



SK Inc.

Interim condensed separate financial statements
for the three-month periods ended March 31, 2022 and 2021
with the independent auditor's review report

Table of contents

Report on review of interim condensed separate financial statements	
Interim condensed separate financial statements	Page
Interim condensed separate statements of financial position	1
Interim condensed separate statements of comprehensive income	2
Interim condensed separate statements of changes in equity	3
Interim condensed separate statements of cash flows	5
Notes to the interim condensed separate financial statements	6

Report on review of interim condensed separate financial statements

SK Inc. The Shareholders and Board of Directors

We have reviewed the accompanying interim condensed separate financial statements of SK Inc. (the "Company"), which comprise the interim condensed separate statement of financial position as of March 31, 2022, and the related interim condensed separate statements of comprehensive income, interim condensed separate statements of changes in equity and interim condensed separate statements of cash flows for the three-month periods ended March 31, 2022 and 2021, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the interim condensed separate financial statements

Management is responsible for the preparation and presentation of these interim condensed separate financial statements in accordance with Korean International Financial Reporting Standards ("KIFRS") 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of the interim condensed separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these interim condensed separate financial statements based on our review.

We conducted our review in accordance with the review standards for interim financial statements in the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Auditing Standards ("KGAAS") and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed separate financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

Other matter

We have audited the separate statement of financial position of the Company as of December 31, 2021, and the related separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended (not presented herein) in accordance with KGAAS, and our report dated March 11, 2022 expressed an unqualified opinion thereon. The accompanying separate statement of financial position as of December 31, 2021, presented for comparative purposes is not different, in all material respects, from the above audited separate statement of financial position.



May 16, 2022

This review report is effective as of May 16, 2022, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's review report to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed separate financial statements and may result in modifications to this review report.

SK Inc.

Interim condensed separate financial statements
for the three-month periods ended March 31, 2022 and 2021

“The accompanying interim condensed separate financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Company.”

Tae-Won Chey, Dong-Hyun Jang and Sungha Park
Chief Executive Officers
SK Inc.

SK Inc.
Interim condensed separate statements of financial position
as of March 31, 2022 and December 31, 2021

(Korean won in millions and U.S. dollar in thousands)

	Notes	Korean won		Translation into U.S. dollar (Note 2)	
		March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
		(Unaudited)		(Unaudited)	
Assets					
Current assets:					
Cash and cash equivalents	4	₩ 73,081	₩ 70,011	\$ 60,358	\$ 57,822
Short-term financial instruments	4,30	218,902	215,571	180,791	178,040
Trade receivables, net	4,5,26,30	495,737	531,701	409,429	439,132
Other receivables, net	4,26,30	253,041	2,090	208,987	1,726
Inventories, net	6	230	215	190	178
Short-term investment securities	4,7,30	15,745	-	13,004	-
Other current assets	4,17,18,30	270,017	722,437	223,007	596,661
Assets held for sales	27	369,191	392,645	304,915	324,286
Total current assets		1,695,944	1,934,670	1,400,681	1,597,845
Non-current assets:					
Long-term investment securities	4,7,30	1,268,210	934,091	1,047,415	771,466
Investments in subsidiaries	8	20,879,112	20,523,389	17,244,063	16,950,272
Investments in associates and joint ventures	9	558,639	626,352	461,380	517,304
Property, plant and equipment, net	10	597,890	557,884	493,797	460,757
Right-of-use asset, net	11	141,915	120,321	117,208	99,373
Investment properties, net	12	7,264	7,469	5,999	6,169
Intangible assets, net	13	2,180,946	2,176,091	1,801,244	1,797,234
Other non-current assets	4,17,18,30	803,520	336,708	663,627	278,087
Total non-current assets		26,437,496	25,282,305	21,834,733	20,880,662
Total assets		₩ 28,133,440	₩ 27,216,975	\$ 23,235,414	\$ 22,478,507
Liabilities and equity					
Liabilities					
Current liabilities:					
Short-term borrowings	4,14,30	₩ 2,749,860	₩ 2,652,000	\$ 2,271,110	\$ 2,190,287
Trade payables	4,26,30	110,666	113,051	91,399	93,369
Other payables	4,26,30	53,224	135,184	43,958	111,648
Accrued expenses	4,26,30	70,536	96,592	58,256	79,775
Provisions	15	4,548	3,315	3,756	2,738
Current portion of long-term debt	4,14,30	1,299,353	1,219,426	1,073,136	1,007,124
Other current liabilities	4,11,17,18,26,30	1,151,243	908,673	950,812	750,473
Total current liabilities		5,439,430	5,128,241	4,492,427	4,235,414
Non-current liabilities:					
Bonds payable	4,14,30	5,521,124	5,501,474	4,559,898	4,543,669
Defined benefit liabilities	16	23,325	17,809	19,264	14,708
Deferred tax liabilities	24	359,105	382,311	296,585	315,751
Provisions	15	2,786	2,314	2,301	1,911
Other non-current liabilities	4,11,17,18,26,30	625,924	394,720	516,949	325,999
Total non-current liabilities		6,532,264	6,298,628	5,394,997	5,202,038
Total liabilities		11,971,694	11,426,869	9,887,424	9,437,452
Equity					
Issued capital	1,19	16,143	16,143	13,333	13,333
Other paid-in capital	19	3,341,877	3,354,711	2,760,056	2,770,657
Retained earnings	19	12,797,305	12,406,200	10,569,298	10,246,285
Other components of equity	19	6,421	13,052	5,303	10,780
Total equity		16,161,746	15,790,106	13,347,990	13,041,055
Total liabilities and equity		₩ 28,133,440	₩ 27,216,975	\$ 23,235,414	\$ 22,478,507

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

SK Inc.
Interim condensed separate statements of comprehensive income
for the three-month periods ended March 31, 2022 and 2021

(Korean won in millions and U.S. dollar in thousands, except earnings per share)

	Notes	For the three-month period ended March 31			
		Korean won		Translation into U.S. dollar (Note 2)	
		2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Operating revenue	20,26	₩ 1,050,165	₩ 897,704	\$ 867,332	\$ 741,414
Operating expenses	21,22,26	<u>469,513</u>	<u>408,654</u>	<u>387,771</u>	<u>337,507</u>
Operating profit		580,652	489,050	479,561	403,907
Finance income	23	37,212	19,150	30,733	15,816
Finance costs	23	217,084	90,724	179,290	74,929
Other non-operating income	23	397,429	1,069,996	328,237	883,710
Other non-operating expenses	23	1,938	2,381	1,601	1,967
Profit before income tax expense		796,271	1,485,091	657,640	1,226,537
Income tax expense	24	<u>47,371</u>	<u>300,436</u>	<u>39,123</u>	<u>248,130</u>
Profit for the period		<u>₩ 748,900</u>	<u>₩ 1,184,655</u>	<u>\$ 618,517</u>	<u>\$ 978,407</u>
Other comprehensive income (loss):					
Items not to be reclassified to profit or loss in subsequent periods:					
Remeasurement gain on defined benefit plans	16	10,491	2,354	8,665	1,944
Loss on valuation of financial assets measured at FVOCI	4	(6,631)	-	(5,477)	-
Items that may be reclassified to profit or loss in subsequent periods:					
		-	-	-	-
		3,860	2,354	3,188	1,944
Total comprehensive income for the period		<u>₩ 752,760</u>	<u>₩ 1,187,009</u>	<u>\$ 621,705</u>	<u>\$ 980,351</u>
Earnings per share (Korean won and U.S. dollar):	25				
Basic earnings per share		₩ 13,333	₩ 22,632	\$ 11.01	\$ 18.69
Diluted earnings per share		13,302	22,583	10.99	18.65

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

SK Inc.
Interim condensed separate statements of changes in equity
for the three-month periods ended March 31, 2022 and 2021
(Korean won in millions)

	Issued capital	Other paid-in capital	Retained earnings	Other components of equity	Total equity
As of January 1, 2021	₩ 15,385	₩ 3,506,168	₩ 11,301,835	₩ 8,175	₩ 14,831,563
Total comprehensive income for the period:					
Profit for the period	-	-	1,184,655	-	1,184,655
Remeasurement gain on defined benefits plans	-	-	2,354	-	2,354
Dividends	-	-	(317,256)	-	(317,256)
Stock option	-	340	-	-	340
As of March 31, 2021 (Unaudited)	₩ 15,385	₩ 3,506,508	₩ 12,171,588	₩ 8,175	₩ 15,701,656
As of January 1, 2022	₩ 16,143	₩ 3,354,711	₩ 12,406,200	₩ 13,052	₩ 15,790,106
Total comprehensive income for the period:					
Profit for the period	-	-	748,900	-	748,900
Remeasurement gain on defined benefits plans	-	-	10,491	-	10,491
Loss on valuation of financial assets measured at FVOCI	-	-	-	(6,631)	(6,631)
Dividends	-	-	(368,286)	-	(368,286)
Stock option	-	-	-	-	-
Granting of stock options	-	193	-	-	193
Exercising of stock options and change of settlement	-	(21,145)	-	-	(21,145)
Acquisition and disposal of treasury stocks	-	8,118	-	-	8,118
As of March 31, 2022 (Unaudited)	₩ 16,143	₩ 3,341,877	₩ 12,797,305	₩ 6,421	₩ 16,161,746

SK Inc.
Interim condensed separate statements of changes in equity
for the three-month periods ended March 31, 2022 and 2021 (cont'd)
(U.S. dollar in thousands)

	Issued capital	Other paid-in capital	Retained earnings	Other components of equity	Total equity
As of January 1, 2021	\$ 12,706	\$ 2,895,745	\$ 9,334,188	\$ 6,752	\$ 12,249,391
Total comprehensive income:					
Profit for the period	-	-	978,407	-	978,407
Remeasurement gain on defined benefits plans	-	-	1,944	-	1,944
Dividends	-	-	(262,022)	-	(262,022)
Stock option	-	281	-	-	281
As of March 31, 2021 (Unaudited)	\$ 12,706	\$ 2,896,026	\$ 10,052,517	\$ 6,752	\$ 12,968,001
As of January 1, 2022	\$ 13,333	\$ 2,770,657	\$ 10,246,283	\$ 10,780	\$ 13,041,053
Total comprehensive income:					
Profit for the period	-	-	618,517	-	618,517
Remeasurement loss on defined benefits plans	-	-	8,665	-	8,665
Loss on valuation of financial assets measured at FVOCI	-	-	-	(5,477)	(5,477)
Dividends	-	-	(304,167)	-	(304,167)
Stock option	-	-	-	-	-
Granting of stock options	-	159	-	-	159
Exercising of stock options and change of settlement	-	(17,465)	-	-	(17,465)
Acquisition and disposal of treasury stocks	-	6,705	-	-	6,705
As of March 31, 2022 (Unaudited)	\$ 13,333	\$ 2,760,056	\$ 10,569,298	\$ 5,303	\$ 13,347,990

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

SK Inc.

Interim condensed separate statements of cash flows
for the three-month periods ended March 31, 2022 and 2021

(Korean won in millions and U.S. dollar in thousands)

		For the three-month period ended March 31			
		Korean won		Translation into U.S. dollar (Note 2)	
		2022	2021	2022	2021
Notes		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from operating activities:					
		₩ 748,900	₩ 1,184,655	\$ 618,517	\$ 978,407
		(699,350)	(1,096,086)	(577,593)	(905,258)
28	Non-cash adjustments	(82,616)	(27,774)	(68,233)	(22,939)
28	Working capital adjustments	3,655	726	3,019	600
	Interest received	(53,173)	(39,326)	(43,916)	(32,479)
	Interest paid	341,717	186,596	282,224	154,110
	Dividends received	(5,952)	4,632	(4,916)	3,826
	Income taxes refund (paid)				
	Net cash provided by operating activities	253,181	213,423	209,102	176,267
Cash flows from investing activities:					
	Increase (decrease) in short-term and long-term financial instruments, net	(3,333)	10,519	(2,753)	8,688
	Increase (decrease) in short-term loans	22	(430,341)	18	(355,419)
	Proceeds from disposal of investments in subsidiaries	3,540	1,108,137	2,924	915,211
	Proceeds from disposal of investments in associates	-	42,537	-	35,131
	Proceeds from disposal of property, plant and equipment	2	1	2	1
	Proceeds from disposal of intangible assets	1,327	1,996	1,096	1,648
	Acquisition of long-term investment securities	(3,324)	(22,926)	(2,745)	(18,935)
	Acquisition of investments in subsidiaries	(358,536)	(860,583)	(296,115)	(710,756)
	Acquisition of investments in associates	(2,000)	(134,309)	(1,652)	(110,926)
	Acquisition of property, plant and equipment	(55,096)	(8,991)	(45,504)	(7,426)
	Acquisition of intangible assets	(14,676)	(14,055)	(12,121)	(11,608)
	Decrease in guarantee deposits, net	(3,072)	(254)	(2,537)	(210)
	Net cash used in investing activities	(435,146)	(308,269)	(359,387)	(254,601)
Cash flows from financing activities:					
	Increase in short-term borrowings, net	98,080	120,000	81,004	99,108
	Issuance of bonds payable	388,345	318,593	320,734	263,126
	Repayment of current portion of long-term debt	(290,000)	(320,000)	(239,511)	(264,288)
	Decrease in lease liabilities	(14,274)	(14,625)	(11,789)	(12,079)
	Acquisition and disposal of treasury stocks	2,925	-	2,416	-
	Net cash provided by financing activities	185,076	103,968	152,854	85,867
	Net increase in cash and cash equivalents	3,111	9,122	2,569	7,533
	Net foreign exchange effects	(41)	374	(33)	309
	Cash and cash equivalents at the beginning of the period	70,011	79,743	57,822	65,860
	Cash and cash equivalents at the end of the period	₩ 73,081	₩ 89,239	\$ 60,358	\$ 73,702

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

1. Corporate information

SK Inc. (the “Company”) was established on April 13, 1991, and has been engaged in providing systems integration, software design and development, information processing and consulting services, and is headquartered at 26, Jong-ro, Jongno-gu, Seoul. The Company’s ordinary shares have been listed on the Korea Exchange since November 11, 2009.

Upon the acquisition of SK Inc. by SK C&C Co., Ltd. effective on August 1, 2015, the Company added the investment business to its existing operations for the purpose of holding the securities of its subsidiaries. Furthermore, the Company changed its name to its current form as of the acquisition date.

As of March 31, 2022, the issued capital of the Company amounts to ₩16,143 million (including ₩113 million of preferred shares). Major shareholders and their equity ownership are Tae-won Chey, National Pension Service and Ki-won Choi, each holding 17.50%, 8.67% and 6.50% respectively, as of March 31, 2022.

2. Summary of basis of preparation and significant accounting policies

2.1 Basis of preparation

The Company prepares statutory interim condensed separate financial statements in the Korean language in accordance with KIFRS 1034 *Interim Financial Reporting* enacted by the Act on External Audit of Stock Companies. The accompanying interim condensed separate financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s review report thereon, the Korean version, which used for regulatory reporting purposes, shall prevail.

The interim condensed separate financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements as of December 31, 2021.

The accompanying interim condensed separate financial statements are stated in Korean won, the currency of the country in which the Company is incorporated and operates. The translation of Korean won amounts into U.S. dollar amounts is included solely for the convenience of readers of the interim condensed separate financial statements and has been made at the rate of ₩1,210.80 to USD 1.00, the basic exchange rate in the Seoul Money Brokerage Service for cable transfers in Korean won on the last business day of the three-month period ended March 31, 2022. Such translations into U.S. dollar should not be construed as representations that the Korean won amounts could be converted into U.S. dollar at that or any other rate.

Pursuant to KIFRS 1027, the interim condensed separate financial statements are accounted for, by parent, investor in an associate or a joint venture on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed separate financial statements are consistent with those followed in the preparation of the Company’s annual separate financial statements for the year ended December 31, 2021, except for the adoption of new standards and interpretations effective as of January 1, 2022.

2. Summary of basis of preparation and significant accounting policies (cont'd)

The Company has applied amendments to KIFRS issued that are mandatorily effective for accounting periods beginning on or after January 1, 2022.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to KIFRS 1016

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment must be applied retrospectively to items of property plant, and equipment that are brought to the location and condition necessary for it to be capable of operating in the manner intended by management after the beginning of the earliest period presented. The amendments do not have any significant impact on the Company's financial position or management performance.

KIFRS 1037 - Provisions, Contingent Liabilities and Contingent Assets (Amended)

The amendments specify that the costs related directly to a contract to provide goods or services shall include both incremental costs and an allocation of costs directly related to contract activities when assessing whether a contract is onerous or loss-making. The Company applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information. The amendments do not have any significant impact on the Company's financial position or management performance.

KIFRS 1103 - Business combinations (Amended)

The amendments update KIFRS 1103 so that the definition of assets and liabilities to be recognized in a business combination is referred to the 2018 Conceptual Framework and add an exception that, for transactions and other events within the scope of KIFRS 1037, 'Provisions, Contingent Liabilities and Contingent Assets' or KIFRS 2121, 'Levies', an acquirer applies KIFRS 1037 or KIFRS 2121 and clarify that contingent assets are not recognized on the acquisition date. These amendments had no material impact on the Company's financial position or management performance.

Amendments to KIFRS 1116 Covid-19 Related Rent Concessions

The application of the practical expedient, which provides relief to lessees from applying KIFRS 1116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic, has been extended to lease reduction affecting the lease payments before June 30, 2022. Such rent concessions should satisfy the requirements to apply the practical expedient, and a lessee should consistently apply the practical expedients to similar contracts with similar characteristics. These amendments had no material impact on the Company's financial position or management performance.

Annual Improvements to KIFRS 2018-2020

The annual improvements include some amendments to KIFRS 1101 'First-time Adoption of KIFRS', KIFRS 1109 'Financial Instruments', KIFRS 1116 'Leases' and KIFRS 1041 'Agriculture'. The amendments to KIFRS 1116 are relevant only to the illustrative examples, and thus the effective date for the amendment was not specified. These amendments had no material impact on the Company's financial position or management performance.

2. Summary of basis of preparation and significant accounting policies (cont'd)

2.2.2 New and revised KIFRSs issued, but not yet effective

KIFRS 1001 Presentation of Financial Statements (Amended)

The amendments affect only the presentation of liabilities in the statement of financial position and clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments explain that the right exists if the borrowing arrangement is complied with at the end of the reporting period and clarify that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty. The Company plans to apply the standard for annual reporting period beginning on or after January 1, 2023, with early application permitted.

KIFRS 1001 Presentation of Financial Statements (Amended)

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to KIFRS 1001 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted.

KIFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors (Amended)

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

KIFRS 1012 Income Taxes (Amended)

The amendments require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Paragraphs 15 and 24 of KIFRS 1012 were amended to include an additional condition where the initial recognition exemption is not applied. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences. The amendments to KIFRS 1001 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted.

The Company is reviewing the possible effects of the above listed amendments on the separate financial statements.

3. Significant accounting judgements, estimates and assumptions

When preparing the interim condensed separate financial statements, management is required to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Actual results may be different from those estimates.

Those accounting judgments made by management in the preparation of the interim condensed separate financial statements for the three-month period ended March 31, 2022 are consistent with those followed in the preparation of the separate financial statements for the year ended December 31, 2021.

In order to prevent the spread of COVID-19, various prevention and control measures including restrictions on movement are being implemented worldwide, and as a result, the global economy is widely affected. The Company invests in companies operating in various industries, including petroleum refining, telecommunications, wholesale and retail, chemicals, construction and others, and is exposed to market uncertainties due to the influence of COVID-19. This can negatively affect productivity, sales decline or delay, collection of existing receivables, discount rates and indicators used for various estimates, which can negatively affect the Company's financial position and financial performance. The Company prepared financial statements by reasonably estimating the impact of COVID-19 on the Company. However, there is significant uncertainty in estimating the impact of COVID-19 on the Company.

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

4. Financial instruments

4.1 Financial assets

Details of financial assets as of March 31, 2022 and December 31, 2021 are as follows (Korean won in millions):

	March 31, 2022			Total
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	
Current assets:				
Cash and cash equivalents	₩ 53,618	₩ -	₩ 19,463	₩ 73,081
Short-term financial instruments	194,002	-	24,900	218,902
Trade receivables (*1)	-	-	295,672	295,672
Short-term investment securities	15,745	-	-	15,745
Other receivables	-	-	253,041	253,041
Short-term loans	-	-	52	52
Accrued income	-	-	835	835
Guarantee deposits	-	-	2,952	2,952
Lease receivables	-	-	35,932	35,932
Derivative financial assets	196,821	-	-	196,821
	<u>460,186</u>	<u>-</u>	<u>632,847</u>	<u>1,093,033</u>
Non-current assets:				
Long-term financial instruments	-	-	3,270	3,270
Long-term investment securities	897,748	370,074	388	1,268,210
Long-term loans	-	-	470,591	470,591
Long-term guarantee deposits	-	-	46,543	46,543
Long-term lease receivables	-	-	282,988	282,988
Derivative financial assets	1	-	-	1
	<u>897,749</u>	<u>370,074</u>	<u>803,780</u>	<u>2,071,603</u>
	<u>₩ 1,357,935</u>	<u>₩ 370,074</u>	<u>₩ 1,436,627</u>	<u>₩ 3,164,636</u>

(*1) Contract assets (unbilled receivables) amounting to ₩200,065 million as of March 31, 2022 are not included in the financial instruments.

	December 31, 2021			Total
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	
Current assets:				
Cash and cash equivalents	₩ 39,764	₩ -	₩ 30,247	₩ 70,011
Short-term financial instruments	190,671	-	24,900	215,571
Trade receivables (*1)	-	-	380,842	380,842
Other receivables	-	-	2,090	2,090
Short-term loans	-	-	460,621	460,621
Accrued income	-	-	1,417	1,417
Guarantee deposits	-	-	3,200	3,200
Lease receivables	-	-	35,793	35,793
Derivative financial assets	193,727	-	-	193,727
	<u>424,162</u>	<u>-</u>	<u>939,110</u>	<u>1,363,272</u>
Non-current assets:				
Long-term financial instruments	-	-	3,270	3,270
Long-term investment securities	601,480	332,233	378	934,091
Long-term loans	-	-	215	215
Long-term guarantee deposits	-	-	43,057	43,057
Derivative financial assets	-	-	290,039	290,039
	<u>601,480</u>	<u>332,233</u>	<u>336,959</u>	<u>1,270,672</u>
	<u>₩ 1,025,642</u>	<u>₩ 332,233</u>	<u>₩ 1,276,069</u>	<u>₩ 2,633,944</u>

(*1) Contract assets (unbilled receivables) amounting to ₩150,859 million as of December 31, 2021 are not included in the financial instruments.

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

4. Financial instruments (cont'd)

4.2 Financial liabilities

Details of financial liabilities as of March 31, 2022 and December 31, 2021 are as follows (Korean won in millions):

	March 31, 2022		
	Financial liabilities measured at FVTPL	Other financial liabilities	Total
Current liabilities:			
Short-term borrowings	₩ -	₩ 2,749,860	₩ 2,749,860
Trade payables	-	110,666	110,666
Other payables	-	53,224	53,224
Accrued expenses	-	70,536	70,536
Dividends payable	-	368,455	368,455
Current portion of long-term debt	-	1,299,353	1,299,353
Leasehold deposits received	-	222	222
Lease liabilities	-	72,145	72,145
Derivative financial liabilities	218,145	-	218,145
	<u>218,145</u>	<u>4,724,461</u>	<u>4,942,606</u>
Non-current liabilities:			
Bonds payable	-	5,521,124	5,521,124
Leasehold deposits received	-	24,089	24,089
Long-term lease liabilities	-	372,753	372,753
Derivative financial liabilities	219,337	-	219,337
	<u>219,337</u>	<u>5,917,966</u>	<u>6,137,303</u>
	<u>₩ 437,482</u>	<u>₩ 10,642,427</u>	<u>₩ 11,079,909</u>
December 31, 2021			
	Financial liabilities measured at FVTPL	Other financial liabilities	Total
Current liabilities:			
Short-term borrowings	₩ -	₩ 2,652,000	₩ 2,652,000
Trade payables	-	113,051	113,051
Other payables	-	135,184	135,184
Accrued expenses	-	96,592	96,592
Dividends payable	-	163	163
Current portion of long-term debt	-	1,219,426	1,219,426
Leasehold deposits received	-	222	222
Lease liabilities	-	68,070	68,070
Derivative financial liabilities	424,900	-	424,900
	<u>424,900</u>	<u>4,284,708</u>	<u>4,709,608</u>
Non-current liabilities:			
Bonds payable	-	5,501,474	5,501,474
Leasehold deposits received	-	23,932	23,932
Long-term lease liabilities	-	361,074	361,074
	<u>-</u>	<u>5,886,480</u>	<u>5,886,480</u>
	<u>₩ 424,900</u>	<u>₩ 10,171,188</u>	<u>₩ 10,596,088</u>

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

4. Financial instruments (cont'd)

4.3 Fair values of financial instruments by hierarchy level

The Company categorized financial instruments measured at fair value based on the inputs to measure the fair value. The level of hierarchy of fair value is as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3: inputs are unobservable inputs for the asset or liability

Details of fair value of financial instruments by hierarchy level as of March 31, 2022 and December 31, 2021 are as follows (Korean Won in millions):

	March 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL	₩ 493,098	₩ 247,620	₩ 420,395	₩ 1,161,113
Financial assets measured at FVOCI	8,144	-	361,930	370,074
Derivative financial assets	-	3,512	193,310	196,822
	<u>₩ 501,242</u>	<u>₩ 251,132</u>	<u>₩ 975,635</u>	<u>₩ 1,728,009</u>
Financial liabilities:				
Derivative financial liabilities	₩ -	₩ 14,947	₩ 422,535	₩ 437,482
	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL	₩ 149,085	₩ 230,435	₩ 452,395	₩ 831,915
Financial assets measured at FVOCI	16,800	-	315,433	332,233
Derivative financial assets	-	417	193,310	193,727
	<u>₩ 165,885</u>	<u>₩ 230,852</u>	<u>₩ 961,138</u>	<u>₩ 1,357,875</u>
Financial liabilities:				
Derivative financial liabilities	₩ -	₩ 2,365	₩ 422,535	₩ 424,900

The Company recognizes the movement between hierarchy levels at the end of the reporting period where changes in events and situations result in movement between the hierarchy levels. No significant change between hierarchy levels 1 and 2 occurred during the period ended March 31, 2022.

Changes in Level 3 financial assets for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2022				
	Beginning balance	Acquisition	Valuation	Replacement	Ending balance
Financial assets at FVTPL	₩ 452,395	₩ 3,324	₩ 11,173	₩ (46,497)	₩ 420,395
Financial assets at FVOCI	315,433	-	-	46,497	361,930
Derivative financial assets	193,310	-	-	-	193,310
	<u>₩ 961,138</u>	<u>₩ 3,324</u>	<u>₩ 11,173</u>	<u>₩ -</u>	<u>₩ 975,635</u>
	For the three-month period ended March 31, 2021				
	Beginning balance	Acquisition	Valuation	Replacement	Ending balance
Financial assets at FVTPL	₩ 374,753	₩ 22,926	₩ 49	₩ 5,567	₩ 403,295
Financial assets at FVOCI	299,730	-	-	(5,567)	294,163
Derivative financial assets	175,913	-	-	-	175,913
	<u>₩ 850,396</u>	<u>₩ 22,926</u>	<u>₩ 49</u>	<u>₩ -</u>	<u>₩ 873,371</u>

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

5. Trade receivables

Details of trade receivables as of March 31, 2022 and December 31, 2021 are as follows (Korean won in millions):

	March 31, 2022		December 31, 2021	
Trade receivables:				
Trade receivables	₩	296,944	₩	382,114
Contract assets (unbilled receivables)		200,065		150,859
		497,009		532,973
Allowance for doubtful accounts:				
Trade receivables		(1,272)		(1,272)
	₩	495,737	₩	531,701

6. Inventories

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

	March 31, 2022			December 31, 2021		
	Valuation			Valuation		
	Cost	allowance	Book value	Cost	allowance	Book value
Raw materials	₩	230	₩ -	₩	230	₩ 215
	₩	215	₩ -	₩	215	₩ 215

7. Investment securities

(1) Details of investment securities as of March 31, 2022 and December 31, 2021 are as follows (Korean won in millions):

	March 31, 2022		December 31, 2021	
	Cost	Book value	Cost	Book value
Financial assets measured at FVTPL:				
Equity instruments(*1)	₩	632,462	₩	493,098
Debt securities (*2)		295,075		327,463
Money invested and others		59,146		71,906
Financial assets measured at FVOCI:				
Equity instruments (*3)		361,456		370,074
Financial assets measured at amortized cost:				
Debt securities		250		288
	₩	1,348,389	₩	1,283,955
			₩	873,636
			₩	934,091

(*1) Represents convertible redeemable preference shares of GRAB Holdings Inc., convertible bonds of Kinestral Technologies Inc.

(*2) It consists of convertible bonds such as Halio, Inc. In the case of convertible bonds, the amount due within one year from the end of March 31, 2022 was classified as short-term investment securities.

(*3) The Company applied the irrevocable option to designate the equity instruments held for strategic investment, not for held-for-trading purpose, as financial assets measured at FVOCI.

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

7. Investment securities (cont'd)

(2) Details of investment securities as of March 31, 2022 and December 31, 2021 are as follows (Korean won in millions):

	March 31, 2022		December 31, 2021	
	Acquisition cost	Book value	Acquisition cost	Book value
Marketable equity instruments(*1)	₩ 559,354	₩ 501,242	₩ 99,033	₩ 165,885
Non-marketable equity instruments	434,564	361,930	388,068	315,433
Debt securities	295,325	348,489	327,713	380,867
Money invested and others	59,146	72,294	58,822	71,906
	<u>₩ 1,348,389</u>	<u>₩ 1,283,955</u>	<u>₩ 873,636</u>	<u>₩ 934,091</u>

(*1) Consist of SES AI Corporation (formerly, SES Holdings Pte. Ltd.) that merged with SPAC during the three-month period ended March 31, 2022, and GRAB Holdings Ltd. that was listed in the previous year. SES AI Corporation (formerly, SES Holdings Pte. Ltd.) is recognized as an investment in associate as of December 31, 2021.

(3) Changes in investment securities for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2022	March 31, 2021
Beginning balance	₩ 934,091	₩ 674,891
Acquisitions	3,324	22,926
Gain on valuation and amortised	(113,781)	59
Transfer (*1)	460,321	-
Ending balance	<u>₩ 1,283,955</u>	<u>₩ 697,876</u>

(*1) During the three-month period ended March 31, 2022, SES AI Corporation (formerly, SES Holdings Pte. Ltd.) merged with SPAC and the Company lost significant influence. As a result, it was reclassified from investment in associate to investment securities.

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

8. Investments in subsidiaries

(1) Details of investments in subsidiaries as of March 31, 2022 and December 31, 2021 are as follows (Korean won in millions):

	Domicile	Principal business activity	Equity ownership (%) (*1)	March 31, 2022		December 31, 2021
				Acquisition cost	Book value	Book value
SK Innovation Co., Ltd. (*2)	Korea	Resource development	33.40	₩ 3,072,937	₩ 3,072,937	₩ 3,072,937
SK Telecom Co., Ltd. (*2)	Korea	Mobile tele-communication	30.01	2,929,870	2,929,870	2,929,870
SK Square Co., Ltd. (*2)	Korea	Investment	30.01	2,486,149	2,486,149	2,486,149
SK Networks Co., Ltd. (*2)	Korea	Trading and distribution	39.14	706,229	706,229	706,229
SKC Co., Ltd. (*2)	Korea	Petrochemicals	40.64	548,654	548,654	548,654
SK E&S Co., Ltd.	Korea	City gas business	90.00	2,600,000	2,600,000	2,600,000
SK Ecoplant Co., Ltd. (*2)	Korea	Construction	44.48	545,300	545,300	545,300
SK Siltron Co., Ltd.	Korea	Manufacturing and sales of silicon thin sheet	51.00	622,606	622,606	622,606
SK Materials Co., Ltd. (*2)	Korea	Special-gas manufacturing and sales	100.00	600,467	600,467	600,467
SK Biopharmaceuticals Co., Ltd.	Korea	Medicine and life science	64.02	369,226	369,226	369,226
SK REITS CO., Ltd.	Korea	Real estate development and trading	50.00	387,551	387,551	387,551
Hweechan Co., Ltd.	Korea	Resort business	100.00	335,912	335,912	335,912
SK Signet Inc. (formerly, Signet EV Inc.) (*3)	Korea	Manufacturing of motors generators, and electrical conversion devices	0.00	293,236	293,236	293,236
SK Materials Airplus Incorporated	Korea	Manufacture and sale of industrial gas	100.00	265,573	265,573	265,573
SK Tri Chem Co., Ltd.	Korea	Precursor product development, and sales	65.00	102,505	102,505	102,505
SK materials G14 Co., Ltd.	Korea	Semiconductor	75.00	62,692	62,692	62,692
SK Forest Co., Ltd.	Korea	Landscape construction	100.00	61,387	61,387	61,387
SK Materials Performance Co., Ltd.	Korea	Semiconductor industrial photosensitive agent manufacturing and sales	100.00	57,070	57,070	57,070
SK Materials Renewtech Co., Ltd.	Korea	Acetylene and other Industries gas production and sales	80.00	46,678	46,678	46,678
SK Showa Denko Co., Ltd.	Korea	Semiconductor distribution and sales	51.00	23,150	23,150	23,150
SK Materials JNC Co., Ltd.	Korea	Organic light emitting diode material manufacturing, distribution and sales	51.00	20,287	20,287	20,287
SK REITs Management Co., Ltd.	Korea	Real estate acquisition and rental development	100.00	7,000	7,000	7,000
Happy Companion Co., Ltd. (*4)	Korea	Cleaning services	-	-	-	487
SK Pharmteco Inc. (*5)	USA	Investment	100.00	1,651,228	1,651,228	1,469,503
Plutus Capital NY, Inc.	USA	Investment	100.00	847,076	847,076	847,076
SK China Company, Ltd. (*6)	Hong Kong	Consulting and investment	27.42	557,117	557,117	557,117
SK South East Asia Investment Pte. Ltd. (*6)	Singapore	Investment	20.00	345,010	345,010	345,010
Golden Pearl EV Solutions Limited	Hong Kong	Investment	100.00	281,360	281,360	281,360
Einstein Cayman Limited	Cayman	Investment	100.00	182,625	182,625	182,625
Tellus Investment Partners, Inc. (*5)	USA	Investment	100.00	132,228	132,228	107,013
Tillandsia, Inc. (*7)	USA	Investment	100.00	124,225	124,225	-
SK Japan Investment	Japan	Investment	50.00	103,012	103,012	103,012
Plutus Fashion NY, Inc.	USA	Fashion	100.00	74,113	74,113	74,113
Saturn Agriculture Investment Co., Ltd.	Hong Kong	Investment	81.00	67,093	67,093	67,093
PLUTUS Capital NY II, Inc.	USA	Investment	100.00	57,049	57,049	57,049
I Cube Capital, Inc. (*5)	USA	Investment	100.00	49,340	49,340	40,289
Energy Solution Holdings Inc. (*5,6)	USA	Investment	39.97	54,752	54,752	36,432
PLUTUS Capital NY III, Inc.	USA	Investment	100.00	31,632	31,632	31,632
Socar Mobility Malaysia, SDN. BHD.	Malaysia	Rental of cars	83.51	29,221	29,221	29,221
SK S.E.Asia Pte. Ltd.	Singapore	Investment	100.00	25,847	25,847	25,847
SK C&C Beijing Co., Ltd.	China	Computer system	100.00	25,481	25,481	25,481
Digital Center Capital Inc.	USA	Investment	100.00	25,178	25,178	25,178
Castanea Bioscience Inc.	USA	Investment	100.00	23,883	23,883	23,883
SK Investment Management Co., Ltd.	Hong Kong	Investment	80.76	10,099	10,099	10,099
SK GI Management	Cayman	Investment	100.00	9,523	9,523	9,523
Auxo Capital Inc.	USA	Investment	100.00	8,795	8,795	8,795
Gemini Partners Pte. Ltd. (*6)	Singapore	Consulting	20.00	6,018	2,601	2,601
SK MENA Investment B.V. (*6)	Netherlands	Investment	11.54	5,178	5,178	5,178
SK Latin Americas Investment S.A. (*6)	Spain	Investment	11.54	5,135	5,135	5,135
SK C&C India Pvt. Ltd.	India	Computer system	100.00	3,442	-	-
SK Materials (Shanghai) Co., Ltd. (*4)	China	Special gas sales	-	-	-	2,326

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

8. Investments in subsidiaries (cont'd)

	Domicile	Principal business activity	March 31, 2022		December 31, 2021	
			Equity ownership (%) (*1)	Acquisition cost	Book value	Book value
Tellus (Hong Kong) Investment	Hong Kong	Investment	100.00	1,985	1,985	1,985
SK C&C USA, Inc.	USA	IT service	100.00	1,971	1,971	1,971
SK Technology Innovation Company (*6)	Cayman	Research and development	2.12	1,876	1,876	1,876
S&G Technology	Saudi Arabia	Computer system	51.00	74	-	-
				<u>₩ 20,886,045</u>	<u>₩ 20,879,112</u>	<u>₩ 20,523,389</u>

- (*1) Equity ownership is based on ordinary shares.
(*2) SK Innovation Co., Ltd. and 5 other companies were classified as investments in subsidiaries as the Company is able to exercise de facto control. The remaining voting rights of SK Innovation Co., Ltd. and 5 other companies are widely dispersed, and the Company's voting rights are sufficient to give it power.
(*3) The Company has acquired convertible preferred stocks with voting rights of the entity and as a result, holds 52.63% of voting rights.
(*4) During the three-month period ended March 31, 2022, the Company sold all of its shares to SK Materials Co., Ltd., a subsidiary.
(*5) Additional investment was made during the three-month period ended March 31, 2022.
(*6) When the investment equity ratio of the Company and its subsidiaries is combined, control can be exercised, therefore the investment is classified as a subsidiary.
(*7) Newly established during the three-month period ended March 31, 2022.

(2) Fair value of marketable investments in subsidiaries as of March 31, 2022 is as follows (Korean won in millions):

	March 31, 2022	
SK Innovation Co., Ltd.	₩	6,640,014
SK Telecom Co., Ltd.		3,736,532
SK Square Co., Ltd.		2,411,285
SK Networks Co., Ltd.		458,514
SKC Co., Ltd.		2,377,755
SK Biopharmaceuticals Co., Ltd.		4,502,118
SK REITs Co., LTD.		499,166
SK Signet Inc.		389,822

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

9. Investments in associates and joint ventures

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

	Domicile	Principal business activity	March 31, 2022			December 31,
			Equity ownership (%)	Acquisition cost	Book value	2021 Book value
Investments in associates:						
Socar, Inc.	Korea	Rental of cars	20.19	₩ 109,304	₩ 109,304	₩ 109,304
SMCore Inc.	Korea	Manufacturing and sales of automated logistics system	26.60	39,419	39,419	39,419
Yespowertech	Korea	Semiconductor manufacturing	34.61	26,977	26,977	26,977
Standigm Inc. (*1,2)	Korea	Software development	12.14	14,410	14,410	14,410
Cloocus Co., Ltd. (*1,2)	Korea	Information and communication service	16.75	6,500	6,500	6,500
Soft berry Inc.	Korea	Warehouse infra	22.09	5,684	5,684	5,684
Begas Co., Ltd. (*1,2)	Korea	Management consulting	17.86	5,000	5,000	5,000
THiRA-UTECH Co., Ltd. (*2)	Korea	Service manufacturing	13.72	4,200	4,200	4,200
PUMP Co., Ltd. (*1,2,3)	Korea	Electric kickboard rental	15.32	5,000	5,000	3,000
ACRYL Inc. (*1,2)	Korea	Information service	16.12	2,500	2,500	2,500
TWO LINE CODE Inc.	Korea	Software development	33.77	2,500	2,500	2,500
The Wave Talk, Inc. (*2)	Korea	Manufacturing and technical services	4.65	2,038	2,038	2,038
Todo Works Corp. (*2)	Korea	Handicapped aids and medical device sales	10.25	2,037	2,037	2,037
Daehan Kanggun BcN Co., Ltd. (*1,4)	Korea	Wired communication	0.20	58	-	-
ProteoVant Sciences, Inc.	USA	Medicine research and development	40.00	222,370	222,370	222,370
SES Holdings Pte. Ltd. (*5)	Singapore	Investment	-	-	-	69,713
Belstar Superfreeze Holdings, LLC (*1)	Cayman	Warehouse business	25.00	36,838	36,838	36,838
9352-7281 Quebec Inc.	Canada	Investment	40.09	31,558	31,558	31,558
Hummingbird Bioscience Holdings, LLC (*1,2)	Singapore	Antibody drugs and development	8.97	19,026	19,026	19,026
FSK Holdings Co., Ltd.	Hong Kong	IT service	30.00	11,937	6,245	6,245
Halio, Inc. (*1,2)	USA	Manufacturing discolored glass	2.13	8,498	8,498	8,498
Visible Patient S.A.S. (*1)	France	Manufacturing related to medicine	22.14	7,507	7,507	7,507
Mozido Corfire, Inc. (*2)	USA	System consulting	19.94	6,767	-	-
DSK EV Investment Limited. (*2)	Cayman	Investment	3.32	1,028	1,028	1,028
				<u>₩ 571,156</u>	<u>₩ 558,639</u>	<u>₩ 626,352</u>

(*1) It is the equity share that takes preferred share with voting rights into consideration.

(*2) As the Company is able to exercise significant influence over the entity although its ownership interest is less than 20%, the investment in the entity was classified as investments in associates.

(*3) Additional investment was made during the three-month period ended March 31, 2022.

(*4) The investment in the entity was classified as investments in associates and joint ventures based on the indirect ownership interest of the Company's subsidiary.

(*5) The Company lost significant influence during the three-month period ended March 31, 2022 and reclassified it as long-term investment securities.

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

10. Property, plant and equipment

(1) Details of property, plant and equipment as of March 31, 2022 and December 31, 2021 are as follows (Korean won in millions):

	March 31, 2022			December 31, 2021		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 100,179	₩ -	₩ 100,179	₩ 100,179	₩ -	₩ 100,179
Buildings	371,703	(80,398)	291,305	356,558	(77,694)	278,864
Structures	11,646	(2,058)	9,588	11,646	(1,935)	9,711
Machinery	1,267	(49)	1,218	1,267	(12)	1,255
Vehicles	12,468	(4,301)	8,167	12,468	(4,087)	8,381
Furniture and fixtures	439,732	(300,087)	139,645	417,068	(290,339)	126,729
Construction-in-progress	47,788	-	47,788	32,765	-	32,765
	<u>₩ 984,783</u>	<u>₩ (386,893)</u>	<u>₩ 597,890</u>	<u>₩ 931,951</u>	<u>₩ (374,067)</u>	<u>₩ 557,884</u>

(2) Details of changes in property, plant and equipment for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2022					
	Beginning balance	Acquisition	Depreciation	Disposal	Transfer	Ending balance
Land	₩ 100,179	₩ -	₩ -	₩ -	₩ -	₩ 100,179
Buildings	278,864	-	(2,704)	-	15,145	291,305
Structures	9,711	-	(123)	-	-	9,588
Machinery	1,255	-	(37)	-	-	1,218
Vehicles	8,381	-	(214)	-	-	8,167
Furniture and fixtures	126,729	2,450	(9,771)	(1)	20,238	139,645
Construction-in-progress	32,765	50,406	-	-	(35,383)	47,788
	<u>₩ 557,884</u>	<u>₩ 52,856</u>	<u>₩ (12,849)</u>	<u>₩ (1)</u>	<u>₩ (35,383)</u>	<u>₩ 597,890</u>

	For the three-month period ended March 31, 2021				
	Beginning balance	Acquisition	Depreciation	Disposal	Ending balance
Land	₩ 96,251	₩ -	₩ -	₩ -	₩ 96,251
Buildings	285,770	-	(2,575)	-	283,195
Structures	8,210	-	(99)	-	8,111
Machinery	9,245	-	(220)	-	9,025
Furniture and fixtures	121,280	3,586	(9,018)	(4)	115,844
Construction-in-progress	13,440	4,548	-	-	17,988
	<u>₩ 534,196</u>	<u>₩ 8,134</u>	<u>₩ (11,912)</u>	<u>₩ (4)</u>	<u>₩ 530,414</u>

11. Right-of-use assets and lease liabilities

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

	March 31, 2022			December 31, 2021		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land and buildings	₩ 206,247	₩ (68,239)	₩ 138,008	₩ 177,119	₩ (61,364)	₩ 115,755
Vehicles	8,076	(4,391)	3,685	8,818	(4,491)	4,327
Furniture and fixtures	361	(139)	222	361	(122)	239
	<u>₩ 214,684</u>	<u>₩ (72,769)</u>	<u>₩ 141,915</u>	<u>₩ 186,298</u>	<u>₩ (65,977)</u>	<u>₩ 120,321</u>

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

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

(2) Changes in right-of-use assets for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2022				
	Beginning balance	Increase	Depreciation	Others (*1)	Ending balance
Land and buildings	₩ 115,755	₩ 30,031	₩ (8,055)	₩ 277	₩ 138,008
Vehicles	4,327	910	(851)	(701)	3,685
Furniture and fixtures	239	-	(17)	-	222
	<u>₩ 120,321</u>	<u>₩ 30,941</u>	<u>₩ (8,923)</u>	<u>₩ (424)</u>	<u>₩ 141,915</u>

	For the three-month period ended March 31, 2021				
	Beginning balance	Increase	Depreciation	Others (*1)	Ending balance
Land and buildings	₩ 88,585	₩ 2,022	₩ (6,784)	₩ 425	₩ 84,248
Vehicles	5,081	1,779	(759)	(1,456)	4,645
Furniture and fixtures	315	-	(19)	-	296
	<u>₩ 93,981</u>	<u>₩ 3,801</u>	<u>₩ (7,562)</u>	<u>₩ (1,031)</u>	<u>₩ 89,189</u>

(*1) The amounts include adjustments of the right-to-use assets according to the remeasurement of the lease liabilities and others.

(3) Changes in lease liabilities for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2022					
	Beginning balance	Increase	Interest expenses	Decrease (payment)	Others (*1)	Ending balance
Lease liabilities	₩ 429,144	₩ 30,469	₩ 2,696	₩ (16,970)	₩ (441)	₩ 444,898

	For the three-month period ended March 31, 2021					
	Beginning balance	Increase	Interest expenses	Decrease (payment)	Others (*1)	Ending balance
Lease liabilities	₩ 128,421	₩ 3,801	₩ 369	₩ (14,994)	₩ 1,619	₩ 119,216

(*1) The amounts include adjustments of the remeasurement of the lease liabilities which is lease modification that is not accounted for as a separate lease and others.

The Company recognized lease payments of ₩1,039 and ₩968 million in relation to short-term lease and ₩179 and ₩404 million in relation to leases of low-value assets during the three-month periods ended March 31, 2022 and 2021. The total cash outflow of leases during the period ended is ₩18,188 and ₩16,366 million during the three-month periods ended March 31, 2022 and 2021.

12. Investment properties

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

	March 31, 2022			December 31, 2021		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Buildings	₩ 10,237	₩ (2,973)	₩ 7,264	₩ 10,617	₩ (3,148)	₩ 7,469

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

12. Investment properties (cont'd)

(2) Changes in investment properties for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2022			
	Beginning balance	Increase (decrease)	Depreciation	Ending balance
Buildings	₩ 7,469	₩ -	₩ (205)	₩ 7,264

	For the three-month period ended March 31, 2021			
	Beginning balance	Increase (decrease)	Depreciation	Ending balance
Buildings	₩ 7,845	₩ -	₩ (193)	₩ 7,652

13. Intangible assets

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

	March 31, 2022				December 31, 2021			
	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value
Development costs	₩ 227,327	₩ (103,016)	₩ (3,716)	₩ 120,595	₩ 220,262	₩ (95,969)	₩ (3,716)	₩ 120,577
Memberships	72,104	-	(13,648)	58,456	66,908	-	(13,648)	53,260
Brand-related assets	1,975,000	-	-	1,975,000	1,975,000	-	-	1,975,000
Others	48,238	(21,343)	-	26,895	47,034	(19,780)	-	27,254
	<u>₩ 2,322,669</u>	<u>₩ (124,359)</u>	<u>₩ (17,364)</u>	<u>₩ 2,180,946</u>	<u>₩ 2,309,204</u>	<u>₩ (115,749)</u>	<u>₩ (17,364)</u>	<u>₩ 2,176,091</u>

(2) Changes in intangible assets for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2022				
	Beginning balance	Acquisitions	Amortization	Others	Ending balance
Development costs	₩ 120,577	₩ 7,065	₩ (7,047)	₩ -	₩ 120,595
Memberships (*1)	53,260	6,429	-	(1,233)	58,456
Brand-related assets (*1)	1,975,000	-	-	-	1,975,000
Others	27,254	1,204	(1,563)	-	26,895
	<u>₩ 2,176,091</u>	<u>₩ 14,698</u>	<u>₩ (8,610)</u>	<u>₩ (1,233)</u>	<u>₩ 2,180,946</u>

	For the three-month period ended March 31, 2021				
	Beginning balance	Acquisitions	Amortization	Others	Ending balance
Development costs	₩ 96,556	₩ 13,601	₩ (5,519)	₩ -	₩ 104,638
Memberships (*1)	51,903	5	-	(1,041)	50,867
Brand-related assets (*1)	1,975,000	-	-	-	1,975,000
Others	30,678	478	(1,391)	-	29,765
	<u>₩ 2,154,137</u>	<u>₩ 14,084</u>	<u>₩ (6,910)</u>	<u>₩ (1,041)</u>	<u>₩ 2,160,270</u>

(*1) Membership and brand-related assets are classified as intangible assets with infinite useful lives and are not amortized.

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

14. Borrowings and bonds payable

(1) Short-term borrowings

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

Description	Financial institution	Interest rate (%)	March 31, 2022	December 31, 2021
Working capital loan	Woori Bank	1.53 ~ 2.03	242,160	118,550
Working capital loan	The Export-Import Bank of Korea	1.99	181,620	-
Working capital loan	Credit Agricole Corporate & Investment Bank	1.36	121,080	168,550
Working capital loan	Kookmin Bank	2.49	90,000	-
Working capital loan	NH Bank	2.73	60,000	169,900
Working capital loan	Bank of China	2.71	50,000	80,000
Working capital loan	Shinhan Bank	2.61	5,000	-
Working capital loan	Sumitomo Mitsui Banking Corporation	-	-	50,000
Working capital loan	Hana Bank	-	-	20,000
Commercial paper	Kiwoom Securities	1.99 ~ 2.18	700,000	450,000
Commercial paper	SK Securities	1.90 ~ 2.21	600,000	920,000
Commercial paper	KB Securities	1.99 ~ 2.21	240,000	285,000
Commercial paper	Shinyoung Securities	1.82 ~ 2.11	240,000	70,000
Commercial paper	Samsung Securities	1.90 ~ 2.11	140,000	100,000
Commercial paper	Shinhan bank	2.01 ~ 2.21	80,000	80,000
Commercial paper	Hi Investment & Securities	-	-	50,000
Commercial paper	Daishin Securities	-	-	50,000
Commercial paper	NH Investment & Securities	-	-	20,000
Commercial paper	Hanyang Securities	-	-	20,000
			<u>₩ 2,749,860</u>	<u>₩ 2,652,000</u>

(2) Bonds payable

Details of bonds payable as of March 31, 2022 and December 31, 2021 are as follows (Korean won in millions):

Issuance number	Interest rate (%)	Maturity	Security	March 31, 2022	December 31, 2021
266-2nd	-	2022-02-06	Unsecured	₩ -	₩ 100,000
270-3rd	3.80	2022-11-02	Unsecured	50,000	50,000
273-3rd	4.26	2024-03-25	Unsecured	100,000	100,000
274-3rd	2.34	2022-09-30	Unsecured	80,000	80,000
275-3rd	2.66	2022-12-07	Unsecured	60,000	60,000
276-3rd	2.26	2023-03-07	Unsecured	150,000	150,000
277-3rd	2.16	2023-06-01	Unsecured	120,000	120,000
277-4th	2.43	2026-06-01	Unsecured	60,000	60,000
278-3rd	1.80	2023-09-07	Unsecured	110,000	110,000
279-2nd	-	2022-03-06	Unsecured	-	190,000
279-3rd	2.58	2024-03-06	Unsecured	120,000	120,000
280-2nd	2.39	2022-06-01	Unsecured	200,000	200,000
280-3rd	2.67	2024-06-01	Unsecured	110,000	110,000
281-2nd	2.40	2022-08-04	Unsecured	130,000	130,000
281-3rd	2.62	2024-08-04	Unsecured	70,000	70,000
282-2nd	2.79	2022-10-25	Unsecured	150,000	150,000
282-3rd	2.86	2024-10-25	Unsecured	80,000	80,000
283-1st	2.88	2023-02-27	Unsecured	150,000	150,000
283-2nd	2.99	2025-02-27	Unsecured	60,000	60,000
283-3rd	3.26	2028-02-27	Unsecured	100,000	100,000
284-1st	2.87	2023-06-08	Unsecured	170,000	170,000
284-2nd	3.01	2025-06-08	Unsecured	60,000	60,000
284-3rd	3.09	2028-06-08	Unsecured	100,000	100,000
285-1st	2.36	2023-09-06	Unsecured	150,000	150,000
285-2nd	2.47	2025-09-06	Unsecured	60,000	60,000

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

14. Borrowings and bonds payable (cont'd)

Issuance number	Interest rate (%)	Maturity	Security	March 31, 2022	December 31, 2021
285-3rd	2.55	2028-09-06	Unsecured	₩ 120,000	₩ 120,000
286-2nd	2.37	2023-11-29	Unsecured	100,000	100,000
287-1st	2.17	2024-02-27	Unsecured	150,000	150,000
287-2nd	2.23	2026-02-27	Unsecured	70,000	70,000
287-3rd	2.35	2029-02-27	Unsecured	80,000	80,000
288-1st	1.81	2024-06-04	Unsecured	170,000	170,000
288-2nd	1.83	2026-06-04	Unsecured	60,000	60,000
288-3rd	1.87	2029-06-04	Unsecured	110,000	110,000
289-1st	1.62	2022-09-20	Unsecured	130,000	130,000
289-2nd	1.76	2024-09-20	Unsecured	120,000	120,000
289-3rd	1.84	2029-09-20	Unsecured	70,000	70,000
290-1st	1.74	2022-11-28	Unsecured	80,000	80,000
290-2nd	1.83	2024-11-28	Unsecured	90,000	90,000
290-3rd	1.89	2029-11-28	Unsecured	70,000	70,000
291-1st	1.52	2023-02-20	Unsecured	70,000	70,000
291-2nd	1.63	2025-02-20	Unsecured	160,000	160,000
291-3rd	1.70	2027-02-20	Unsecured	40,000	40,000
291-4th	1.80	2030-02-20	Unsecured	60,000	60,000
292-1st	1.50	2023-06-03	Unsecured	110,000	110,000
292-2nd	1.69	2025-06-03	Unsecured	120,000	120,000
292-3rd	1.79	2030-06-03	Unsecured	50,000	50,000
293-1st	1.57	2025-09-07	Unsecured	200,000	200,000
293-2nd	1.74	2027-09-07	Unsecured	30,000	30,000
293-3rd	1.83	2030-09-07	Unsecured	120,000	120,000
294-1st	1.61	2025-12-03	Unsecured	150,000	150,000
294-2nd	1.93	2030-12-03	Unsecured	90,000	90,000
295-1st	1.24	2024-02-24	Unsecured	60,000	60,000
295-2nd	1.60	2026-02-24	Unsecured	150,000	150,000
295-3rd	1.75	2028-02-24	Unsecured	30,000	30,000
295-4th	2.03	2031-02-24	Unsecured	80,000	80,000
296-1st	1.53	2024-06-04	Unsecured	40,000	40,000
296-2nd	2.07	2026-06-04	Unsecured	220,000	220,000
296-3rd	2.49	2031-06-04	Unsecured	70,000	70,000
297-1st	1.87	2024-09-13	Unsecured	100,000	100,000
297-2nd	2.09	2026-09-13	Unsecured	200,000	200,000
297-3rd	2.28	2031-09-13	Unsecured	60,000	60,000
298-1st	2.51	2024-11-05	Unsecured	50,000	50,000
298-2nd	2.72	2026-11-05	Unsecured	100,000	100,000
298-3rd	2.83	2031-11-05	Unsecured	40,000	40,000
299	2.67	2022-04-10	Unsecured	50,000	50,000
300	2.16	2024-04-26	Unsecured	50,000	50,000
301	1.72	2023-07-03	Unsecured	85,000	85,000
302-1st	3.00	2025-02-22	Unsecured	220,000	-
302-2nd	3.10	2027-02-22	Unsecured	120,000	-
302-3rd	3.19	2032-02-22	Unsecured	50,000	-
				6,835,000	6,735,000
				(14,523)	(14,100)
				(1,299,353)	(1,219,426)
				₩ 5,521,124	₩ 5,501,474

Less: Discount on bonds payable
Less: current portion

(3) The Company's bonds payable repayment schedule as of March 31, 2022 is as follows (Korean won in millions):

Period ending	Amount of repayment
April 1, 2022 ~ March 31, 2023	₩ 1,300,000
April 1, 2023 ~ March 31, 2024	1,275,000
April 1, 2024 ~ March 31, 2025	1,320,000
April 1, 2025 ~ March 31, 2026	810,000
April 1, 2026 and thereafter	2,130,000
	₩ 6,835,000

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

15. Provisions

Changes in provisions for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2022					
	Beginning balance	Increase	Decrease(*1)	Ending balance	Current	Non-current
Provision for service warranties	₩ 1,939	₩ 597	₩ (1,069)	₩ 1,467	₩ 1,467	₩ -
Other provisions	3,690	3,096	(919)	5,867	3,081	2,786
	<u>₩ 5,629</u>	<u>₩ 3,693</u>	<u>₩ (1,988)</u>	<u>₩ 7,334</u>	<u>₩ 4,548</u>	<u>₩ 2,786</u>

	For the three-month period ended March 31, 2021					
	Beginning balance	Increase	Decrease(*1)	Ending balance	Current	Non-current
Provision for service warranties	₩ 3,802	₩ 519	₩ (644)	₩ 3,677	₩ 3,677	₩ -
Other provisions	4,659	-	(21)	4,638	2,324	2,314
	<u>₩ 8,461</u>	<u>₩ 519</u>	<u>₩ (665)</u>	<u>₩ 8,315</u>	<u>₩ 6,001</u>	<u>₩ 2,314</u>

(*1) Decrease consists of use and reversal.

The Company estimates a provision for service warranties for revenue from projects based on historical claim rates and past experiences. Meanwhile, other provisions consist of restructuring liabilities and provision for losses. If the underlying asset must be restored to its original value after the expiration of the contract period based on the lease contract, the restoration obligation is recognized as the present value of the estimated cost of removing, dismantling, and repairing the facility. In the event that future losses are expected to be incurred with respect to an ongoing project, the Company recognized the expected loss as provision for losses immediately.

16. Defined benefit liabilities

(1) Defined contribution plans

The Company partly operates a defined contribution plan for certain employees. The expenses related to the defined contributions plans recognized for the three-month periods ended March 31, 2022, were ₩223 million.

(2) Defined benefit plans

Those employees selecting the defined benefit plans shall be paid fixed amounts upon retirement, where certain conditions are met. In addition, the Company uses the projected unit credit method based on actuarial assumptions for the defined liabilities and plan assets.

(3) Details of defined benefit liabilities as of March 31, 2022 and December 31, 2021 are as follows (Korean won in millions):

	March 31, 2022	December 31, 2021
Present value of defined benefit obligation	₩ 452,506	₩ 455,119
Fair value of plan assets	(429,181)	(437,310)
	<u>₩ 23,325</u>	<u>₩ 17,809</u>

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

16. Defined benefit liabilities (cont'd)

(4) Changes in the defined benefit liabilities for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	<u>For the three-month period ended March 31, 2022</u>		
	Present value of defined <u>benefit obligation</u>	Fair value of <u>plan assets</u>	<u>Total</u>
Beginning balance	₩ 455,119	₩ (437,310)	₩ 17,809
Provision for pension benefits:			
Current service cost	19,117	-	19,117
Net interest expense (income)	2,859	(3,141)	(282)
Remeasurement:			
Return on plan assets and others (excluding amounts included in net interest expense)	-	2,943	2,943
Actuarial changes arising from changes in financial assumptions and others	(24,210)	-	(24,210)
Experience adjustments and others	6,796	-	6,796
Benefit paid	(11,671)	11,656	(15)
Others	4,496	(3,329)	1,167
Ending balance	<u>₩ 452,506</u>	<u>₩ (429,181)</u>	<u>₩ 23,325</u>

	<u>For the three-month period ended March 31, 2021</u>		
	Present value of defined <u>benefit obligation</u>	Fair value of <u>plan assets</u>	<u>Total</u>
Beginning balance	₩ 414,384	₩ (371,994)	₩ 42,390
Provision for pension benefits:			
Current service cost	15,969	-	15,969
Net interest expense (income)	2,234	(2,226)	8
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	-	5,639	5,639
Actuarial changes arising from changes in financial assumptions and others	(10,304)	-	(10,304)
Experience adjustments and others	1,559	-	1,559
Benefit paid	(6,484)	6,470	(14)
Others	4,700	(3,703)	997
Ending balance	<u>₩ 422,058</u>	<u>₩ (365,814)</u>	<u>₩ 56,244</u>

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

17. Other assets and liabilities

(1) Details of other assets as of March 31, 2022 and December 31, 2021 are as follows (Korean won in millions):

	<u>March 31, 2022</u>		<u>December 31, 2021</u>	
Current assets:				
Accrued income	₩	835	₩	1,417
Advanced payments		4,304		5,638
Prepaid expenses		29,121		22,041
Short-term loans		52		460,621
Guarantee deposits		2,952		3,200
Lease receivables		35,932		35,793
Derivative financial assets		196,821		193,727
	₩	<u>270,017</u>	₩	<u>722,437</u>
Non-current assets:				
Long-term financial instruments	₩	3,270	₩	3,270
Long-term loans		470,591		215
Long-term guarantee deposits		46,543		43,057
Lease receivables		282,988		290,039
Derivative financial assets		1		-
Others		127		127
	₩	<u>803,520</u>	₩	<u>336,708</u>

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

	<u>March 31, 2022</u>		<u>December 31, 2021</u>	
Current liabilities:				
Advances received	₩	89,720	₩	68,826
Withholdings		20,885		31,389
Income tax payable		381,671		315,103
Leasehold deposits received		222		222
Dividends payable		368,455		163
Lease liabilities		72,145		68,070
Derivative financial liabilities		218,145		424,900
	₩	<u>1,151,243</u>	₩	<u>908,673</u>
Non-current liabilities:				
Long-term leasehold deposits received	₩	24,089	₩	23,932
Long-term lease liabilities		372,753		361,074
Derivative financial liabilities		219,337		-
Long-term employee benefits		9,745		9,714
	₩	<u>625,924</u>	₩	<u>394,720</u>

18. Derivative financial assets and liabilities

The Company has entered into foreign currency forward contracts to manage fluctuations in currency exchange rates relating to its contracts denominated in foreign currencies and has entered total return swap contracts with certain of subsidiaries' common share investors and others. Details of assets and liabilities after valuation as of March 31, 2022 and December 31, 2021 are as follows (Korean won in millions):

	<u>March 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Forward contract	₩	3,512	₩	417
Total return swap contract (see Note 29)		193,310		193,310
	₩	<u>196,822</u>	₩	<u>193,727</u>
		14,947		422,535
	₩	<u>437,482</u>	₩	<u>424,900</u>

19. Equity

19.1 Issued capital

Details of issued capital as of March 31, 2022 and December 31, 2021 are as follows (Korean won in millions, except for number of shares):

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Number of shares authorized for issue	400,000,000	400,000,000
Par value per share (Korean won)	₩ 200	₩ 200
Number of shares issued:		
Ordinary share	74,149,329	74,149,329
Preferred share	566,135	566,135
Issued capital:		
Ordinary share	₩ 16,030	₩ 16,030
Preferred share	113	113
	<u>₩ 16,143</u>	<u>₩ 16,143</u>

The Company retired 6,000,000 shares of its treasury share (par value: ₩1,200 million) in 2015 by reducing retained earnings, which resulted in a difference between total par value of ordinary shares and issued capital.

19.2 Other paid-in capital

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Additional paid-in capital (*1)	₩ 6,609,167	₩ 6,609,167
Treasury share (*2)	(1,809,317)	(1,812,774)
Stock option	565	6,125
Others(*3)	(1,458,538)	(1,447,807)
	<u>₩ 3,341,877</u>	<u>₩ 3,354,711</u>

(*1) During the year ended December 31, 2015, the Company repurchased treasury shares of ₩3,369,395 million from merger with the former SK Inc. which was recognized as a contra-equity account on additional paid-in capital.

(*2) As of March 31, 2022, treasury share consists of those acquired to increase the enterprise value and to stabilize share price (6,999,080 ordinary shares), and those acquired from repurchase of shares from dissenting shareholders on business combination and shares arising from odd lot shares (11,024,731 ordinary shares and 1,787 preferred shares) during the year 2015.

(*3) The Company decided to compensate for the difference in cash for the stock option exercised during the three-month period ended March 31, 2022. Accordingly, the accounting changed to cash settlement, and the difference in valuation was recognized as other capital surplus.

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

19.3 Retained earnings

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Legal reserve (*1)	₩ 8,072	₩ 7,693
Voluntary reserve	62,897	62,897
Unappropriated retained earnings	<u>12,726,336</u>	<u>12,335,610</u>
	<u>₩ 12,797,305</u>	<u>₩ 12,406,200</u>

(*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 issued 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 issued capital through approval at the general meeting of the shareholders.

19.4 Other components of equity

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Gain on financial assets measured at FVOCI	₩ 6,421	₩ 13,052

19.5 Stock option

Upon resolution by the shareholders and the Board of Directors, the Company established a stock option program that entitles key management personnel an option to purchase ordinary shares. The terms and conditions related to the stock options granted under the share option program are as follows:

	<u>1-1(*1)</u>	<u>1-2(*2)</u>	<u>1-3(*2)</u>	<u>2(*2)</u>
Grant date	2017-03-24	2017-03-24	2017-03-24	2020-03-25
Type of shares to be issued	Ordinary shares			
Grant method	Reissue of treasury shares, but if the stock option's exercise price is lower than the stock's real price (evaluated based on exercise date), the Company may settle the difference in cash or with treasury share equivalent to the difference amount.			
Number of shares (shares)	41,429	41,430	41,431	214,038
Exercise price (Korean won)	₩ 226,290	₩ 244,400	₩ 263,950	₩ 153,450
Contractual life of options	2019.03.25 ~2022.03.24	2020.03.25 ~2023.03.24	2021.03.25 ~2024.03.24	2023.03.26 ~2027.03.25
Vesting conditions	2 year service from the grant date	3 year service from the grant date	4 year service from the grant date	2 year service from the grant date

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

19.5 Stock option (cont'd)

	1(*3)	2(*3)	1(*2,3)	2(*2,3)
Grant date	2018-03-29	2018-03-29	2020-03-31	2020-03-31
Type of shares to be issued	Ordinary shares		Ordinary shares	
Grant method	Reissue of treasury shares		Reissue of treasury shares, but if the stock option's exercise price is lower than the stock's real price (evaluated based on exercise date), the Company may settle the difference in cash or with treasury share equivalent to the difference amount.	
Number of shares (shares)	18,607	18,607	39,098	19,551
Exercise price (Korean won)	₩ 100,884	₩ 108,959	₩ 89,204	₩ 89,204
Contractual life of options	2020.03.29 ~2023.03.28	2021.03.29 ~2024.03.28	2023.03.31 ~2027.03.30	2023.03.31 ~2027.03.30
Vesting conditions	2 year service from the grant date	3 year service from the grant date	2 year service from the grant date	3 year service from the grant date

(*1) All were exercised during the period.

(*2) The Company decided to pay cash for the difference between the exercise value of the stock option exercised in the current period and the actual value of the stock. Accordingly, it was determined that the Company is obligated to pay cash for the unexercised stock option and the accounting for stock options changed from equity-settled to cash-settled.

(*3) The stock options have been transferred from SK Materials Co., Ltd.(formerly)

Share compensation expenses recognized during the three-month period ended March 31, 2022 are ₩193 million (total : ₩565 million), and ₩5,559 million of the accumulated compensation expenses recognized have been derecognized due to the change to cash-settled. The liability recognised in relation to the cash-settled share option for the three-month period ended March 31, 2022 is ₩20,839 million.

The Company used the binomial option pricing model, and the inputs used in the measurement of the fair values at the grant date of the share-based payment plans are as follows:

	1-2	1-3	2	1(*1)
Risk-free interest rate	1.81%	2.37%	2.86%	2.44%
Option life	6 years	7 years	7 years	5 years
Expected price (Closing price on the preceding day in Korean won)	₩ 242,000	₩ 242,000	₩ 242,000	₩ 94,116
Expected volatility	25.70%	25.70%	25.70%	23.50%
Rate of returns	3.30%	3.30%	3.30%	2.39%
Exercise price (Korean won)	₩ 244,440	₩ 263,950	₩ 153,450	₩ 100,884
Fair value per share (Korean won)	₩ 21,499	₩ 23,514	₩ 92,021	₩ 15,587
	2(*1)	1	2	2
Risk-free interest rate	2.44%		2.86%	2.86%
Option life	6 years		7 years	7 years
Expected price (Closing price on the preceding day in Korean won)	₩ 94,116	₩	242,000	₩ 242,000
Expected volatility	23.50%		25.70%	25.70%
Rate of returns	2.39%		3.30%	3.30%
Exercise price (Korean won)	₩ 108,959	₩	89,204	₩ 89,204
Fair value per share (Korean won)	₩ 14,797	₩	146,710	₩ 146,710

19.5 Stock option (cont'd)

(*1) swap and assumption and variables of the grant date. Stock price (closing price) of the evaluation date is the stock price on the expected grant date.

Changes in stock option granted by Company for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	<u>March 31, 2022</u>		<u>March 31, 2021</u>	
	<u>Quantities</u>	<u>Weighted average exercise price</u>	<u>Quantities</u>	<u>Weighted average exercise price</u>
Beginning balance	434,191	₩ 166,785	338,328	₩ 145,743
Granted	-	-	-	-
Exercised	(41,429)	(226,290)	-	-
Ending balance	<u>392,762</u>	<u>₩ 160,508</u>	<u>338,328</u>	<u>₩ 145,743</u>

In addition, the Company has entered into a Stock Grant that pays treasury stocks to employees for free apart from the above stock options. In the case of such Stock Grant, there is no requirement for vesting condition, and may not be transferred during the term of the stock. As of March 31, 2022, the recognized stock compensation costs related to the Stock Grant is ₩ 340 million.

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

20. Operating revenues

(1) Details of operating revenues for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2022	March 31, 2021
Revenue from contracts with customers:		
IT service (*1)	₩ 409,111	₩ 390,662
Trademark usage income	56,072	60,509
	<u>465,183</u>	<u>451,171</u>
Revenue from other sources:		
Dividend income	₩ 584,678	₩ 446,356
Rental income	304	177
	<u>584,982</u>	<u>446,533</u>
	<u>₩ 1,050,165</u>	<u>₩ 897,704</u>

(*1) Includes contract revenue of ₩251,422 and ₩ 243,359 million recognized from the cost-based input method for the three-month periods ended March 31, 2022 and 2021.

(2) Details of revenue from contracts with customers for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2022	March 31, 2021
Type of goods or services:		
IT service	₩ 409,111	₩ 390,662
Trademark usage income	56,072	60,509
	<u>₩ 465,183</u>	<u>₩ 451,171</u>
Geographical location:		
Korea	₩ 447,108	₩ 435,547
Asia	10,914	6,389
Europe	3,859	6,280
North America	3,302	2,955
	<u>₩ 465,183</u>	<u>₩ 451,171</u>
Timing of revenue recognition:		
Recognized at a point in time	₩ 18,643	₩ 20,502
Recognized over a period of time	446,540	430,669
	<u>₩ 465,183</u>	<u>₩ 451,171</u>

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

20. Operating revenues (cont'd)

(3) Details of contract assets, contract liabilities related to revenue from contracts with customers as of March 31, 2022 and December 31, 2021 are as follows (Korean won in millions):

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Contract assets from IT service contract	₩ 200,065	₩ 150,859
Contract liabilities from IT service contract (*1)	60,719	68,826

(*1) The amount recognized as revenue in the three-month period ended March 31, 2022 in relation to the contract liabilities as of December 31, 2021 is ₩46,038 million (Previous period: ₩40,203 million).

(4) Details of profit variation by changes in accounting estimates related to the cost-based input method contracts as of March 31, 2022 are as follows (Korean won in millions):

	<u>Change in estimated construction revenue</u>	<u>Change in estimated cost</u>	<u>Impact on current period profit</u>	<u>Impact on future period profit</u>
IT Service contracts	₩ 11,968	₩ 24,431	₩ (13,196)	₩ 733

Impact on profit of current and future period has been calculated by the estimated costs based on the situations which occurred from the inception of IT service contract to current reporting period and the estimated revenue as of current reporting period. Estimated cost and revenue can be changed in the future period.

21. Operating expenses

Details of operating expenses for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	<u>For the three-month period ended</u>	
	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Material costs	₩ 19,240	₩ 15,232
Outsourcing costs	204,482	181,720
Salaries	100,041	92,126
Provision for pension benefits	18,691	15,592
Depreciation	21,786	19,460
Amortization	3,740	3,972
Rents	713	1,110
Communications	5,365	4,909
Employee welfare benefits	24,258	16,303
Commissions	25,049	19,342
Education and training	5,773	5,766
Research and development	12,491	10,318
Office management	11,802	9,458
Travel	2,627	2,394
Others	13,455	10,952
	<u>₩ 469,513</u>	<u>₩ 408,654</u>

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

22. Expenses classified based on nature of expense

Details of classification based on nature of expenses for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2022	March 31, 2021
Material costs	₩ 19,241	₩ 15,232
Outsourcing costs	205,046	181,720
Salaries	105,061	98,289
Provision for pension benefits	19,058	16,067
Depreciation and amortization	30,587	26,533
Rents	713	1,110
Communications	5,367	4,909
Employee welfare benefits	24,990	16,787
Commissions	25,484	19,386
Education and training	5,841	5,813
Office management	11,802	9,458
Travel	2,698	2,396
Others	13,625	10,954
	<u>₩ 469,513</u>	<u>₩ 408,654</u>

23. Finance income (costs) and other non-operating income (expenses)

23.1 Finance income and costs

Details of finance income and costs for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2022	March 31, 2021
Finance income:		
Interest income	₩ 5,543	₩ 2,132
Gain on foreign currency transactions	1,675	4,321
Gain on foreign currency translation	15,174	10,647
Gain on valuation of financial assets measured at FVTPL	11,173	49
Gain on valuation of derivative instruments	3,360	215
Gain on transactions of derivative instruments	287	1,786
	<u>₩ 37,212</u>	<u>₩ 19,150</u>

	For the three-month period ended	
	March 31, 2022	March 31, 2021
Finance costs:		
Interest expenses	₩ 55,991	₩ 40,712
Loss on foreign currency transactions	2,955	2,756
Loss on foreign currency translation	5,099	301
Loss on valuation of financial assets measured at FVTPL	139,762	34,193
Loss on valuation of derivative instruments	13,009	12,092
Loss on transactions of derivative instruments	268	670
	<u>₩ 217,084</u>	<u>₩ 90,724</u>

23. Finance income (costs) and other non-operating income (expenses) (cont'd)

23.2 Other non-operating income and expenses

Details of other non-operating income and expenses for three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2022	March 31, 2021
Other non-operating income:		
Gain on disposal of investments in subsidiaries and associates	₩ 391,335	₩ 1,066,744
Gain on disposal of property, plant and equipment	1	-
Gain on disposal of intangible assets	118	967
Others	5,975	2,285
	<u>₩ 397,429</u>	<u>₩ 1,069,996</u>
Other non-operating expenses:		
Loss on disposal of property, plant and equipment	₩ -	₩ 3
Loss on disposal of intangible assets	24	12
Donations	133	62
Others	1,781	2,304
	<u>₩ 1,938</u>	<u>₩ 2,381</u>

24. Income taxes

The Company calculated corporate income tax expense by adding the current period adjustments to the accumulated interim tax expense (income), reflecting deferred tax expense (income) due to changes in temporary differences and considering adjustments not related to the interim profit or loss.

The average effective tax rates for continuing operations for the three-month periods ended March 31, 2022 and 2021 are 5.95% and 20.23%, respectively.

25. Earnings per share

(1) Basic earnings per share for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions, except per share and weighted-average number of ordinary shares outstanding):

	For the three-month period ended	
	March 31, 2022	March 31, 2021
Profit for the period	₩ 748,900	₩ 1,184,655
Less: preferred share dividends	(924)	(854)
Profit for the period attributable to ordinary share owners of the Company	₩ 747,976	₩ 1,183,801
Weighted-average number of issued shares outstanding (*1)	56,101,125	52,306,892
Basic earnings per share (Korean won)	<u>₩ 13,333</u>	<u>₩ 22,632</u>

(*1) Weighted-average number of issued shares represents the number of ordinary shares less treasury shares from the total number of issued shares of ordinary share.

The weighted-average number of issued shares outstanding for the three-month periods ended March 31, 2022 and 2021 are as follows:

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

25. Earnings per share (cont'd)

	For the three-month period ended	
	March 31, 2022	March 31, 2021
Weighted-average number of shares outstanding	74,149,329	70,360,297
Weighted-average number of treasury shares	(18,048,204)	(18,053,405)
Weighted-average number of issued shares outstanding	<u>56,101,125</u>	<u>52,306,892</u>

(2) Diluted earnings per share for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions, except per share and weighted-average number of diluted shares outstanding):

	For the three-month period ended	
	March 31, 2022	March 31, 2021
Profit for the period attributable to ordinary shares	₩ 747,976	₩ 1,183,801
Weighted-average number of diluted common shares outstanding	<u>56,229,206</u>	<u>52,420,132</u>
Diluted earnings per common share (Korean won)	<u>₩ 13,302</u>	<u>₩ 22,583</u>

The weighted-average diluted number of ordinary shares outstanding for calculating diluted earnings for the three-month periods ended March 31, 2022 and 2021 are as follows:

	For the three-month period ended	
	March 31, 2022	March 31, 2021
Weighted-average number of issued shares outstanding	56,101,125	52,306,892
Effect of exercise of stock option	<u>128,081</u>	<u>113,240</u>
Weighted-average number of diluted common shares outstanding	<u>56,229,206</u>	<u>52,420,132</u>

26. Transactions with related parties

Details of significant transactions with related parties for the three-month periods ended March 31, 2022 and 2021, and significant balances with related parties as of March 31, 2022 and December 31, 2021 are as follows (Korean won in millions):

(1) The subsidiaries of the Company as of March 31, 2022, are as follows:

	Subsidiary
Ultimate controlling party	Tae-won, Chey and related parties
Subsidiary (total 481)	SK Innovation Co., Ltd., SK Energy Co., Ltd., Netruck Co., Ltd., Jeju United FC Corporation, Happy Didim Co., Ltd., Green & Co. Asia Ltd., SK Energy Hong Kong Co., Ltd., SK Energy Road Investment Co., Ltd., SK Energy Road Investment (HK) Co., Ltd., SK Asphalt (Shanghai) Co., Ltd., GoodsFLOW Co., Ltd., Goods Core, Goods Post Co., Ltd., SK Geo Centric Co., Ltd., SK Geo Centric (Beijing) Holding Co., Ltd.(formerly, SK Global Chemical (China) Holding Co., Ltd.), SK Geo Centric China, Ltd., Sino-Korea Green New Material (JiangSu) Ltd., SK Geo Centric International Trading (Shanghai) Co., Ltd.,(formerly, SK Global Chemical International Trading (Shanghai) Co., Ltd.), SK Global Chemical International Trading (Guangzhou) Co., Ltd., SK GC Americas, Inc., SK Primacor Americas LLC, SK Primacor Europe, S.L.U., SK Saran Americas LLC, SK Geo Centric Brazil LTDA, SK Geo Centric Japan Co., Ltd., SK Geo Centric Singapore Pte. Ltd., SK Geo Centric Investment Hong Kong Ltd., Ningbo SK Performance Rubber Co., Ltd., Happymoeum Co., Ltd., SK Functional Polymer, S.A.S, Green & Connect Capital, Inc., SK Incheon Petrochem Co., Ltd., SK Trading International Co., Ltd., SK Energy International Pte. Ltd., SK Energy Europe, Ltd., SK Energy Americas, Inc., SK Terminal B.V., SK Lubricants Co., Ltd., Yubase Manufacturing Asia Corporation, SK Energy Lubricants (Tianjin) Co., Ltd., SK Lubricants Americas, Inc., SK Lubricants Europe B.V., SK Lubricants Japan Co., Ltd., SK Lubricants & Oils India Pvt. Ltd., Iberian Lube Base Oils S.A., SK Lubricants Russia LLC, SK ie technology Co., Ltd.,

26. Transactions with related parties (cont'd)

Subsidiary (total 481)	Subsidiary
	SK Hi-tech Battery Materials(Jiang Su) Co., Ltd., SK Hi-tech Battery Materials Poland Sp. Zo.o.,SK Innovation Insurance (Bermuda), Ltd., SK USA, Inc., Blue Dragon Energy Co., Limited, Happy Kium Co., Ltd., SK Future Energy (Shanghai) Co., Ltd., SK E&P Company, Ltd., SK On Co., Ltd., SK On Hungary Kft., SK On(Jiangsu) Co., Ltd., SK Battery America, Inc., SK Battery Manufacturing Kft., SK Mobile Energy Co., Ltd., Yancheng Yandu District M Energy Consulting Limited Company, Mobile Energy Battery America, LLC, Happy Midum Co., Ltd., SK on Certification Center (Jiangsu) Co., Ltd.(formerly, Jiangsu SK Battery Certification Center), SK Earth On Co., Ltd., SK Telecom Co., Ltd., SK Telink Co., Ltd., SK Broadband Co. Ltd., Home&Service Co., Ltd., Media S Co., Ltd., Broadband Nowon Broadcasting Corporation, SK Stoa Co., Ltd., PS&Marketing Corp., SK M&Service Co., Ltd., Serviceace Co., Ltd., Service Top Co., Ltd., SK O&S Co., Ltd., SK Communications Co., Ltd., Quantum Innovation Private Equity Joint Venture, Panasia Semiconductor Materials LLC, SK Telecom China Holdings Co., Ltd., SK Global Healthcare Business Group, Ltd., SKT Americas, Inc., YTK Investment, Ltd., Atlas Investment, Ltd., SK Telecom Innovation Fund, L.P., SK Telecom China Fund I L.P., SK Telecom Japan Inc., SK Planet Japan, K.K., Happy Hanool Co., Ltd., SK MENA Investment B.V., SK Latin Americas Investment S.A., Freedom Circle Capital Inc., Montague ESG Capital, LLC, SK Technology Innovation Company, Sapeon Korea Inc., Sapeon Inc., SK Square Co., Ltd., One store Co., Ltd. Rock Media, Eleven Street Co., Ltd., SK Shieldus Co., Ltd., Capstec Co., Ltd., Infosec Information Technology (Wuxi) Co., Ltd.(formerly, SK infosec Information Technology (Wuxi) Co., Ltd.), SK Shieldus America Inc.(formerly, CAPS America Inc.), SK Planet Co., Ltd., SK Planet Global Holdings Pte. Ltd.,SKP America, LLC,K-Net Culture & Contents Venture Fund, Ltd., SK Square Americas Inc., Dreamus Company Co., Ltd., Iriver Enterprise Ltd., Iriver China Co., Ltd., Dongguan iriver Electronics Co., Ltd., Life Design Company Japan Inc., Studio Dolphin Co., Ltd., Id Quantique SA, id Quantique Ltd., ID Quantique Limited, UK, ID Quantique Inc, USA, FSK L&S Co., Ltd., FSK L&S(Shanghai) Co., Ltd., FSK L&S(Hungary) Co., Ltd., FSK L&S Vietnam Co., Ltd., FSK L&S(Jiangsu) Co., Ltd., Incross Co., Ltd., Infracommunications Co., Ltd., Mindknock Co.,Ltd., Tmap Mobility Co., Ltd., YLP Co., Ltd., Good Service Co., Ltd., SK Networks Co., Ltd., SK Networks Service Co., Ltd., SK Magic Co., Ltd., SK Magic Service Co., Ltd., SK Magic Vietnam Company Limited, SK Networks Retails Malaysia Sdn. Bhd., SK Rent-a-Car Co., Ltd., SK Rent-A-car Service Co., Ltd., SK Networks (Shanghai) Co., Ltd., POSK (Pinghu) Steel Processing Center Co., Ltd., SK Networks Japan Co., Ltd., SK Networks Deutschland GmbH, SK BRASIL LTDA, SK Networks Trading Malaysia Sdn. Bhd., SK Networks America, Inc., Networks Tejarat Pars, MINTIT Co., Ltd., MINTIT VINA, Hico Capital LLC(formerly, TenX Capital), SK Networks Hong Kong Ltd., SK Networks (Xiamen) Steel Processing Center Co., Ltd., SK Networks Resources Australia (Wyong) Pty. Ltd., SK Networks Resources Pty Ltd., SK Networks (China) Holdings Co., Ltd.,Shenyang SK Bus Terminal Co., Ltd., SK Networks (Dandong) Energy Co., Ltd., Cartini Co., Ltd., SKC Co., Ltd., Woori Fine Chem Co., Ltd., SK Telesys Co., Ltd., Techdream Co., Ltd., SKC Solmics Co., Ltd., Solmics Taiwan Co., Ltd., Solmics Shanghai Co., Ltd., SKC Solmics Hong Kong Co., Ltd., SKC Semiconductor Materials (Wuxi) Co., Ltd., SKC-ENF Electronic Materials Ltd., SKC (Nantong) Semiconductor Materials Technology Co., Ltd., SE (JIANGSU) Electronic Materials Co., Ltd., SKC (Jiangsu) High Tech Plastics Co., Ltd., SKC, Inc., SKC Europe GmbH, SKC Hi-Tech&Marketing Co., Ltd., SKC Hi-Tech&Marketing (Suzhou) Co., Ltd., SKC Hi-Tech&Marketing Polska SP.Z.O.O, SKC Hi-Tech&Marketing USA LLC, SKC Hi-Tech&Marketing Vina Co., Ltd., SKC PU Specialty Co., Ltd., SKC (Nantong) PU Specialty Co., Ltd., SK PIC Global Co., Ltd., SKCFTH Co., Ltd., SK Nexilis Co., Ltd., Nexilis Management Malaysia Sdn. Bhd., SK Nexilis Malaysia Sdn. Bhd., SK Nexilis Poland sp.z o.o., SK TBMGEOSTONE Co., Ltd., Allnewone Co., Ltd., Ecovance Co.Ltd., Mitsui Chemicals & SKC Polyurethanes Inc., Beijing Mitsui Chemicals & SKC Polyurethanes Co., Ltd., MCNS Polyurethanes Europe Sp. zo.o., MCNS Polyurethanes USA Inc., MCNS Polyurethanes Mexico, S. de R.L. de C.V., MCNS Polyurethanes India Private Limited, MCNS Polyurethanes RUS Limited Liability Company, NEX Investment Limited, NEX UK Holdings Limited, SK E&S Co., Ltd., Kangwon City Gas Co., Ltd., Yeongnam Energy Service Co., Ltd., Ko-one Energy Service Co., Ltd., Narae Energy Service Co., Ltd., Busan City Gas Co., Ltd., Jeonbuk Energy Service Co., Ltd., Chonnam City Gas Co., Ltd., Chungcheong Energy Service Co., Ltd., Paju Energy Service Co., Ltd., Yeosu Energy Service Co., Ltd., Shinanjeungdo Sunlight Co., Ltd., SK E&S Hong Kong Co., Ltd., SK E&S Australia Pty. Ltd., SK E&S Americas, Inc., SK E&S LNG, LLC,

26. Transactions with related parties (cont'd)

Subsidiary (total 481)	Subsidiary
	DewBlaine Energy, LLC, CAILIP Gas Marketing, LLC, Passkey, Inc., Mobility Solution I Inc., Mobility Solution II Inc., EverCharge, Inc., EverCharge Services, LLC, LNG Americas, Inc., Rnes Holdings, LLC, , LLC, Grid Solution II, Pnes Investments, LLC, Prism Energy International China Limited, Prism Energy International Zhoushan Limited, Prism Energy International Pte. Ltd., Fajar Energy International Pte. Ltd., Prism Energy International Hong Kong, Ltd., Prism Darwin Pipeline Pte. Ltd., PT Prism Nusantara International, SK E&S Dominicana S.R.L, Hae-Ssal Solar Power Co., Ltd., Prism DLNG Pte. Ltd., BU12 Australia Pty. Ltd., BU13 Australia Pty. Ltd., Energy Solution Holdings Inc., Ariul Solar Power Co., Ltd., Busan Jungkwan Energy Co., Ltd., IGE Co., Ltd., New&Company Two Pte. Ltd., Dangjin Haengbok Solar Co., Ltd., Grid Solution, LLC., Key Capture Energy, LLC, KCE Global Holdings, LLC, KCE PF Holdings 2021, LLC, KCE LAND Holdings, LLC, KCE NY 1, LLC, KCE NY 2, LLC, KCE NY 3, LLC, KCE NY 5, LLC, KCE NY 6, LLC, KCE NY 8, LLC, KCE NY 10, LLC, KCE NY 11, LLC, KCE NY 12, LLC, KCE NY 14, LLC, KCE NY 18, LLC, KCE NY 19, LLC, KCE NY 21, LLC, KCE NY 22, LLC, KCE NY 25, LLC, KCE NY 26, LLC, KCE NY 27, LLC, KCE NY 28, LLC, KCE NY 29, LLC, KCE NY 32, LLC, KCE NY 33, LLC, KCE TX 2, LLC, KCE TX 7, LLC, KCE TX 8, LLC, KCE TX 9, LLC, KCE TX 11, LLC, KCE TX 12, LLC, KCE TX 10, LLC, KCE TX 13, LLC, KCE TX 14, LLC, KCE TX 15, LLC, KCE TX 16, LLC, KCE TX 17, LLC, KCE TX 19, LLC, KCE TX 20, LLC, KCE TX 21, LLC, KCE TX 22, LLC, KCE TX 24, LLC, KCE TX 25, LLC, KCE TX 26, LLC, KCE TX 27, LLC, KCE TX 28, LLC, KCE CT 1, LLC, KCE CT 2, LLC, KCE CT 4, LLC, KCE MD 1, LLC, KCE MI 1, LLC, KCE MI 2, LLC, KCE MI 3, LLC, KCE ME 1, LLC, KCE IL 1, LLC, KCE IL 2, LLC, KCE IN 1, LLC, KCE IN 2, LLC, KCE IN 3, LLC, KCE OK 1, LLC, KCE OK 2, LLC, KCE OK 3, LLC, KCE OK 4, LLC, KCE Brushy Creek Holdings, LLC, KCE Texas Holdings 2020, LLC, Roughneck Storage LLC D/B/A KCE TX 23, LLC, KCE CT 5, LLC, KCE CT 6, LLC, KCE CT 7, LLC, KCE CT 10, LLC, KCE Market Operations, LLC, Grid Solution II, LLC, Pnes Investments, LLC, Prism Energy International China Limited, Prism Energy International Zhoushan Limited, Prism Energy International Pte. Ltd., Fajar Energy International Pte. Ltd., Prism Energy International Hong Kong, Ltd., Prism Darwin Pipeline Pty. Ltd., PT Prism Nusantara International, SK E&S Dominicana S.R.L, Hae-ssal Solar Power Co., Ltd., Prism DLNG Pte. Ltd., BU12 Australia Pty. Ltd., BU13 Australia Pty. Ltd., Energy Solution Holdings Inc., Ariulhaengbok Solar Co., Ltd., Busan Jungkwan Energy Co., Ltd., IGE Co., Ltd., New&Company Two Pte. Ltd., Dangjin Haengbok Solar Co., Ltd., Busa Solar Power Co., Ltd., SK Ecoplant Co., Ltd., Seosuwon Development Company, SKEC Nanjing Co., Ltd., Changzhou SKY New Energy Co., Ltd., SKEC (Thai), Ltd., Thai Woo Ree Engineering Co., Ltd., SKEC Anadolu, LLC, SK E&C Betek Corporation, Mesa Verde RE Ventures, LLC, BT FC LLC, SKEC Consultores Ecquador, S.A., Sunlake Co., Ltd., SK HOLDCO PTE. LTD., Silvertown Investco Limited, SEONGJU TECH Co., Ltd., DDS Co., Ltd., SAMWON ENT Co., Ltd., Environment Management Corporation Co., Ltd., YS TEC Co., Ltd., Seonam Environment Energy Co., Ltd., Honam Environmental Energy Co., Ltd., Green Hwasun Inc., Green Sunchang Co., Ltd., Gyeongsan Clear Mulgil Co., Ltd., Dalseong Maleunmulgil Co., Ltd., Goksung Environment Co., Ltd., Chungcheong Environment Energy Co., Ltd., Gyeonggi Environment Energy Co., Ltd., Gyeongbuk Environment Energy Co., Ltd., Gyeongin Environment Energy Company, Saehan Environment Co., Ltd., Daewon Green Energy Co., Ltd., Daewon Hitech Co., Ltd., KS Investment B.V., Emedione Co., Ltd., EmedioneLogis Co., Ltd., City Environment Co., Ltd., Green Environment Technology Co., Ltd., Dongnam Offshore Windfarm Co., Ltd., Gangdong Green Complex Co., Ltd., SK Materials Co., Ltd., SK Materials Japan Co., Ltd., SK Materials Taiwan Co., Ltd., SK Materials Jiangsu Co., Ltd., SK Materials (Xian) Co., Ltd., SK Materials (Shanghai) Co., Ltd., SK Tri Chem Co., Ltd., SK Showa Denko Co., Ltd., Happy Companion Co., Ltd., SK Materials airplus Inc., SK Materials Ri New Tech Co., Ltd. (formerly, Hanyu chemical Co., Ltd.), SK Materials Performance Co., Ltd., SK Materials JNC Co., Ltd., SK JNC Japan Co., Ltd., SK Materials G14 Co., Ltd., SK Siltron Co., Ltd., SK Siltron America, Inc., SK Siltron Japan, Inc., SK Siltron Shanghai Co., Ltd., SK Siltron USA, Inc., SK Siltron CSS, LLC, Happyfilling Co., Ltd., Teraon Co., Ltd., SK Biopharmaceuticals Co., Ltd., SK Life Science, Inc. SK Bio Pharma Tech(Shanghai) Co.,Ltd., SK S.E.Asia Pte. Ltd., Essencore Limited, Essencore (Shenzhen) Limited, SK China Company, Ltd., SK Bio Energy HongKong Co., Ltd., SK Property Investment Management Co., Ltd., SK Industrial Development China Co., Ltd., Shanghai SKY Real Estate Development Co., Ltd., Beijing Lizhi Weixin Technology Co., Ltd., SK China Investment Management Co., Ltd.,

26. Transactions with related parties (cont'd)

Subsidiary (total 481)	Subsidiary
	SK International Agro-Products Logistics Development Co., Ltd., SK International Agro-Sideline Products Park Co., Ltd., SK Auto Service Hong Kong Co., Ltd., Skyline Auto Financial Leasing Co., Ltd., SK Financial Leasing Co., Ltd., SK China (Beijing) Co., Ltd., SKY Property Management Ltd., SK China Real Estate Co., Ltd., SKY Investment Co., Ltd., SKY (Zhuhai Hengqin) Technology Co., Ltd., SK Networks (Liaoning) Logistics Co., Ltd., SK C&C Beijing Co., Ltd., SK C&C Chengdu Co., Ltd., SK C&C India Pvt. Ltd., SK C&C USA, Inc., S&G Technology, Saturn Agriculture Investment Co., Ltd., SK Investment Management Co., Ltd., SK Mobility Investments Company Limited, SK Semiconductor Investments Co., Ltd., Gemini Partners Pte. Ltd., Solaris Partners Pte. Ltd., Solaris GEIF Investment, SK GI Management, Plutus Capital NY, Inc., Hudson Energy NY, LLC, Hudson Energy NY II, LLC, Hudson Energy NY III, LLC, Grove Energy Capital LLC, Plutus Capital NY II, Inc, Grove Energy Capital II, LLC, Plutus Capital NY III, Inc., Grove Energy Capital III, LLC, Plutus Fashion NY, Inc., Wonderland NY, LLC, Atlas NY LLC, SK South East Asia Investment Pte. Ltd., SK Investment Vina I Pte. Ltd., SK Investment Vina II Pte. Ltd., SK Investment Vina III Pte. Ltd., MSN Investment Pte. Ltd., Imexpharm Corporation, SK Investment Vina V Pte. Ltd., SK Investment Vina VI Pte. Ltd., SK Investment Vina IV Pte. Ltd., SK Malaysia Investment I Pte. Ltd., SK Pharmteco Inc., SK Biotek Co., Ltd., SK BIOTEK IRELAND LIMITED, SK BIOTEK USA, Inc., Crest Acquisition LLC, Yposkesi, SAS, Abrasax Investment Inc., Fine Chemicals Holdings Corp., AMPAC Fine Chemicals, LLC, AMPAC Fine Chemicals Texas, LLC, AMPAC Fine Chemicals Virginia, LLC, Golden Pearl EV Solutions Limited, Socar Mobility Malaysia, Sdn. Bhd., Future Mobility Solutions Sdn. Bhd., PT Future Mobility Solutions, Einstein Cayman Limited, I Cube Capital Inc., I Cube Capital Hong Kong 1. LP Limited, Tellus Investment Partners, Inc., Primero Protein LLC, Terra LLC, Castanea Bioscience Inc., SK Forest Co., Ltd., Hweechan Co., Ltd., SK Pinx Co., Ltd., SK REITs Co., Ltd., Clean Energy REITs Co., Ltd., SK REITs Management Co., Ltd., SK Japan Investment Inc., SK Signet(formerly, Signet EV Inc.), Signet Energy Inc., SIGNET EV America Inc., Auxo Capital Inc., SK Global Development Advisors LLC, Auxo Capital Managers LLC, SK Growth Opportunities Corporation, Tellus (HONG KONG) Investment Co., Ltd., Digital Center Capital Inc., Martis Capital, LLC, Tillandsia, Inc.

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

26. Transactions with related parties (cont'd)

(2) Details of significant financial transactions with the related parties for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	Company name	For the three-month period ended			
		Sales and others (*1)		Purchase and others (*2)	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Subsidiaries	SK Innovation Co., Ltd.	₩ 18,934	₩ 25,158	₩ 2,491	₩ 1,211
	SK Energy Co., Ltd.	17,952	29,506	-	-
	SK Geo Centric Co., Ltd.	9,308	9,389	-	-
	SK Incheon Petrochem Co., Ltd.	3,734	5,126	-	-
	SK Lubricants Co., Ltd.	2,314	3,605	-	-
	SK Ecoplant Co., Ltd.	18,125	18,752	-	-
	SKC Co., Ltd.	18,495	21,231	-	-
	SK E&S Co., Ltd.	267,147	139,721	-	-
	SK Pinx Co., Ltd.	1,273	26	3,609	2,098
	SK REITs Co., Ltd.	5,435	-	9,813	-
	SK Shieldus Co., Ltd.	4,301	1,735	3,555	2,641
	SK C&C Beijing Co., Ltd.	3,212	4,542	1,934	1,201
	SK S.E. Asia Pte. Ltd.	75,270	51,580	-	-
	SK Networks Co., Ltd.	19,530	23,697	38,861	2,303
	SK Magic Co., Ltd.	3,969	-	45	-
	SK Telecom Co., Ltd.	185,761	269,578	2,693	1,667
	SK Broadband Co., Ltd.	24,001	19,072	2,034	658
	SK Planet Co., Ltd.	3,288	3,409	-	1
	SK Materials Co., Ltd.	3,529	-	35	-
	Formerly, SK Materials Co., Ltd. (*3)	-	22,319	-	-
	SK Tri Chem Co., Ltd.	71,707	-	-	-
	SK Siltron Co., Ltd.	6,049	7,528	-	-
	Others	70,698	43,791	4,684	9,701
Other related parties	SK hynix Inc.	98,247	108,026	3,620	1,214
	THIRA-UTECH Co., Ltd.	-	-	2,292	995
	Others	6,128	2,687	937	879
Others (*4)	SK Gas Co., Ltd.	3,222	4,642	-	-
	SK Chemicals Co., Ltd.	1,620	1,032	-	-
	Others	1,622	1,940	117	80
		₩ 944,871	₩ 818,092	₩ 76,720	₩ 24,649

(*1) Consists of dividends income received from subsidiaries and others, trademark usage income, rental income and others.

(*2) Consists of rental expenses, outsourcing costs and others.

(*3) During the year ended December 31, 2021, SK Materials Co., Ltd. (formerly) physically divided all of its business units, including special gas, into SK Materials Co., Ltd., and the surviving corporation, SK Materials Co., Ltd. was merged into the Company.

(*4) Although, not designated as related parties as defined in paragraph 9 of KIFRS 1024, the entity is designated as related parties based on the resolution made by the Securities and Futures Commission that conglomerate affiliates designated by the Fair Trade Commission are related parties based on the substance of relation as regulated by paragraph 10 of KIFRS 1024.

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

26. Transactions with related parties (cont'd)

(3) Details of outstanding balances of receivables and payables with the related parties as of March 31, 2022 and December 31, 2021 are as follows (Korean won in millions):

		March 31, 2022					
		Receivables			Payables		
		Trade	Other	Total	Trade	Other	Total
Company name		receivables	receivables		payables	payables	
Subsidiaries	SK Innovation Co., Ltd.	₩ 9,916	₩ 318,920	₩ 328,836	₩ -	₩ 30,506	₩ 30,506
	SK Energy Co., Ltd.	6,338	-	6,338	-	38	38
	SK Geo Centric Co., Ltd.	4,804	-	4,804	-	18	18
	SK Incheon Petrochem Co., Ltd.	1,061	-	1,061	-	-	-
	SK Lubricants Co., Ltd.	488	-	488	-	-	-
	Plutus Capital NY, Inc.	-	470,396	470,396	-	-	-
	SK Ecoplant Co., Ltd.	4,798	9,419	14,217	-	-	-
	SKC Co., Ltd.	1,288	16,929	18,217	-	2	2
	SK E&S Co., Ltd.	4,139	-	4,139	-	3	3
	SK Pinx Co., Ltd.	1,369	-	1,369	-	26	26
	SK REITs Co., Ltd.	-	25,622	25,622	-	346,816	346,816
	SK Shieldus Co., Ltd.	14,366	-	14,366	1,306	1,412	2,718
	SK C&C Beijing Co., Ltd.	580	3,153	3,733	64	215	279
	SK Networks Co., Ltd.	4,940	11,657	16,597	-	465	465
	SK Magic Co., Ltd.	24,923	-	24,923	-	5,234	5,234
	SK Telecom Co., Ltd.	33,132	109,376	142,508	175	3,204	3,379
	SK Broadband Co., Ltd.	17,469	-	17,469	15	986	1,001
	SK Planet Co., Ltd.	1,577	-	1,577	-	108	108
	SK Materials Co., Ltd.	1,562	-	1,562	-	600	600
	SK Tri Chem Co., Ltd.	228	71,500	71,728	-	69	69
SK Siltron Co., Ltd.	6,121	-	6,121	-	781	781	
Others	51,416	21,397	72,813	129	13,014	13,143	
Other related parties	SK hynix Inc.	198,929	7,991	206,920	-	65,172	65,172
	THIRA-UTECH Co., Ltd.	-	-	-	881	28	909
Others	7,064	266	7,330	59	944	1,003	
Others (*1)	SK Gas Co., Ltd.	671	-	671	-	90	90
	SK Chemicals Co., Ltd.	2,198	-	2,198	-	4	4
	Others	805	-	805	43	314	357
		<u>₩ 400,182</u>	<u>₩ 1,066,626</u>	<u>₩ 1,466,808</u>	<u>₩ 2,672</u>	<u>₩ 470,049</u>	<u>₩ 472,721</u>

(*1) Although, not designated as related parties as defined in paragraph 9 of KIFRS 1024, the entity is designated as related parties based on the resolution made by the Securities and Futures Commission that conglomerate affiliates designated by the Fair Trade Commission are related parties based on the substance of relation as regulated by paragraph 10 of KIFRS 1024.

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

26. Transactions with related parties (cont'd)

		December 31, 2021					
		Receivables			Payables		
Company name		Trade	Other	Total	Trade	Other	Total
		receivables	receivables		payables	payables	
Subsidiaries	SK Innovation Co., Ltd.	₩ 17,101	₩ 325,836	₩ 342,937	₩ -	₩ 33,091	₩ 33,091
	SK Energy Co., Ltd.	11,162	-	11,162	-	44	44
	SK Geo Centric Co., Ltd.	4,812	-	4,812	-	1,309	1,309
	SK Incheon Petrochem Co., Ltd.	898	-	898	-	-	-
	SK Lubricants Co., Ltd.	1,086	-	1,086	-	25	25
	Plutus Capital NY, Inc.	-	460,567	460,567	-	-	-
	SK Ecoplant Co., Ltd.	5,930	-	5,930	-	-	-
	SKC Co., Ltd.	1,684	-	1,684	-	2	2
	SK E&S Co., Ltd.	4,657	-	4,657	-	22	22
	SK Pinx Co., Ltd.	130	-	130	-	1	1
	SK REITs Co., Ltd.	-	24,902	24,902	-	354,346	354,346
	SK Shieldus Co., Ltd.	14,094	-	14,094	1,575	2,164	3,739
	SK C&C Beijing Co., Ltd.	1,494	-	1,494	777	327	1,104
	SK Networks Co., Ltd.	4,265	-	4,265	-	385	385
	SK Magic Co., Ltd.	24,202	-	24,202	-	4,134	4,134
	SK Telecom Co., Ltd.	51,709	361	52,070	627	6,663	7,290
	SK Broadband Co., Ltd.	23,166	-	23,166	19	2,498	2,517
	SK Planet Co., Ltd.	1,754	-	1,754	-	79	79
	SK Materials Co., Ltd.	1,956	4	1,960	-	609	609
	SK Tri Chem Co., Ltd.	287	-	287	-	70	70
	SK Siltron Co., Ltd.	6,929	-	6,929	-	588	588
	Others	73,681	293	73,974	643	16,751	17,394
Other related parties	SK hynix Inc.	171,810	7,991	179,801	-	58,028	58,028
	THIRA-UTECH Co., Ltd.	-	-	-	576	40	616
	Others	3,322	-	3,322	28	2,374	2,402
Others (*1)	SK Gas Co., Ltd.	1,242	-	1,242	-	-	-
	SK Chemicals Co., Ltd.	3,489	-	3,489	-	1	1
	Others	5,385	-	5,385	-	1,563	1,563
		<u>₩ 436,245</u>	<u>₩ 819,954</u>	<u>₩ 1,256,199</u>	<u>₩ 4,245</u>	<u>₩ 485,114</u>	<u>₩ 489,359</u>

(*1) Although, not designated as related parties as defined in paragraph 9 of KIFRS 1024, the entity is designated as related parties based on the resolution made by the Securities and Futures Commission that conglomerate affiliates designated by the Fair Trade Commission are related parties based on the substance of relation as regulated by paragraph 10 of KIFRS 1024.

(4) Compensation for key management personnel of the Company for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2022	March 31, 2021
Salaries	₩ 4,169	₩ 4,056
Provision for pension benefits	7,700	6,179
Share-based payment expenses	533	340
	<u>₩ 12,402</u>	<u>₩ 10,575</u>

Key management consists of registered executives who are responsible for the planning, operation and control of the Company's business activities.

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

26. Transactions with related parties (cont'd)

(5) Details of significant transactions with related parties in relation to the for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions, USD in thousands):

	<u>Currency</u>	<u>Amount</u>	<u>Transactions</u>
SK Pharmteco Inc.	USD	150,000	Share capital increase
I Cube Capital, Inc.	USD	7,599	Share capital increase
Tellus Investment Partners, Inc.	USD	20,950	Share capital increase
Energy Solution Holdings Inc.	USD	15,000	Share capital increase
PUMP Co., Ltd.	KRW	2,000	Share capital increase

During the three-month period ended March 31, 2022, the Company sold all shares of Happiness Companion Co., Ltd. and SK Materials (Shanghai) Co., Ltd. to SK Materials Co., Ltd., a subsidiary. (See Note 8.)

(6) Details of significant financial transactions with related-parties for the three-month periods ended March 31, 2022 and 2021 are as follows (USD in thousands):

	<u>Currency</u>	<u>For the three-month period ended</u>			
		<u>March 31, 2022</u>		<u>March 31, 2021</u>	
		<u>Loan</u>	<u>Withdraw</u>	<u>Loan</u>	<u>Withdraw</u>
Plutus Capital NY, Inc.	USD	-	-	388,500	-

(7) Guarantees provided to related parties are described in Note 29.

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

27. Assets held for sales

Details of assets held for sale as of March 31, 2022 are as follows (Korean won in millions):

		<u>March 31, 2022</u>	<u>December 31, 2021</u>
Investment securities	ESR Cayman Limited (*1)	₩ 369,191	₩ 392,645

(*1) The Company sold some of the shares in ESR-Kayman Limited, and is considering selling the remaining shares. As of March 31, 2022, the carrying amounts include the valuation loss of ₩23,454 million on investment securities.

28. Cash flow information

(1) Details of non-cash adjustments for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	<u>For the three-month period ended</u>	
	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Provision for pension benefits	₩ 18,835	₩ 15,977
Depreciation	21,977	19,667
Amortization	8,610	6,910
Bad debt expenses (return)	(2,450)	(97)
Provisions transferred in	3,222	519
Interest expenses	55,991	40,712
Loss on foreign currency translation	5,099	301
Loss on valuation of financial assets measured at FVTPL	139,762	34,193
Loss on valuation of derivative instruments	13,009	12,092
Loss on disposal of property, plant and equipment	-	3
Loss on disposal of intangible assets	24	12
Share-based payment expenses	533	340
Income tax expense	47,371	300,436
Dividends income	(584,678)	(446,356)
Interest income	(5,543)	(2,132)
Gain on foreign currency translation	(15,174)	(10,647)
Gain on disposal of investments in subsidiaries, associates and joint ventures	(391,335)	(1,066,744)
Gain on valuation of financial assets measured at FVTPL	(11,173)	(49)
Gain on valuation of derivative instruments	(3,360)	(215)
Gain on disposal of property, plant and equipment	(1)	-
Gain on disposal of intangible assets	(118)	(967)
Others	49	(41)
	<u>₩ (699,350)</u>	<u>₩ (1,096,086)</u>

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

28. Cash flow information (cont'd)

(2) Details of working capital adjustments for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2022	March 31, 2021
Trade receivables	₩ 36,051	₩ 67,589
Other receivables	80,809	1,653
Inventories	(15)	(54)
Advanced payments	1,330	(365)
Lease receivables	9,206	8,300
Prepaid expenses	(7,835)	(2,735)
Trade payables	(502)	15,374
Advances received	20,894	(522)
Withholdings	(10,503)	(6,994)
Other payables	(131,842)	(70,561)
Accrued expenses	(79,180)	(40,492)
Leasehold deposits received	-	(20)
Provision	(1,989)	(665)
Defined benefit obligation	(7,175)	(1,784)
Plan assets	8,327	2,767
Others	(192)	735
	<u>₩ (82,616)</u>	<u>₩ (27,774)</u>

(3) Details of significant non-cash transactions for the three-month periods ended March 31, 2022 and 2021 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2022	March 31, 2021
Transfer of long-term bonds payable to current-portion	₩ 369,642	₩ 289,759
Decrease in other payables regarding the acquisition of property, plant and equipment	(2,240)	(857)
Increase in other payables regarding the acquisition of investments in associates, and joint ventures	-	113,130
Dividend payable	368,286	317,256
Transfer of loans to non-current portion	460,546	-

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

29. Commitments and contingencies

(1) Guarantees provided by others for the Company's obligations and indebtedness as of March 31, 2022 and December 31, 2021 are as follows (Korean won in millions):

	Currency	March 31, 2022	December 31, 2021
Seoul Guarantee Insurance	KRW	10,115	15,515
Korea Software Financial Cooperative	KRW	456,977	443,717

(2) Pending litigation

There are no major pending litigations as of March 31, 2022.

(3) Significant commitments

- 1) SK Innovation Co., Ltd., SK Energy Co., Ltd., SK Geo Centric Co., Ltd., SK Lubricants Co., Ltd., SK Incheon Petrochem Co., Ltd., SK Trading International Co., Ltd., SK ie technology Co., Ltd., SK On Co., Ltd. and SK Earth On Co., Ltd. are collectively responsible for any obligations arising before the spin-off on July 1, 2007. The Company and SK Biopharmaceuticals Co., Ltd. are collectively responsible for any obligations that occurred before the spin-off on April 1, 2011. The former SK Materials Co., Ltd. is jointly responsible for any obligations before the division, with SK Materials Co., Ltd., which was physically divided as of December 1, 2021.
- 2) The Company entered into a contract to lease the headquarter building from SK REITs Co., Ltd. Under the terms of the lease, the lease period is until July 5, 2026, and the Company has an option to extend the lease term for 5 years before the termination of contract. The Company has the preemptive right to purchase the building at the fair value when the lessor elects to dispose the property.
- 3) The Company holds IT outsourcing and IT system maintenance agreements to provide hardware and information systems maintenance, and development service entered into between the Company and the affiliates of SK Group companies and others.
- 4) The Company entered into a contract with Gyeonggi province on May 31, 2011 to purchase land located in Pangyo Land Development District. The total agreement amount is ₩82,964 million (the Company's portion: ₩45,536 million (54.9%)), which will be used for the construction of urban infrastructure facilities ("designated purpose" of the land). On the other hand, the building was completed and registered to preserve ownership in August, 2014, and the transfer of destination land and buildings to third parties is limited for 10 years from the time of registration of preservation of ownership.

29. Commitments and contingencies (cont'd)

- 5) The Company has total return swap contracts in regards to SK Shipping Co., Ltd.'s issuance of ordinary shares and sale of existing shares, and details are as follows:

Description	Subscription of new shares	Sale of existing shares
Investor	Special Situation 1 st Fund	Corporate Turnaround 1 st Fund
Number of shares	6,548,672	4,808,259
Contract date	April 11, 2017	May 11, 2017
Expiry date	April 10, 2022	May 10, 2022
Settlement	The Company and the investors settle the amount that deducts the issue price from the net selling price in cash. If the amount is positive, the investor shall pay to the Company, and if the amount is negative, the Company shall pay to the investor. In case where the sale is not complete, the selling price of the shares is considered to be 0.	
Premium	The Company shall pay to the investors the amount equivalent to 3.14% of the total shares held by investors annually. When the investor receives dividends on the shares held, the amount shall be paid to the Company.	
Call option	The Company has the right to purchase the shares held by the investors at the issued price of the ordinary shares with certain level of additional charges.	

As of March 30, 2022, the Company signed an agreement to changes in total profit swap including extension of expiry date, etc. with the investor of the common stock above. The changes are effective from the termination date of investment (expiry date of the existing agreement). The main details of the changes to the agreement are as follows:

Description	Subscription of new shares	Sale of existing shares
Investor	Special Situation 1 st Fund	Corporate Turnaround 1 st Fund
Number of shares	6,548,672	4,808,259
Contract date	March 30, 2022	March 30, 2022
Expiry date	April 12, 2027	May 10, 2027
Settlement	The Company and the investors settle the amount that deducts the issue price from the net selling price in cash. If the amount is positive, the investor shall pay to the Company, and if the amount is negative, the Company shall pay to the investor. In case where the sale is not complete, the selling price of the shares is considered to be 0.	
Premium	The Company shall pay to the investors the amount equivalent to 3.899% of the total shares held by investors every 3-months. When the investor receives dividends on the shares held, the amount shall be paid to the Company.	
Call option	On every first year between the end of the investment and the expiration date, the Company may request the purchase of the contract amount of ordinary shares held by the investor plus a certain level of additional charges.	

29. Commitments and contingencies (cont'd)

- 6) The Company entered into total return swap contracts with ordinary share investors of SK Siltron Co., Ltd., one of the subsidiaries, and details are as follows:

Description	Total return swap contracts
Investor	Warmachine Sixth Co., Ltd. and others
Number of shares	13,140,440
Contract date	August 25, 2017
Expiry date	August 24, 2022
Settlement	The Company and the investors settle the amount that deducts the issue price from the net selling price in cash. If the amount is positive, the investor shall pay to the Company, and if the amount is negative, the Company shall pay to the investor. In case where the sale is not complete, the selling price of the shares is considered to be 0.
Premium	The Company shall pay 0.5% of the initial contract amount on the closing date of the transaction and shall pay to the investors the amount equivalent to 3.20% of the total shares held by investors annually. When the investor receives dividends on the shares held, the amount shall be paid to the Company.
Call option	On a three-month basis from the closing date of sale ("the quarterly payment day"), the Company has the right to purchase the shares held by the investors at the initial contract price of the ordinary shares with certain level of additional charges.

- 7) The Company entered into total return swap contracts with ordinary share investors of SK E&S Co., Ltd., one of the subsidiaries, and The details are as follows:

Description	Total return swap contracts
Investor	MD Prime 1st Co., Ltd. and others
Number of shares	4,640,199
Contract date	November 14, 2017
Expiry date	November 13, 2022
Settlement	The Company and the investors settle the amount that deducts the issue price from the net selling price in cash. If the amount is positive, the investor shall pay to the Company, and if the amount is negative, the Company shall pay to the investor. In case where the sale is not complete, the selling price of the shares is considered to be 0.
Premium	The Company shall pay to the investors the amount equivalent to 3.07% of the total shares held by investors annually. When the investor receives dividends on the shares held, the amount shall be paid to the Company.
Call option	The Company may make a purchase request in the amount of common shares held by the investor plus a certain amount on every premium payment date and every quarterly payment date between the date of the board's resolution to select the IPO organizer and the date of submission of a preliminary listing review.

- 8) SK E&S LNG, LLC, one of the subsidiaries, is scheduled to be provided with liquefaction service for 20 years from FLNG Liquefaction 3, LLC, Which plans to operate natural gas liquefaction plants in Texas starting from 2019. As of March 31, 2022, SK E&S Co., Ltd., one of the subsidiaries, is responsible for performance guarantee in case of SK E&S LNG, LLC's inability to make payments for service or for claims against breach of obligation. In regard to this, the Company provides performance guarantee for SK E&S Co., Ltd.'s guarantee.

29. Commitments and contingencies (cont'd)

- 9) The Company entered into a cash deficiency support agreement with Hudson Energy NY, LLC, a subsidiary of Plutus Capital NY, Inc., to lend funds for the shortfall of payment for loans and credit limit of USD 226,000 thousand.
 - 10) The Company entered into a cash deficiency support agreement with Abrasax Investment Inc., a subsidiary of subsidiary SK Pharmteco Inc., which is a subsidiary of the Company, to lend funds for the shortfall of payment for loans and credit of up to USD 315,000 thousand.
 - 11) The Company signed a contract with Showa Denko K.K. in relation to the investment in subsidiary SK Showa Denko Co., Ltd., and Showa Denko K.K. has the right to sell 630,000 shares (15%) of SK Showa Denko Co., Ltd. at 5,000 won per share in the event of a specific case of this agreement.
 - 12) The Company signed a contract with certain shareholders of SK Signet Inc.(formerly, SIGNET EV Inc.), a subsidiary, in which the shareholders can sell their shares to the Company at ₩50,000 per share when certain conditions are met.
- (4) The Company has provided 7 blank checks and 10 blank notes as collateral in relation to sales and other transactions as of March 31, 2022.

30. Financial risk management

The principal financial liabilities of the Company comprise borrowings, bonds payable, trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Company. Further, the Company has various financial assets, including trade and other receivables that are directly related to its operations.

The Company's financial assets and liabilities are exposed to mainly market risk, credit risk and liquidity risk. The Company's key management is responsible for the Company's financial risk-taking activities, and that such activities are governed by appropriate policies and procedures.

30.1 Market risk

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

30.1.1 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 manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings, the Company's risk hedging activities are evaluated periodically in order to consider the status of interest rates and degree of risk aversion and fulfill optimal risk hedging strategies. The Company does not believe the fluctuation in market interest rate other than those mentioned above has a material impact on its financial statements.

30.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The exposure to the risk of changes in foreign exchange rates relates primarily to selling and purchasing. The Company manages its foreign currency risk periodically.

Significant monetary assets and liabilities denominated in foreign currencies as of March 31, 2022 and December 31, 2021 are as follows (Korean won in millions, and USD, EUR and Others in thousands):

	Currency	March 31, 2022		December 31, 2021	
		Foreign currencies	Korea won equivalent	Foreign currencies	Korea won equivalent
Assets	USD	399,307	₩ 483,481	407,447	₩ 483,030
	EUR	2,192	2,962	2,802	3,762
	Others		7,901		9,796
			₩ 494,344		₩ 496,588
Liabilities	USD	450,923	₩ 545,978	206,106	₩ 244,339
	Others		64		944
			₩ 546,042		₩ 245,283

Should the exchange rate of the aforementioned currencies fluctuate by 10%, the effects on income before income tax expense would be as follows (Korean won in millions):

	March 31, 2022		December 31, 2021	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Increase (decrease) in income before tax expense	₩ (5,170)	₩ 5,170	₩ 25,131	₩ (25,131)

30.1.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices other than from interest rate risk and foreign currency risk. The Company has not determined that the effect of changes in other price would have materially affected the Company.

30.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of March 31, 2022 and December 31, 2021 is as follows and for cash and cash equivalents, credit risk exposure is low (Korean won in millions):

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Short-term and long-term financial instruments	₩ 222,172	₩ 218,841
Trade receivables	295,672	380,842
Other receivables	253,041	2,090
Accrued income	835	1,417
Short-term and long-term investment securities	420,783	452,773
Short-term and long-term guarantee deposits	49,495	46,257
Short-term and long-term lease receivables	318,920	325,832
Short-term and long-term loans	470,643	460,836
Financial derivatives asset	196,822	193,727
	<u>₩ 2,228,383</u>	<u>₩ 2,082,615</u>

30.2.1 Trade and other receivables

Customer credit risk is managed by each business unit subject to the Company's established policies, procedures and control related to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

Maximum exposure to credit risk at the reporting date is the book value of each class of financial assets. The Company apply a simple method that recognizes lifetime expected credit losses as a provision for losses on account receivables and other receivables. To measure expected credit losses, trade receivables and contract assets were separated by credit risk characteristics and past due dates.

30.2.2 Other financial assets

Credit risk arising from other financial assets consists of long-term and short-term financial instruments, occurrence of trade opponent arising from the bankruptcy, etc. In this case, the credit risk exposure of the Company will be the same as the book value of the maximum applicable financial instruments. On the other hand, the management of the Company's credit rating, because it is excellent to deal with financial institutions, is judged to have limited impact on the credit risk of the financial institutions of the Company.

SK Inc.
Notes to the interim condensed separate financial statements
March 31, 2022 and 2021 (Unaudited)

30.2.3 Liquidity risk

Liquidity risk refers to the risk that the Company may default on the contractual obligations that become due. The Company manages its risk to a shortage of funds using a recurring liquidity planning tool.

The contractual maturity of financial liabilities as of March 31, 2022 is as follows. Amounts include interests paid and presented at gross amounts (Korean won in millions):

	<u>Book value</u>	<u>Contractual cash flow</u>	<u>Less than 3 months</u>	<u>3-12 months</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Short-term borrowings	₩ 2,749,860	₩ 2,767,221	₩ 1,435,720	₩ 1,331,501	₩ -	₩ -
Bonds payable	6,820,477	7,342,218	287,783	1,153,127	4,491,982	1,409,326
Financial derivatives liabilities	437,482	437,482	388	217,757	-	219,337
Trade accounts payables	110,666	110,666	110,666	-	-	-
Lease liabilities	444,898	495,910	18,186	55,706	235,288	186,730
Other liabilities	<u>516,526</u>	<u>516,526</u>	<u>63,667</u>	<u>428,770</u>	<u>24,089</u>	<u>-</u>
	<u>₩ 11,079,909</u>	<u>₩ 11,670,023</u>	<u>₩ 1,916,410</u>	<u>₩ 3,186,861</u>	<u>₩ 4,751,359</u>	<u>₩ 1,815,393</u>

30.2.4 Capital management

The fundamental goal of capital risk management is to maintain a solid financial structure. In addition, as the Company is a holding Company, it should maintain a debt ratio of less than 200% under Article 8 of the *Monopoly Regulations and Fair Trade Law*. The debt ratio is calculated as total liabilities divided by total equity.

The Company maintains a debt ratio of 74.07% as of March 31, 2022. The maturity of the debt is dispersed in the long-term and the borrowings mainly consist of long-term bonds, which do not present significant risks for unexpected payment for debts.

The Company's debt ratio as of March 31, 2022 and December 31, 2021 is as follows (Korean won in millions):

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Total liabilities	₩ 11,971,694	₩ 11,426,869
Total equity	16,161,746	15,790,106
Debt ratio	74.07%	72.37%