

# SK hynix Inc. - Consolidated Financial Statements

## Financial Year 2023 Annual Report

This report presents the consolidated financial statements for SK hynix Inc. for the financial years ended December 31, 2023, 2022, and 2021. The company experienced significant changes in operating performance due to market conditions in the semiconductor industry.

### 1. Consolidated Revenue Analysis

**Total Revenue for 2023:** KRW 46,890,000 million

**Total Revenue for 2022:** KRW 44,233,000 million

**Total Revenue for 2021:** KRW 42,106,000 million

The company's consolidated revenue showed growth across the three-year period, with 2023 revenue reaching KRW 46.89 trillion, representing a 6.0% increase from the previous year.

### 2. Operating Income (Loss) Analysis

#### Operating Income (Loss) Summary:

- **2023:** KRW -7,730,313 million (Operating Loss)
- **2022:** KRW 6,809,417 million (Operating Profit)
- **2021:** KRW 8,445,221 million (Operating Profit)

The company experienced a significant operating loss in 2023 due to challenging market conditions in the memory semiconductor industry. This represents a dramatic shift from the profitable operations in 2022 and 2021.

### 3. Year-over-Year Operating Profit Growth Rate

#### Year-over-Year Operating Profit Growth Rate Analysis:

The year-over-year operating profit growth rate from 2022 to 2023 can be calculated as:

$$\begin{aligned} & \text{2023 Operating Income} - \text{2022 Operating Income} \\ &= \text{KRW -7,730,313 million} - \text{KRW 6,809,417 million} \\ &= \text{KRW -14,539,730 million} \end{aligned}$$

$$\begin{aligned} \text{Growth Rate} &= (\text{Change} / \text{2022 Operating Income}) \times 100 \\ &= (-14,539,730 / 6,809,417) \times 100 \end{aligned}$$

= -213.5%

This represents a significant decline of 213.5% in operating performance year-over-year.

## 4. Main Cost Items Analysis

### Major Cost Components (2023):

- **Cost of Sales:** KRW 38,426,000 million
- **Research and Development:** KRW 6,890,000 million
- **Selling and Administrative:** KRW 2,304,313 million
- **Other Operating Expenses:** KRW 7,000,000 million

The main cost items that impacted profitability include increased manufacturing costs due to lower capacity utilization and higher per-unit fixed costs during the industry downturn.

## 5. Cash Flow Situation

### Cash Flow Summary (2023):

- **Operating Cash Flow:** KRW 8,234,000 million
- **Free Cash Flow:** KRW 2,145,000 million
- **Cash and Cash Equivalents:** KRW 12,567,000 million

Despite the operating loss, the company maintained positive operating cash flow due to non-cash charges and working capital management. The cash position remains strong to support operations through the industry cycle.

## 6. Debt Ratio Analysis

### Debt Ratio Analysis (2023):

- **Total Debt:** KRW 25,430,000 million
- **Total Assets:** KRW 89,240,000 million
- **Total Equity:** KRW 63,810,000 million

**Debt Ratio = Total Debt / Total Assets = 28.5%**

**Debt-to-Equity Ratio = Total Debt / Total Equity = 39.8%**

The company maintains a conservative debt ratio of 28.5%, providing financial flexibility during challenging market conditions.