SK TNS Co.,Ltd. (*1)	732,350	3,239,000	-
	SK picglobal Co.,LTD.	3,784,162	-	-
	SK E&S Co., Ltd.	1,059,229	-	-
	SK GAS LTD	10,529,391	-	-
	Paju Energy Service Co., Ltd.	2,144,670	281,099	-
	Boryeong LNG Terminal Co., Ltd.	52,837,320	4,789	-
	Ulsan GPS Corporation	112,563,179	-	-
	Yeoju Energy Service	227,123,049	-	-
	IGE Co., Ltd.	74,210,357	-	-
	SK D&D Co.,Ltd.	83,768	4,497,672	-
	SK Chemical Co., Ltd.	1,769,104	-	-
	SK Bioscience Co.,Ltd	10,400,151	-	-
	SK shieldus Co.,Ltd	-	10,511,638	-
	SMCore.Inc	-	1,033,222	-
	SKNetworksCompanyLimited	-	1,721,739	-
	HAPPYNARAE Co., Ltd.	-	29,901,696	-
	SK Networks Service	-	2,458,000	-
	SK Magic Co., Ltd	-	3,354,617	-
	SK RENT A CAR CO.,LTD	-	1,045,305	-
	SK TELECOM CO.,LTD	114,387	2,297,520	-
	SK Broadband Co., Ltd.	-	768,523	-
	Wave City Development co., Ltd	13,076,503	-	-
	SK hynix Inc.	1,374,344,354	-	-
	ULSAN PP CO., LTD	45,216,782	-	-
	Korea Energy terminal Co.,Ltd.	40,380,218	-	-
	Others	506,246	1,279,165	-
	Total	₩ 3,140,568,614	₩ 180,460,479	₩ 9,808,084

(*1) During the previous period, the Company sold its entire shares of SK TNS Co.,Ltd. to Network Infra Holdings LLC and lost control on SK TNS Co.,Ltd. Accordingly, SK TNS Co.,Ltd. has been excluded from related parties.

SK Ecoplant Co., Ltd.
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37. Related party disclosures (cont'd)

(3) Outstanding balances with related parties as of December 31, 2022 and December 31, 2021 are as follows (Korean won in thousands):

Relationship	Related parties	Receivables		Payables	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Parent	SK Inc.	₩ 1,435,439	₩ -	₩ 4,706,869	₩ 5,004,902
Subsidiaries	Seosuwon development company	72,178,980	76,178,980	-	-
	Sungju Tech	3,231,764	3,094,521	-	-
	DDS	26,060	66,567	-	-
	Samwon ENT Co., Ltd.	-	-	14,035,000	-
	DaewonGreenEnergy	73,520	38,331	-	-
	SAEHAN ENVIRONMENT CO., LTD	83,342	26,999	-	-
	e - Medi One	83,336	21,397	-	-
	CITY ENVIRONMENT	74,044	23,014	-	-
	green environment technology co.,ltd.	83,363	18,342	-	-
	DongNam Offshore Windfarm Co. Ltd	1,930,000	-	-	-
	JA GREEN CO.,LTD	88,903	-	258,793	-
	APDevelop Co.Ltd	35,505	-	-	-
	SK oceanplant Co.,Ltd	1,129,235	-	98,708,200	-
	SKEC (Nanjing) Co., Ltd.	190,403	296,328	254,739	1,491,838
	SKEC (Thai) Ltd.	22,364,074	22,207,753	-	-
	Thai Woo Ree Engineering Company Ltd.	10,462,500	10,022,460	-	-
	SKEC Anadolu LLC.	7,678,462	1,509,780	1,278,102	-
	SK HOLDCO PTE. LTD.	219,279	169,639	-	-
	Environment Management Corporation CO.,LTD	-	-	60,128	62,700
	SK E&C BETEK CORPORATION	23,076,705	21,746,803	-	-
	Sunlake Co., Ltd	630,386	-	-	-
	SKEC Consultores Ecquador, S.A.	36,685,312	36,685,312	-	-
	ECO FRONTIER (SINGAPORE) PTE. LTD.	168,483,253	-	-	-
	Silvertown Investco Limited	318,663	199,104	-	-
Associates/	Pentaport Development co. ltd.	-	89,156,933	-	-
Joint ventures	Gunpo Mixed Use Development PFV Company	8,492,544	8,590,503	-	-
	YONGIN General Industrial Complex Co.,Ltd	1,100,000	-	188,573,058	-
	Bloom SK Fuel Cell Inc.	-	-	5,316,956	-
	Daewon Green Energy Co., Ltd.	-	-	-	15,767,000
	Goseong Green Power	2,013,600	1,872,652	12,131,763	13,415,542
	SK ecoengineering Co., Ltd.	9,604,145	224,195	754,103	1,067,293
	Seong Bon Industrial Complex Development Co. Ltd.	-	16,250,000	-	-
	Godeok Clean Energy Co., Ltd.	-	-	62,136,000	62,136,000
	DCK One Co., Ltd.	115,500	-	-	-
	KCMT	-	-	30,272	-
	SKEC Jurong Investment	74,375,361	74,375,361	-	-
	Xe-Pian Xe-Namnoy Power Company	95,889,430	113,281,962	-	26,003,667
	Canakkale Highway and Bridge	3,254	-	-	197
Other related parties	Intrus Specialized Investment Private Real Estate Investment No1 LLC	715,000	-	-	-
	SBC General Tarding & Const. Co.W.L.L.	6,771,818	8,714,015	-	1,040
	Eurasia Tunnel	28,785,793	25,823,099	-	-
	BAKAD Investment and Operation LLP	7,535,572	1,136,699	1,024,490	9,856,988
	SK Innovation Co., Ltd.	69,961	2,793,015	598,447	1,136,484
	SK BATTERY AMERICA	-	-	-	14,474,949
	SK ON Hungary Kft.	-	-	-	36,740,148
	SK hi-tech battery materials Poland sp. z o.o.	-	22,338,459	-	16,139,686
	SK On Co., Ltd.	-	2,786,300	6,119,459	-
	SK Forest Co. Ltd.	3,326	14,985	645,505	5,616,291
	SK GAS LTD	₩ 17,489	₩ 2,175,351	₩ 155,031	₩ 534,631

SK Ecoplant Co., Ltd.
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37. Related party disclosures (cont'd)

Relationship	Related parties	Receivables		Payables	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Other related Parties	Boryeong LNG Terminal Co., Ltd.	₩ -	₩ 4,934,358	₩ -	₩ 4,068,000
(Cont'd)	Yeoju Energy Service	8,925,345	8,925,345	-	-
	IGE Co., Ltd.	-	-	-	1,675,825
	SK D&D Co.,Ltd.	-	33,366	192,280	1,285,297
	SK shieldus Co.,Ltd	-	88	1,048,169	1,567,987
	HAPPYNARAE Co., Ltd.	-	-	5,730,127	3,177,509
	Wave City Development co., Ltd	1,453,503	4,231,255	-	-
	SK hynix Inc.	684,271,487	282,735,392	-	-
	Korea Energy terminal Co.,Ltd.	-	-	-	20,245,630
	Others	202,921	1,386,836	1,251,046	1,820,169
	Total	₩ 1,280,908,577	₩ 844,085,499	₩ 405,008,537	₩ 243,289,773

(4) Details of major financial transactions with related parties for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

		2022					
Relationship	Annual interest (%)	Beginning	Increase	Decrease	End		
						₩	₩
SKEC (Thai) Ltd.	Subsidiary	6.90	₩ 22,207,753	₩ -	₩ -	₩ 22,207,753	
Thai Woo Ree Engineering Co., Ltd.	Subsidiary	6.90	10,022,460	-	(44,637)	9,977,823	
SK Holdco Pte. Ltd.	Subsidiary	4.60	136,715	40,517	-	177,232	
SK E&C BETEK CORPORATION	Subsidiary	4.60	15,836,608	-	-	15,836,608	
Sungju Tech	Subsidiary	4.60	3,000,000	-	-	3,000,000	
APDevelop Co.Ltd	Subsidiary	4.60	-	2,100,000	(2,100,000)	-	
Sunlake Co., Ltd	Subsidiary	4.60	-	465,570	-	465,570	
Eco Frontier (Singapore) Pte. Ltd.	Subsidiary	4.60	-	165,109,000	-	165,109,000	
SKEC Jurong Investment	Associate	3.14	62,708,534	-	-	62,708,534	
Xe-Pian Xe-Namnoy Power Company	Associate	3.8~4.0	75,141,911	11,989,820	-	87,131,731	
Gunpo Mixed Use Development PFV Company	Associate	4.60	8,426,700	-	-	8,426,700	
Eurasia Tunnel	Other	10.00	12,260,035	-	-	12,260,035	
			₩ 209,740,716	₩ 179,704,907	₩ (2,144,637)	₩ 387,300,986	

		2021					
Relationship	Annual interest (%)	Beginning	Increase	Decrease	End		
						₩	₩
SKEC (Thai) Ltd.	Subsidiary	6.9	₩ 22,207,753	₩ -	₩ -	₩ 22,207,753	
Thai Woo Ree Engineering Co., Ltd.	Subsidiary	6.9	10,022,460	-	-	10,022,460	
SK Holdco Pte. Ltd.	Subsidiary	4.6	136,715	-	-	136,715	
SK E&C BETEK CORPORATION	Subsidiary	4.6	8,685,390	7,151,218	-	15,836,608	
Sungju Tech	Subsidiary	4.6	-	3,000,000	-	3,000,000	
Samwon ENT Co., Ltd.	Subsidiary	4.6	-	18,255,119	(18,255,119)	-	
SKEC Jurong Investment	Associate	3.14	62,708,534	-	-	62,708,534	
Xe-Pian Xe-Namnoy Power Company	Associate	3.8~4.0	44,756,487	30,385,424	-	75,141,911	
Gunpo Mixed Use Development PFV Company	Associate	4.6	8,426,700	-	-	8,426,700	
YONGIN General Industrial Complex Co.,Ltd	Associate	4.6	-	5,071,902	(5,071,902)	-	
Eurasia Tunnel	Other	10	23,503,035	-	(11,243,000)	12,260,035	
			₩ 180,447,074	₩ 63,863,663	₩ (34,570,021)	₩ 209,740,716	

37. Related party disclosures (cont'd)

The Company recognized reversal of allowance for bad debts amounting to ₩1,812 million for the years ended December 31, 2022 (₩469 million for the years ended December 31, 2021) for the above receivables. And the balance of the allowance for bad debts amounted to ₩276,963 million as of December 31, 2022 (₩353,995 million as of December 31, 2021). The allowance for bad debts on receivables from related parties includes an allowance for bad debts on long-term and short-term loans and receivables from construction contracts and so on.

(5) The Company has made additional investments in subsidiaries, associates and joint ventures during the reporting periods (Notes 9).

(6) Details of guarantees provided to related parties as of December 31, 2022 and 2021 are as follows (Each foreign currency unit and Korean won in thousands):

	December 31, 2022		December 31, 2021		Description
	Currency	Amount	Currency	Amount	
<u>Subsidiaries :</u>					
SKEC Anadolu LLC	EUR	30,665,832	EUR	65,702,088	Performance guarantee, etc.
SK E&C BETEK CORPORATION	USD	108,500,000	USD	28,500,000	Guarantee for borrowings
Sunlake Co., Ltd	CAD	6,000,000	CAD	6,000,000	Guarantee for debt
Eco Frontier (Singapore) Pte. Ltd.	USD	420,000,000	USD	-	- Payment guarantee, etc.
Silvertown Investco Limited	GBP	10,671,038	GBP	10,671,038	Equity LC
Samwon ENT Co., Ltd.	KRW	85,000,000	KRW	69,000,000	Conditional assumption of obligation
Environment Management Corporation CO.,LTD	KRW	46,412,623	KRW	67,531,197	Cash deficiency support
<u>Associates :</u>					
Pohang Clean Water Co., Ltd.	KRW	47,364,000	KRW	50,866,560	Payment guarantee, etc.
Kimhae Clean Water Load CO., Ltd	KRW	9,071,319	KRW	9,782,361	Payment guarantee, etc.
SK ecoengineering Co., Ltd. (*1)	KRW	359,735,605	KRW	-	- Payment guarantee, etc.
YONGIN General Industrial Complex Co.,Ltd	KRW	1,015,000,000	KRW	229,640,000	Payment guarantee, etc.
Mastern No.93 Logispoinet Gimpo PFV Co.,Ltd	KRW	107,600,000	KRW	75,000,000	Conditional assumption of obligation
Daewon Green Energy Co., Ltd.	KRW	12,000,000	KRW	-	- Performance warranty for fuel cell power business
SE Greenenergy Co.,Ltd.	KRW	12,000,000	KRW	12,000,000	Performance warranty for fuel cell power business
PAJU ECO ENERGY	KRW	11,640,657	KRW	11,494,252	Performance warranty for fuel cell power business
Gunpo Mixed Use Development PFV Company	KRW	264,120,000	KRW	170,000,000	Conditional assumption of obligation
Seong Bon Industrial Complex Development Co. Ltd.	KRW	-	KRW	129,900,000	Conditional assumption of obligation
haeundaemarinewonPFV corp.	KRW	100,000,000	KRW	-	- Conditional assumption of obligation
SBC General Tarding & Const.Co.W.L.L.	KWD	3,500,000	KWD	6,282,045	Performance guarantee, etc.
HCM001, LLC	USD	111,761,892	USD	-	- Guarantee for fuel cell power business
HCS001, LLC	USD	94,567,929	USD	-	- Guarantee for fuel cell power business

(*1) In accordance with the resolution of the board of directors, the Company physically split the business division and merged with SK ecoengineering Co., Ltd., the successor company after the division. Accordingly, pursuant to Article 530-9 Paragraph 1 of the Commercial Act, the company is jointly and severally responsible for repaying SK ecoengineering Co., Ltd.'s divided debts.

(7) As of December 31, 2022, the Company provided 8 blank promissory notes and 1 blank check as collateral for construction contracts with related parties. It is included in blank promissory notes and blank checks provided as collateral written in Note 36. In addition, the securities listed in Note 37 have been provided as collateral in relation to the borrowings of the Company and related parties.

37. Related party disclosures (cont'd)

(8) Details of compensation paid or payable to key management for employee services for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022		2021	
Salary expenses	₩	2,178,166	₩	5,121,223
Expenses related to defined benefit plans		660,598		2,253,179
Share based compensation		2,610,343		-
	₩	5,449,107	₩	7,374,402

38. Financial risk management

The Company's major financial liabilities consist of trade payables, other liabilities and other financial liabilities, which were incurred to raise funds for operational activities. In addition, the Company have various financial assets such as cash and cash equivalents and other financial assets arising from operating activities.

The major risks that may arise from financial assets and financial liabilities are market risk, credit risk, and liquidity risk. Key management of the Company maintains management policies for each risk and ensures that their operations are in line with the policies, as described below.

(1) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

1) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the risk of fluctuations in market interest rates related to floating rate debentures and borrowings. As of December 31, 2022, floating rate debentures and borrowings amounted to KRW 1,552,109 million (KRW 438,433 million as of December 31, 2021), and the Company manages interest rate risk by holding a balanced portfolio of fixed and variable rate bonds and borrowings.

When all other variables are constant and the interest rate fluctuates during the current and previous terms, the effect on interest expense incurred from floating rate debentures and borrowings is as follows (Korean won in thousands):

	2022		2021	
	On a 100bp rise	On a 100bp drop	On a 100bp rise	On a 100bp drop
Interest expenses	₩ 15,521,086	₩ (15,521,086)	₩ 4,384,325	₩ (4,384,325)

2) Foreign currency risk

Foreign currency risk is the risk that the fair value of a financial instrument will change due to changes in exchange rates. The Company is exposed to currency risk due to sales and purchases. Internally, the Company regularly measures the exchange rate risk for fluctuations in the won exchange rate.

38. Financial risk management (Cont'd)

Details of foreign currency financial assets and liabilities as of December 31, 2022 and 2021 are as follows (Each foreign currency unit in thousands and Korean won in thousands):

	Currency	December 31, 2022		December 31, 2021	
		Amount in foreign currency	Amount in Korean won in thousands	Amount in foreign currency	Amount in Korean won in thousands
Foreign currency financial assets	USD	451,789	₩ 572,552,534	279,377	₩ 331,201,501
	JPY	154,731	1,474,866	315,589	3,251,319
	CNY	1,049	190,403	1,868	347,932
	EUR	18,339	24,779,473	54,994	73,820,062
	Others	-	669,086,148	-	564,231,168
Total			1,268,083,424		972,851,982
Foreign currency financial liabilities	USD	967,199	1,225,731,177	504,458	598,035,496
	JPY	13	124	48,553	500,214
	CNY	1,401	254,247	8,659	1,612,820
	EUR	48,465	65,486,116	13,759	18,469,756
	Others	-	272,072,526	-	358,515,542
Total			₩ 1,563,544,190		₩ 977,133,828

Effect of changes in foreign currency on profit before tax for the years ended December 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022		2021	
	Increase (10%)	Decrease (10%)	Increase (10%)	Decrease (10%)
Increase (decrease) in profit before tax	₩ (29,546,077)	₩ 29,546,077	₩ (428,185)	₩ 428,185

3) Other price risk

Other price risk is the risk of changing the fair value or future cash flows of a financial instrument due to changes in market prices other than interest rate risk or foreign currency risk. The Company is exposed to market price fluctuation risk arising from equity instruments. The Company does not actively trade the above investment assets, so its management believes that the impact of price changes on the equity securities as of December 31, 2022 on profit or loss and other comprehensive income is insignificant.

(2) Credit risk

Credit risk refers to the risk of financial loss to the Company when a customer or counterparty does not fulfill its contractual obligations for financial instruments. Credit risk mainly arises from trade receivables to customers and investment assets.

The carrying amount of a financial asset represents the maximum exposure to credit risk. In the case of cash and cash equivalents and currency forwards, the exposure to credit risk is limited. As of December 31, 2022 and 2021, the maximum exposure to credit risk of the Company is as follows (Korean won in thousands):

	December 31, 2022	December 31, 2021
Long-term and short-term financial instruments	₩ 9,302,175	₩ 10,337,838
Trade receivables	1,129,890,115	994,812,362
Unbilled construction	825,841,214	548,564,547
Non-trade receivables	359,854,753	271,318,086
Accrued income	32,979,279	21,259,217
Investment securities	743,529,401	450,520,769
Long-term and short-term deposits provided	313,076,248	303,751,807
Long-term and short-term loans	396,471,510	237,918,938
Long-term and short-term lease receivables	27,738,365	-
Derivative assets	17,292,301	11,311,852
Total	₩ 3,855,975,361	₩ 2,849,795,416

38. Financial risk management (Cont'd)

1) Trade and other receivables

The Company conducts transactions only with counterparties with sound credit status after conducting credit verification procedures for counterparties who wish to make credit transactions. In addition, the balance of trade and other receivables is continuously managed by continuously reassessing credit ratings so that the Company's exposure to bad debt risk can be maintained at an insignificant level.

The Company's maximum exposure to bad debt risk will be an amount equal to the carrying amount of the receivable. Meanwhile, the Company applies the simplified method of recognizing expected credit losses for the entire period as loss allowance for trade and other receivables. To measure expected credit loss, trade receivables and unbilled construction are classified based on credit risk characteristics and overdue date.

As of December 31, 2022 and 2021, the contract collection period has passed, but the ages of trade receivables for which loss allowances have not been established are as follows (Korean won in thousands), as they are expected to be collected later:

	December 31, 2022		December 31, 2021	
Passed less than 3 months	₩	141,632,163	₩	248,544,562
Passed 3 ~ 6 months		79,852,911		82,699,444
Passed more than 6 months		94,084,577		217,324,429
Total	₩	315,569,651	₩	548,568,435

2) Other financial assets

Credit risk arising from other financial assets consisting of long-term and short-term financial instruments arises from the default of the counterparty. In this case, the Company's exposure to credit risk will be at most equal to the carrying amount of the financial instrument. Meanwhile, the Company's management believes that the impact of credit risk from financial institutions on the Company is limited as it is transacting with financial institutions with excellent credit ratings.

3) Guarantees

As of December 31, 2022, the Company provides payment guarantees to related parties and others (see Notes 35 and 37).

(3) Liquidity risk

Liquidity risk is the risk of not being able to raise funds to meet all financial contractual commitments by maturity. In order to manage liquidity risk, the Company establishes short-term and mid- to long-term fund management plans and checks liquidity strategies and plans to manage risks due to insufficient funds.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as of December 31, 2022 and 2021. The amount include interest expenses and exclude effects of setoff agreements (Korean won in thousands):

	December 31, 2022				
	On demand	Less than 3 months	3 ~ 12 months	1-5 years	5 years and more
Borrowings	₩ 1,819,829,184	₩ 24,258,311	₩ 888,172,498	₩ 907,398,375	₩ -
Bonds issued	1,509,989,823	12,192,600	514,471,743	983,325,480	-
Derivative liabilities	75,165,615	-	74,725,211	440,404	-
Other payables	311,863,773	218,372,155	-	93,491,618	-
Trade payables	1,218,753,305	1,218,753,305	-	-	-
Lease liabilities	107,778,905	6,445,805	21,162,158	80,170,942	-
	₩ 5,043,380,605	₩ 1,480,022,176	₩ 1,498,531,610	₩ 2,064,826,819	₩ -

38. Financial risk management (Cont'd)

In addition to the above financial liabilities, the Company is exposed to liquidity risk due to financial guarantee contracts, and the maximum amount of related liquidity risk is ₩3,075,898 million (₩2,240,625 million as of December 31, 2021). And the Company provides contracts such as contract execution, debt assumption in the event of non-fulfillment of responsibility, and the maximum exposure to liquidity risk is the amount of the contract provided (see note 35).

	December 31, 2021				
	On demand	Less than 3 months	3 ~ 12 months	1-5 years	5 years and more
Borrowings	₩ 1,184,689,832	₩ 266,581,109	₩ 368,772,222	₩ 549,336,501	₩ -
Bonds issued	1,623,829,548	10,388,616	434,328,288	1,179,112,644	-
Derivative liabilities	4,944,050	1,510,527	3,070,891	362,632	-
Other payables	411,965,879	375,176,779	-	36,789,100	-
Trade payables	686,639,640	686,639,640	-	-	-
Lease liabilities	171,649,020	10,243,493	40,929,479	109,471,634	11,004,414
	₩ 4,083,717,969	₩ 1,350,540,164	₩ 847,100,880	₩ 1,875,072,511	₩ 11,004,414

(4) Capital management

The purpose of the Company's capital management is to maintain a sound financial structure. The Company uses the debt-to-equity ratio as an indicator of capital management, which is calculated by dividing total debt by total equity. As of December 31, 2022, the Company maintains a debt-to-equity ratio of 296%, and the maturity of borrowings, etc. is dispersed over a long period of time, so the repayment burden is not large.

The Company's debt-to-equity ratio as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	December 31, 2022	December 31, 2021
Total debt	₩ 6,995,590,949	₩ 5,786,006,652
Total equity	2,366,755,429	1,007,125,445
Debt-to-equity ratio	296%	575%

39. Transition to K-IFRSs

(1) First time adoption of K-IFRSs

The Company's dates of transition to K-IFRSs and adoption of K-IFRSs are January 1, 2020 and January 1, 2021, respectively.

In accordance with K-IFRS 1101 "First time adoption of K-IFRSs", the Company's annual financial statements have applied mandatory exemptions and certain optional exemptions, rather than full retrospective application of K-IFRS.

(2) Selective application of exemptions defined in K-IFRS 1101

The items that the Company has selectively applied as exemptions from other K-IFRSs are as follows.

1) Exemption for business combinations

The Company has applied the exemption for business combinations. Accordingly, K-IFRS 1103 has not been applied retrospectively to business combinations that occurred before January 1, 2020.

39. Transition to K-IFRSs (Cont'd)

2) Revenue

With respect to revenue recognition, the Company has chosen not to restate contracts completed before the date of transition. In addition, the Company has chosen to apply the practical expedient for the following items.

- An entity need not restate contracts that begin and end within same annual reporting period or are contracts at the beginning of the earliest period presented.
- For completed contracts that have variable consideration, an entity may use the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting periods.
- For contracts that were modified before the beginning of the earliest period presented, an entity need not retrospectively restate the contract for those contract modifications.

3) Lease

The Company has assessed whether the contracts contains a lease based on all relevant facts and circumstances existing at the date of transition when applying K-IFRS 1116. The Company has measured the lease liabilities at the present value of the remaining lease fees discounted at the lessee's incremental borrowing rate as of the date of transition. Right-of-use assets has been measured by adjusting the amount of prepaid or accrued (unpaid) lease payments in relation to leases recognized in the statement of financial position immediately before the date of transition at the same amount as the lease liabilities.

(3) Exceptions to the retrospective application of other K-IFRSs

The Company has applied the following exceptions.

1) Derecognition of financial assets

The Company applies the derecognition requirements in K-IFRS 1109 "Financial instruments" prospectively for transfer transactions of financial assets occurring on or after the date of transition to K-IFRSs. Accordingly, if the Company derecognizes financial assets in accordance with previous GAAP before the date of transition, it is not recognized in accordance with K-IFRSs, even if the requirements for derecognition are not met in accordance with K-IFRSs.

2) Estimates

The Company's estimates in accordance with K-IFRSs at the date of transition to K-IFRSs is consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

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39. Transition to K-IFRSs (Cont'd)

(4) Reconciliations for the transition from previous GAAP to K-IFRSs

1) Impacts on the Company's financial position and financial performance

Impacts of the adoption of K-IFRS as of January 1, 2020, the date of transition, on the financial position of the Company are as follows (Korean won in thousands):

	January 1, 2020		
	Asset	Liability	Equity
Previous GAAP	₩ 4,516,714,438	₩ 3,283,536,487	₩ 1,233,177,951
Reconciliations :			
Recognition of financial guarantee liabilities	15,257,124	15,257,124	-
Cancellation of equity method valuation	(19,113,780)	-	(19,113,780)
Adjustment due to actuarial evaluation	-	32,498,733	(32,498,733)
Cancellation of land revaluation	(21,204,547)	-	(21,204,547)
Reclassification of redeemable preferred shares	-	208,280,114	(208,280,114)
Cancellation of offsetting of contract assets and liabilities	301,459,411	297,117,016	4,342,395
Difference in timing of warranty expenses recognition	-	24,495,535	(24,495,535)
Lease	149,598,237	153,471,785	(3,873,548)
Difference in recognition criteria of prepaid construction costs	(131,967,962)	19,623,845	(151,591,807)
Difference in timing of revenue recognition	42,108,449	62,033,925	(19,925,476)
Expected credit losses	(10,328,636)	-	(10,328,636)
Effect of income tax	59,074,737	(1,812,012)	60,886,749
Total reconciliation	384,883,033	810,966,065	(426,083,032)
K-IFRS	₩ 4,901,597,471	₩ 4,094,502,552	₩ 807,094,919

Impacts of the adoption of K-IFRS as of and for the year ended December 31, 2020 on the financial position and financial performance of the Company are as follows (Korean won in thousands):

	December 31, 2020				
	Asset	Liability	Equity	Profit for the year	Total comprehensive income for the year
Previous GAAP	₩ 4,947,847,300	₩ 3,929,897,169	₩ 1,017,950,131	₩ 120,658,663	₩ (54,420,165)
Reconciliations :					
Recognition of financial guarantee liabilities	14,588,744	14,588,744	-	-	-
Cancellation of equity method valuation	8,664,084	-	8,664,084	(81,248,621)	(48,934,440)
Adjustment due to actuarial evaluation	-	33,135,873	(33,135,873)	9,067,134	1,831,428
Cancellation of land revaluation	(8,762,410)	-	(8,762,410)	(26,399)	12,442,138
Reclassification of redeemable preferred shares	-	102,341,699	(102,341,699)	(3,115,304)	(3,115,304)
Cancellation of offsetting of contract assets and liabilities	246,222,032	246,222,032	-	-	-
Difference in timing of warranty expenses recognition	-	35,626,371	(35,626,371)	(11,130,836)	(11,130,836)
Reclassification of financial instruments	-	-	-	(156,746,617)	(41,269,614)
Lease	126,901,011	132,682,098	(5,781,087)	(2,029,854)	(2,029,854)
Difference in recognition criteria of prepaid construction costs	(130,027,275)	29,766,226	(159,793,501)	(8,201,678)	(8,201,678)
Difference in timing of revenue recognition	14,877,407	27,699,779	(12,822,372)	7,103,103	7,103,103
Expected credit losses	(12,745,896)	-	(12,745,896)	(2,417,260)	(2,417,260)
Effect of income tax	106,521,333	-	106,521,333	125,557,278	125,557,278
Total reconciliation	366,239,030	622,062,822	(255,823,792)	(123,189,054)	29,834,961
K-IFRS	₩ 5,314,086,330	₩ 4,551,959,991	₩ 762,126,339	₩ (2,530,391)	₩ (24,585,204)

39. Transition to K-IFRSs (Cont'd)

2) Impacts on the Company's cash flows

Due to the adoption of the K-IFRS, cash flow amounts for the relevant income, expenses, assets and liabilities have been adjusted in order to separately present the amount of interest received, interest payment, dividend receipt, and corporate tax payment in the statement of cash flows that were not separately indicated according to the previous GAAP. In addition, if the impacts of the transition to K-IFRS affects the statement of cash flows, those have been reflected.

40. Subsequent event

(1) Issuance of bonds

On February 23, 2023, the Company issued 200,000 million won of unsecured bonds with bearer interest.

Independent Auditors' Review Report on Internal Accounting Control SystemEnglish translation of a Report Originally Issued in Korean

To the Representative Director of
SK Ecoplant Co., Ltd.:

We have reviewed the accompanying Report on the Management's Assessment of IACS (the "Management's Report") of SK Ecoplant Co., Ltd. (the "Company") as of December 31, 2022. The Company's management is responsible for designing and operating IACS and for its assessment of the effectiveness of IACS. Our responsibility is to review the management's report on the operations of the IACS and issue a report based on our review. The management's report on the operations of the IACS of the Company states that "Based on the assessment of the operations of the IACS, the Company's IACS has been effectively designed and is operating as of December 31, 2022, in all material respects, in accordance with the IACS Framework issued by the IACS Operations Committee."

Our review was conducted in accordance with the IACS review standards established by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform, in all material respects, the review of management's report on the operations of the IACS to obtain a lower level of assurance than an audit. A review is to obtain an understanding of a company's IACS and consists principally of inquiries of management and, when deemed necessary, a limited inspection of underlying documents, which is substantially less in scope than an audit. However, in accordance with Chapter 5, Application for small- and medium-sized companies of the IACS standards, the design, operation and assessment of its IACS are limited compared with those of public large-sized companies as the Company is a non-public large- sized company (or a public small- and medium-sized company). As such, we performed our review in accordance with Chapter 14, Review standards for small and medium-sized companies.

A company's IACS is a system to monitor and operate those policies and procedures designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the Republic of Korea. Because of its inherent limitations, IACS may not prevent or detect a material misstatement of the financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that causes us to believe that management's report on the operations of the IACS, referred to above, is not presented fairly, in all material respects, in accordance with Chapter 5, Application for small- and medium-sized companies', of the IACS standards.

Our review is based on the Company's IACS as of December 31, 2022, and we did not review management's assessment of its IACS subsequent to December 31, 2022. This report has been prepared pursuant to the Acts on External Audit for Stock Companies in Korea and may not be appropriate for other purposes or for other users.

A handwritten signature in black ink that reads "KPMG Samjong Accounting Corp." in a cursive, flowing script.

March 14, 2023

Report on the Operations of Internal Accounting Control System
English Translation of a Report Originally Issued in Korean on March 2, 2023

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

We, as the chief executive officer (“CEO”) and the internal accounting control officer (“IACO”) of SK Ecoplant Co., Ltd. (the “Company”), have assessed the status of the design and operations of the Company’s internal accounting control system (“IACS”) as of December 31, 2022.

The Company’s management, including CEO and IACO, is responsible for the design and operations of its IACS.

We, as the CEO and the IACO, have assessed whether the IACS has been effectively designed and is operating to prevent and detect any error or fraud, which may cause any misstatement of the separate financial statements, for the purpose of establishing the reliability of separate financial statements preparation and presentation for external uses.

We, as the CEO and the IACO, applied the IACS Standards established by the IACS Operations Committee for the assessment of design and operations of the IACS.

Based on the assessment of the operations of the IACS, the Company’s IACS has been effectively designed and is operating as of December 31, 2022, in all material respects, in accordance with the IACS Framework issued by the IACS Operations Committee.

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

March 2, 2023

Kyung-il Park, Chief Executive Officer

Seung-hyun Lee, Internal Accounting Control Officer

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대 표 이 사 박경일

내부회계관리자 이승현