



SK Inc.

Interim condensed separate financial statements
for the nine-month periods ended September 30, 2022 and 2021
with the independent auditor's review report

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Report on review of interim condensed separate financial statements
(English Translation of a Report Originally Issued in Korean)

**The Shareholders and Board of Directors
SK Inc.**

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 September 30, 2022, and the related interim condensed separate statements of comprehensive income for the three-month and nine-month periods ended September 30, 2022 and 2021, interim condensed separate statements of changes in equity and interim condensed separate statements of cash flows for the nine-month periods then ended, 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 International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”) 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of 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 Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of 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 Standards on Auditing (“KSA”) 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 KSA, 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.

Ernst & Young Han Young

November 14, 2022

This review report is effective as of November 14, 2022, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's review report date 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 nine-month periods ended September 30, 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 September 30, 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)	
		September 30, 2022 (Unaudited)	December 31, 2021	September 30, 2022 (Unaudited)	December 31, 2021
Assets					
Current assets:					
Cash and cash equivalents	4	₩ 257,918	₩ 70,011	\$ 179,759	\$ 48,795
Short-term financial instruments	4,30	222,661	215,571	155,186	150,245
Trade receivables, net	4,5,26,30	536,943	531,701	374,228	370,575
Other receivables, net	4,26,30	1,145	2,090	798	1,457
Inventories, net	6	221	215	154	150
Short-term investment securities	4,7,30	15,745	-	10,974	-
Other current assets	4,17,18,30	199,101	722,437	138,766	503,511
Assets held for sales	27	354,719	392,645	247,225	273,658
Total current assets		<u>1,588,453</u>	<u>1,934,670</u>	<u>1,107,090</u>	<u>1,348,391</u>
Non-current assets:					
Long-term investment securities	4,7,30	1,109,473	934,091	773,260	651,025
Investments in subsidiaries	8	21,336,222	20,523,389	14,870,520	14,304,007
Investments in associates and joint ventures	9	588,671	626,352	410,281	436,543
Property, plant and equipment, net	10	559,267	557,884	389,787	388,824
Right-of-use asset, net	11	147,069	120,321	102,501	83,859
Investment properties, net	12	61,246	7,469	42,686	5,206
Intangible assets, net	13	2,190,996	2,176,091	1,527,039	1,516,651
Other non-current assets	4,17,18,30	1,054,590	336,708	735,008	234,672
Total non-current assets		<u>27,047,534</u>	<u>25,282,305</u>	<u>18,851,082</u>	<u>17,620,787</u>
Total assets		₩ 28,635,987	₩ 27,216,975	\$ 19,958,172	\$ 18,969,178
Liabilities and equity					
Liabilities					
Current liabilities:					
Short-term borrowings	4,14,30	₩ 3,988,660	₩ 2,652,000	\$ 2,779,941	\$ 1,848,341
Trade payables	4,26,30	119,874	113,051	83,548	78,792
Other payables	4,26,30	91,226	135,184	63,581	94,218
Accrued expenses	4,26,30	100,709	96,592	70,190	67,321
Provisions	15	3,250	3,315	2,265	2,310
Current portion of long-term debt	4,14,30	1,454,337	1,219,426	1,013,617	849,893
Other current liabilities	4,11,17,18,26,30	519,830	908,673	362,301	633,310
Total current liabilities		<u>6,277,886</u>	<u>5,128,241</u>	<u>4,375,443</u>	<u>3,574,185</u>
Non-current liabilities:					
Bonds payable	4,14,30	5,495,915	5,501,474	3,830,440	3,834,314
Defined benefit liabilities	16	12,691	17,809	8,845	12,412
Deferred tax liabilities	24	277,325	382,311	193,285	266,456
Provisions	15	2,786	2,314	1,942	1,613
Other non-current liabilities	4,11,17,18,26,30	601,136	394,720	418,967	275,105
Total non-current liabilities		<u>6,389,853</u>	<u>6,298,628</u>	<u>4,453,479</u>	<u>4,389,900</u>
Total liabilities		12,667,739	11,426,869	8,828,922	7,964,085
Equity					
Issued capital	1,19	16,143	16,143	11,251	11,251
Other paid-in capital	19	3,309,847	3,354,711	2,306,835	2,338,104
Retained earnings	19	12,639,922	12,406,200	8,809,536	8,646,641
Other components of equity	19	2,336	13,052	1,628	9,097
Total equity		15,968,248	15,790,106	11,129,250	11,005,093
Total liabilities and equity		₩ 28,635,987	₩ 27,216,975	\$ 19,958,172	\$ 18,969,178

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 and nine-month periods ended September 30, 2022 and 2021
(Korean won in millions, except earnings per share)

	Notes	Korean won			
		September 30, 2022 (Unaudited)		September 30, 2021 (Unaudited)	
		Three months	Nine months	Three months	Nine months
Operating revenue	20,26	₩ 643,561	₩ 2,338,022	₩ 617,852	₩ 1,984,877
Operating expenses	21,22,26	<u>559,750</u>	<u>1,584,021</u>	<u>481,091</u>	<u>1,337,368</u>
Operating profit		83,811	754,001	136,761	647,509
Finance income	23	131,111	230,804	29,853	55,136
Finance costs	23	111,525	715,720	108,124	221,836
Other non-operating income	23	219	398,359	25,979	1,096,253
Other non-operating expenses	23	<u>7,368</u>	<u>12,238</u>	<u>3,281</u>	<u>13,740</u>
Profit before income tax expense		96,248	655,206	81,188	1,563,322
Income tax expense	24	<u>12,469</u>	<u>1,669</u>	<u>13,360</u>	<u>316,269</u>
Profit for the period		<u>₩ 83,779</u>	<u>₩ 653,537</u>	<u>₩ 67,828</u>	<u>₩ 1,247,053</u>
Other comprehensive income:					
Items that will not be reclassified to profit or loss in subsequent periods:					
Remeasurement gain on defined benefit plans	16	15,643	33,506	3,812	2,393
Loss on valuation of financial assets measured at FVOCI	7	(2,837)	(10,716)	-	-
Items that may be reclassified to profit or loss in subsequent periods:		-	-	-	-
		<u>12,806</u>	<u>22,790</u>	<u>3,812</u>	<u>2,393</u>
Total comprehensive income for the period		<u>₩ 96,585</u>	<u>₩ 676,327</u>	<u>₩ 71,640</u>	<u>₩ 1,249,446</u>
Earnings per share (Korean won):	25				
Basic earnings per share		₩ 1,477	₩ 11,583	₩ 1,280	₩ 23,776
Diluted earnings per share		1,474	11,559	1,278	23,727

(Continued)

SK Inc.

Interim condensed separate statements of comprehensive income
for the three-month and nine-month periods ended September 30, 2022 and 2021 (cont'd)

(U.S. dollar in thousands, except earnings per share)

	Notes	Translation into U.S. dollar (Note 2)							
		September 30, 2022		September 30, 2021					
		(Unaudited)		(Unaudited)					
		Three months	Nine months	Three months	Nine months				
Operating revenue	20,26	\$	448,537	\$	1,629,511	\$	430,619	\$	1,383,382
Operating expenses	21,22,26		390,124		1,104,001		335,302		932,094
Operating profit			58,413		525,510		95,317		451,288
Finance income	23		91,379		160,861		20,806		38,428
Finance costs	23		77,729		498,829		75,358		154,611
Other non-operating income	23		153		277,641		18,106		764,046
Other non-operating expenses	23		5,135		8,529		2,287		9,576
Profit before income tax expense			67,081		456,654		56,584		1,089,575
Income tax expense	24		8,690		1,163		9,311		220,427
Profit for the period		\$	58,391	\$	455,491	\$	47,273	\$	869,148
Other comprehensive income:									
Items that will not be reclassified to profit or loss in subsequent periods:									
Remeasurement gain on defined benefit plans	16		10,903		23,352		2,657		1,668
Gain on valuation of financial assets measured at FVOCI	7		(1,978)		(7,469)		-		-
Items that may be reclassified to profit or loss in subsequent periods:									
			-		-		-		-
			8,925		15,883		2,657		1,668
Total comprehensive income for the period		\$	67,316	\$	471,374	\$	49,930	\$	870,816
Earnings per share (U.S. dollar):	25								
Basic earnings per share		\$	1.03	\$	8.07	\$	0.89	\$	16.57
Diluted earnings per share			1.03		8.06		0.89		16.54

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 nine-month periods ended September 30, 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	-	-	1,247,053	-	1,247,053
Remeasurement gain on defined benefits plans	-	-	2,393	-	2,393
Transactions with shareholders recognized directly to equity:					
Dividends	-	-	(396,563)	-	(396,563)
Stock option	-	514	-	-	514
Disposal of treasury stocks	-	119	-	-	119
As of September 30, 2021 (Unaudited)	₩ 15,385	₩ 3,506,801	₩ 12,154,718	₩ 8,175	₩ 15,685,079
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	-	-	653,537	-	653,537
Remeasurement gain on defined benefits plans	-	-	33,506	-	33,506
Loss on valuation of financial assets measured at FVOCI	-	-	-	(10,716)	(10,716)
Transactions with shareholders recognized directly to equity:					
Dividends	-	-	(453,321)	-	(453,321)
Granting of stock options	-	193	-	-	193
Exercising of stock options and change of settlement	-	(26,247)	-	-	(26,247)
Acquisition and disposal of treasury stocks	-	(18,810)	-	-	(18,810)
As of September 30, 2022 (Unaudited)	₩ 16,143	₩ 3,309,847	₩ 12,639,922	₩ 2,336	₩ 15,968,248

SK Inc.

**Interim condensed separate statements of changes in equity
for the nine-month periods ended September 30, 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	10,723	2,443,663	7,876,941	5,698	10,337,025
Total comprehensive income:	-	-	869,148	-	869,148
Profit for the period	-	-	1,668	-	1,668
Remeasurement gain on defined benefits plans	-	-	(276,390)	-	(276,390)
Transactions with shareholders recognized directly to equity:	-	358	-	-	358
Dividends	-	83	-	-	83
Stock option	-	-	-	-	-
Disposal of treasury stocks	-	-	-	-	-
As of September 30, 2021 (Unaudited)	10,723	2,444,104	8,471,367	5,698	10,931,892
As of January 1, 2022	11,251	2,338,104	8,646,641	9,097	11,005,093
Total comprehensive income:	-	-	-	-	-
Profit for the period	-	-	455,491	-	455,491
Remeasurement gain on defined benefits plans	-	-	23,352	-	23,352
Loss on valuation of financial assets measured at FVOCI	-	-	-	(7,469)	(7,469)
Transactions with shareholders recognized directly to equity:	-	-	-	-	-
Dividends	-	-	(315,948)	-	(315,948)
Granting of stock options	-	135	-	-	135
Exercising of stock options and change of settlement	-	(18,293)	-	-	(18,293)
Acquisition and disposal of treasury stocks	-	(13,111)	-	-	(13,111)
As of September 30, 2022 (Unaudited)	11,251	2,306,835	8,809,536	1,628	11,129,250

SK Inc.
Interim condensed separate statements of cash flows
for the nine-month periods ended September 30, 2022 and 2021
(Korean won in millions and U.S. dollar in thousands)

		For the nine-month periods ended September 30			
		Korean won		Translation into U.S. dollar (Note 2)	
Notes		2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities:					
		₩ 653,537	₩ 1,247,053	\$ 455,491	\$ 869,148
		(487,844)	(1,044,241)	(340,008)	(727,796)
28	Non-cash adjustments				
	Working capital adjustments	(39,552)	44,119	(27,566)	30,749
	Interest received	7,847	9,848	5,469	6,864
	Interest paid	(185,407)	(124,399)	(129,221)	(86,701)
	Dividends received	704,703	555,830	491,151	387,392
	Income taxes paid	(400,926)	(419,763)	(279,430)	(292,559)
	Net cash provided by operating activities	252,358	268,447	175,886	187,097
Cash flows from investing activities:					
	Increase in short-term and long-term financial instruments, net	(7,090)	(47,831)	(4,941)	(33,336)
	Increase in short-term loans	(261)	(430,341)	(182)	(299,931)
	Proceeds from disposal of long-term investment securities	-	5,096	-	3,552
	Proceeds from disposal of investments in subsidiaries	3,537	1,390,210	2,465	968,922
	Proceeds from disposal of investments in associates	673	42,537	469	29,647
	Proceeds from disposal of property, plant and equipment	4	36	3	25
	Proceeds from disposal of intangible assets	1,801	1,996	1,255	1,391
	Acquisition of long-term investment securities	(55,919)	(33,272)	(38,973)	(23,189)
	Acquisition of investments in subsidiaries	(788,669)	(1,731,200)	(549,672)	(1,206,579)
	Acquisition of investments in associates	(12,712)	(298,271)	(8,860)	(207,883)
	Acquisition of property, plant and equipment	(97,497)	(40,156)	(67,952)	(27,987)
	Acquisition of intangible assets	(44,090)	(40,363)	(30,729)	(28,131)
	Decrease in guarantee deposits, net	(6,923)	(27,112)	(4,825)	(18,896)
	Net cash used in investing activities	(1,007,146)	(1,208,671)	(701,942)	(842,395)
Cash flows from financing activities:					
	Increase in short-term borrowings, net	1,236,080	1,190,000	861,500	829,384
	Issuance of bonds payable	1,105,558	1,005,898	770,531	701,072
	Payment of dividends	(453,321)	(396,557)	(315,947)	(276,385)
	Repayment of current portion of long-term debt	(880,000)	(820,000)	(613,326)	(571,508)
	Decrease in lease liabilities	(46,984)	(44,548)	(32,746)	(31,048)
	Acquisition and disposal of treasury stocks	(19,542)	-	(13,620)	-
	Net cash provided by financing activities	941,791	934,793	656,392	651,515
	Net increase(decrease) in cash and cash equivalents	187,003	(5,431)	130,336	(3,783)
	Net foreign exchange effects	904	578	628	403
	Cash and cash equivalents at the beginning of the period	70,011	79,743	48,795	55,578
	Cash and cash equivalents at the end of the period	₩ 257,918	₩ 74,890	\$ 179,759	\$ 52,198

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 September 30, 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%, 8.78% and 6.50%, respectively, as of September 30, 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 ₩1,434.80 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 year ended September 30, 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.

2.2.1 New and amended standards and interpretations

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

Amendments to KIFRS 1016 *Property, Plant and Equipment*

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 recognizes 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.

Amendments to KIFRS 1037 - *Provisions, Contingent Liabilities and Contingent Assets*

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.

Amendments to KIFRS 1103 - *Business combinations*

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 *Leases*

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*'. 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 Standards issued but not yet effective

Amendments to KIFRS 1001 *Presentation of Financial Statements*

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 the annual reporting period beginning on or after January 1, 2023, with early application permitted.

Amendments to KIFRS 1001 *Presentation of Financial Statements*

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.

Amendments to KIFRS 1008 *Accounting Policies, Changes in Accounting Estimates and Errors*

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.

Amendments to KIFRS 1012 *Income Taxes*

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 nine-month period ended September 30, 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.

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4. Financial instruments

4.1 Financial assets

Details of financial assets as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	September 30, 2022			Total
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	
Current assets:				
Cash and cash equivalents	₩ 57,346	₩ -	₩ 200,572	₩ 257,918
Short-term financial instruments	188,761	-	33,900	222,661
Trade receivables (*1)	-	-	231,519	231,519
Short-term investment securities	15,745	-	-	15,745
Other receivables	-	-	1,145	1,145
Short-term loans	-	-	52	52
Accrued income	-	-	5,148	5,148
Guarantee deposits	-	-	4,696	4,696
Lease receivables	-	-	34,864	34,864
Derivative financial assets	94,601	-	-	94,601
	<u>356,453</u>	<u>-</u>	<u>511,896</u>	<u>868,349</u>
Non-current assets:				
Long-term financial instruments	-	-	3,270	3,270
Long-term investment securities	780,616	328,449	408	1,109,473
Long-term loans	-	-	557,733	557,733
Long-term guarantee deposits	-	-	48,048	48,048
Long-term lease receivables	-	-	258,624	258,624
Derivative financial assets	186,788	-	-	186,788
	<u>967,404</u>	<u>328,449</u>	<u>868,083</u>	<u>2,163,936</u>
	<u>₩ 1,323,857</u>	<u>₩ 328,449</u>	<u>₩ 1,379,979</u>	<u>₩ 3,032,285</u>

(*1) Contract assets (unbilled receivables) amounting to ₩305,424 million as of September 30, 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

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4.2 Financial liabilities

Details of financial liabilities as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	September 30, 2022		
	Financial liabilities measured at FVTPL	Other financial liabilities	Total
Current liabilities:			
Short-term borrowings	₩ -	₩ 3,988,660	₩ 3,988,660
Trade payables	-	119,874	119,874
Other payables	-	91,226	91,226
Accrued expenses	-	100,709	100,709
Dividends payable	-	171	171
Current portion of long-term debt	-	1,454,337	1,454,337
Leasehold deposits received	-	244	244
Lease liabilities	-	76,132	76,132
Derivative financial liabilities	301,209	-	301,209
	<u>301,209</u>	<u>5,831,353</u>	<u>6,132,562</u>
Non-current liabilities:			
Bonds payable	-	5,495,915	5,495,915
Leasehold deposits received	-	23,459	23,459
Long-term lease liabilities	-	351,514	351,514
Derivative financial liabilities	216,390	-	216,390
	<u>216,390</u>	<u>5,870,888</u>	<u>6,087,278</u>
	<u>₩ 517,599</u>	<u>₩ 11,702,241</u>	<u>₩ 12,219,840</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>

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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 September 30, 2022 and December 31, 2021 are as follows (Korean Won in millions):

	September 30, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL	₩ 333,877	₩ 246,107	₩ 462,484	₩ 1,042,468
Financial assets measured at FVOCI	2,510	-	325,939	328,449
Derivative financial assets	-	94,601	186,788	281,389
	<u>₩ 336,387</u>	<u>₩ 340,708</u>	<u>₩ 975,211</u>	<u>₩ 1,652,306</u>
Financial liabilities:				
Derivative financial liabilities	₩ -	₩ 98,098	₩ 419,501	₩ 517,599
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 September 30, 2022.

Changes in Level 3 financial assets for the nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2022				
	Beginning balance	Acquisition	Valuation	Transfer	Ending balance
Financial assets at FVTPL	₩ 452,395	₩ 45,414	₩ 11,173	₩ (46,498)	₩ 462,484
Financial assets at FVOCI	315,433	10,506	-	-	325,939
Derivative financial assets	193,310	-	(6,522)	-	186,788
	<u>₩ 961,138</u>	<u>₩ 55,920</u>	<u>₩ 4,651</u>	<u>₩ (46,498)</u>	<u>₩ 975,211</u>
	For the nine-month period ended September 30, 2021				
	Beginning balance	Acquisition	Valuation	Transfer	Ending balance
Financial assets at FVTPL	₩ 374,753	₩ 23,301	₩ 49	₩ (22,028)	₩ 376,075
Financial assets at FVOCI	299,730	9,971	-	(5,567)	304,134
Derivative financial assets	175,913	-	-	-	175,913
	<u>₩ 850,396</u>	<u>₩ 33,272</u>	<u>₩ 49</u>	<u>₩ (27,595)</u>	<u>₩ 856,122</u>

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5. Trade receivables

Details of trade receivables as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Trade receivables:		
Trade receivables	₩ 232,791	₩ 382,114
Contract assets (unbilled receivables)	<u>305,424</u>	<u>150,859</u>
	<u>538,215</u>	<u>532,973</u>
Allowance for doubtful accounts:		
Trade receivables	<u>(1,272)</u>	<u>(1,272)</u>
	<u>₩ 536,943</u>	<u>₩ 531,701</u>

6. Inventories

Details of inventories as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	<u>September 30, 2022</u>			<u>December 31, 2021</u>		
	<u>Acquisition cost</u>	<u>Valuation allowance</u>	<u>Book value</u>	<u>Acquisition cost</u>	<u>Valuation allowance</u>	<u>Book value</u>
Raw materials	₩ 221	₩ -	₩ 221	₩ 215	₩ -	₩ 215

7. Investment securities

(1) Details of investment securities as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	<u>September 30, 2022</u>		<u>December 31, 2021</u>	
	<u>Acquisition cost</u>	<u>Book value</u>	<u>Acquisition cost</u>	<u>Book value</u>
Financial assets measured at FVTPL:				
Equity instruments (*1)	₩ 632,462	₩ 333,877	₩ 172,141	₩ 149,085
Debt securities (*2)	336,995	390,021	327,463	380,489
Money invested and others	59,315	72,463	58,822	71,906
Financial assets measured at FVOCI:				
Equity instruments (*3)	325,466	328,449	314,960	332,233
Financial assets measured at amortized cost:				
Debt securities	<u>250</u>	<u>408</u>	<u>250</u>	<u>378</u>
	<u>₩ 1,354,488</u>	<u>₩ 1,125,218</u>	<u>₩ 873,636</u>	<u>₩ 934,091</u>

(*1) It consists of GRAB Holdings Ltd. and SES AI Corporation (formerly, SES Holdings Pte. Ltd.).

(*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 September 30, 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.

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7. Investment securities (cont'd)

(2) Details of investment securities as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	September 30, 2022		December 31, 2021	
	Acquisition cost	Book value	Acquisition cost	Book value
Marketable equity instruments(*1)	₩ 559,354	₩ 336,387	₩ 99,033	₩ 165,885
Non-marketable equity instruments	398,574	325,939	388,068	315,433
Debt securities	337,245	390,429	327,713	380,867
Money invested and others	59,315	72,463	58,822	71,906
	<u>₩ 1,354,488</u>	<u>₩ 1,125,218</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 nine-month period ended September 30, 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 nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	For the nine-month period ended	
	September 30, 2022	September 30, 2021
Beginning balance	₩ 934,091	₩ 674,891
Acquisitions	55,919	33,272
Gain(loss) on valuation and amortized	(278,616)	79
Transfer (*1)	413,824	(27,595)
Ending balance	<u>₩ 1,125,218</u>	<u>₩ 680,647</u>

(*1) During the nine-month period ended September 30, 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. Meanwhile, the Company acquired shares of Swift Navigation by exercising the conversion right of convertible bonds, and although the Company's ownership ratio is less than 20%, it has been reclassified as investment in associates because the Company is able to exercise significant influence.

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8. Investments in subsidiaries

(1) Details of investments in subsidiaries as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	Domicile	Principal business activity	September 30, 2022		December 31, 2021	
			Equity ownership (%) (*1)	Acquisition cost	Book value	Book value
SK Innovation Co., Ltd. (*2)	Korea	Resource development	33.77	₩ 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 Specialty Co., Ltd. (formerly, SK Materials Co., Ltd.)	Korea	Special-gas manufacturing and sales	100.00	600,467	600,467	600,467
SK REITS Co., Ltd. (*2)	Korea	Real estate development and trading	42.99	423,691	423,691	387,551
SK Biopharmaceuticals Co., Ltd.	Korea	Medicine and life science	64.02	369,226	369,226	369,226
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
Yespowertech (*4)	Korea	Semiconductor manufacturing	94.76	117,934	117,934	-
SK Tri Chem Co., Ltd.	Korea	Development of precursor products	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 and development	100.00	7,000	7,000	7,000
Happy Companion Co., Ltd. (*5)	Korea	Cleaning service	-	-	-	487
SK Pharmteco Inc. (*6)	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. (*7)	Hong Kong	Consulting and investment	27.42	557,117	557,117	557,117
SK South East Asia Investment Pte. Ltd. (*7)	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
SK Japan Investment	Japan	Investment	50.00	200,573	200,573	103,012
Einstein Cayman Limited	Cayman	Investment	100.00	182,625	182,625	182,625
Tellus Investment Partners, Inc. (*6)	USA	Investment	100.00	149,691	149,691	107,013
Tillandsia, Inc. (*8)	USA	Investment	100.00	124,225	124,225	-
PLUTUS Capital NY II, Inc.	USA	Investment	100.00	123,287	123,287	57,049
Energy Solution Group, Inc. (*7,8)	USA	Energy solution and electric car charger	50.00	104,538	104,538	-
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
Energy Solution Holdings Inc. (*6,7)	USA	Investment	39.97	54,752	54,752	36,432
I Cube Capital, Inc. (*6)	USA	Investment	100.00	51,176	51,176	40,289
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
Digital Center Capital Inc. (*6)	USA	Investment	100.00	27,684	27,684	25,178
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
Castanea Bioscience Inc.	USA	Investment	100.00	23,883	23,883	23,883
Auxo Capital Inc. (*6)	USA	Investment	100.00	21,689	21,689	8,795
SK Investment Management Co., Ltd.	Hong Kong	Investment	82.24	10,099	10,099	10,099
SK GI Management	Cayman	Investment	100.00	9,523	9,523	9,523
SK MENA Investment B.V. (*7)	Netherlands	Investment	11.54	5,178	5,178	5,178
SK Latin Americas Investment S.A. (*7)	Spain	Investment	11.54	5,135	5,135	5,135
Gemini Partners Pte. Ltd. (*7)	Singapore	Consulting	20.00	6,018	2,601	2,601
Tellus (Hong Kong) Investment	Hong Kong	Investment	100.00	1,985	1,985	1,985

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8. Investments in subsidiaries (cont'd)

	Domicile	Principal business activity	September 30, 2022		December 31, 2021	
			Equity ownership (%) (*1)	Acquisition cost	Book value	Book value
SK C&C USA, Inc.	USA	IT service	100.00	1,971	1,971	1,971
SK Technology Innovation Company (*7)	Cayman	Research and development	2.12	1,876	1,876	1,876
SK C&C India Pvt. Ltd.	India	Computer system	100.00	3,442	-	-
SK Materials (Shanghai) Co., Ltd. (*5)	China	Special gas sales	-	-	-	2,326
S&G Technology	Saudi Arabia	Computer system	51.00	74	-	-
				<u>₩ 21,343,155</u>	<u>₩ 21,336,222</u>	<u>₩ 20,523,389</u>

- (*1) Equity ownership is based on ordinary shares.
(*2) SK Innovation Co., Ltd. and 6 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 6 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 52.30% of voting rights.
(*4) During the nine-month period ended September 30, 2022, the Company participated in the capital increase of Yespowertech, an associate investment, whereby acquiring control. Accordingly, the entity was transferred from investment in joint venture to investment in subsidiaries.
(*5) During the nine-month period ended September 30, 2022, the Company sold all of its shares to SK Specialty Co., Ltd., a subsidiary.
(*6) Additional investment was made during the nine-month period ended September 30, 2022.
(*7) When the investment equity ratio of the Company and its subsidiaries is combined, control can be exercised; therefore the investment is classified as an investment in subsidiaries.
(*8) Newly acquired during the nine-month period ended September 30, 2022.

(2) Fair value of marketable investments in subsidiaries as of September 30, 2022 is as follows (Korean won in millions):

	September 30, 2022	
SK Innovation Co., Ltd.	₩	4,480,574
SK Telecom Co., Ltd.		3,335,955
SK Square Co., Ltd.		1,534,647
SK Networks Co., Ltd.		384,686
SKC Co., Ltd.		1,291,221
SK Biopharmaceuticals Co., Ltd.		2,852,678
SK REITs Co., LTD.		425,896
SK Signet Inc.		301,226

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9. Investments in associates and joint ventures

Details of investments in associates and joint ventures as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	Domicile	Principal business activity	September 30, 2022			December 31, 2021
			Equity ownership (%)	Acquisition cost	Book value	Book value
Investments in associates:						
Socar, Inc. (*1).	Korea	Rental of cars	17.94	₩ 109,304	₩ 109,304	₩ 109,304
SMCore Inc.	Korea	Manufacturing and sales of automated logistics system	26.60	39,419	39,419	39,419
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
TBU(*2,3)	Korea	Electric vehicle charging	31.59	5,700	5,700	-
Soft berry Inc. (*2)	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
PUMP Co., Ltd. (*1,2,4)	Korea	Electric kickboard rental	14.87	5,000	5,000	3,000
A4x Inc (*1,3)	Korea	Block chain validator	8.64	5,000	5,000	-
THIRA-UTECH Co., Ltd. (*1)	Korea	Service manufacturing	13.66	4,200	4,200	4,200
ACRYL Inc. (*1,2)	Korea	Information service	16.12	2,500	2,500	2,500
TWO LINE CODE Inc.	Korea	Software development	23.54	2,300	2,300	2,500
The Wave Talk, Inc. (*1,2)	Korea	Manufacturing and technical services	4.65	2,038	2,038	2,038
Todo Works Corp. (*1,2)	Korea	Handicapped aids and medical device sales	10.25	2,037	2,037	2,037
Yespowertech (*5)	Korea	Semiconductor manufacturing	-	-	-	26,977
Daehan Kanggun BcN Co., Ltd. (*2,6)	Korea	Wired communication	0.20	58	-	-
ProteoVant Sciences, Inc.	USA	Medicine research and development	40.00	222,370	222,370	222,370
Swift Navigation (*2,7)	USA	GPS software development	9.58	46,496	46,496	-
Belstar Superfreeze Holdings, LLC (*2)	Cayman	Warehouse business	23.08	36,839	36,839	36,839
9352-7281 Quebec Inc.	Canada	Investment	40.09	31,558	31,558	31,558
Hummingbird Bioscience Holdings Pte. Ltd. (*1,2)	Singapore	Antibody drugs and development	8.97	19,026	19,026	19,026
Halio, Inc. (*1,2)	USA	Manufacturing discolored glass	4.46	8,498	8,498	8,498
Visible Patient S.A.S. (*2)	France	Manufacturing related to medicine	22.14	7,507	7,507	7,507
FSK Holdings Co., Ltd.	Hong Kong	IT service	30.00	11,937	6,245	6,245
DSK EV Investment Limited. (*1)	Cayman	Investment	3.32	1,040	1,040	1,028
SES Holdings Pte. Ltd. (*8)	Singapore	Investment	-	-	-	69,712
Mozido Corfire, Inc. (*1)	USA	System consulting	19.94	6,767	-	-
				<u>₩ 601,188</u>	<u>₩ 588,671</u>	<u>₩ 626,352</u>

- (*1) 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.
- (*2) It is the equity share that takes preferred share with voting rights into consideration.
- (*3) Newly acquired during the nine-month period ended September 30, 2022.
- (*4) Additional investment was made during the nine-month period ended September 30, 2022.
- (*5) During the nine-month period ended September 30, 2022, the Company acquired control by participating in the capital increase of Yespowertech, an associate investment. Accordingly, the entity was transferred from investment in joint venture to investment in subsidiaries.
- (*6) 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.
- (*7) During the nine-month period ended September 30, 2022, Swift Navigation's convertible bonds were converted into common stocks, whereby the Company acquired significant influence. Accordingly, the entity was transferred from investment securities to investment in associates.
- (*8) The Company lost significant influence during the nine-month period ended September 30, 2022 and reclassified it as long-term investment securities.

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10. Property, plant and equipment

(1) Details of property, plant and equipment as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	September 30, 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	303,783	(72,389)	231,394	356,558	(77,694)	278,864
Structures	11,646	(2,303)	9,343	11,646	(1,935)	9,711
Machinery	1,323	(124)	1,199	1,267	(12)	1,255
Vehicles	12,571	(4,730)	7,841	12,468	(4,087)	8,381
Furniture and fixtures	448,801	(308,288)	140,513	417,068	(290,339)	126,729
Construction-in-progress	68,798	-	68,798	32,765	-	32,765
	<u>₩ 947,101</u>	<u>₩ (387,834)</u>	<u>₩ 559,267</u>	<u>₩ 931,951</u>	<u>₩ (374,067)</u>	<u>₩ 557,884</u>

(2) Details of changes in property, plant and equipment for the nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2022					
	Beginning balance	Acquisition	Depreciation	Disposal	Transfer (*1)	Ending balance
Land	₩ 100,179	₩ -	₩ -	₩ -	₩ -	₩ 100,179
Buildings	278,864	-	(6,588)	-	(40,882)	231,394
Structures	9,711	-	(368)	-	-	9,343
Machinery	1,255	-	(112)	-	56	1,199
Vehicles	8,381	103	(643)	-	-	7,841
Furniture and fixtures	126,729	20,163	(30,160)	(3)	23,784	140,513
Construction-in-progress	32,765	75,048	-	-	(39,015)	68,798
	<u>₩ 557,884</u>	<u>₩ 95,314</u>	<u>₩ (37,871)</u>	<u>₩ (3)</u>	<u>₩ (56,057)</u>	<u>₩ 559,267</u>

	For the nine-month period ended September 30, 2021					
	Beginning balance	Acquisition	Depreciation	Disposal	Transfer (*1)	Ending balance
Land	₩ 96,251	₩ -	₩ -	₩ -	₩ 3,928	₩ 100,179
Buildings	285,770	-	(7,756)	-	3,442	281,456
Structures	8,210	-	(297)	-	-	7,913
Vehicles	9,245	-	(651)	-	-	8,594
Furniture and fixtures	121,280	23,341	(27,602)	(15)	116	117,120
Construction-in-progress	13,440	17,555	-	-	(7,488)	23,507
	<u>₩ 534,196</u>	<u>₩ 40,896</u>	<u>₩ (36,306)</u>	<u>₩ (15)</u>	<u>₩ (2)</u>	<u>₩ 538,769</u>

(*1) This includes transfer from construction-in-progress to property, plant and equipment or investment property.

11. Right-of-use assets and lease liabilities

(1) Details of right-of-use assets as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	September 30, 2022			December 31, 2021		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land and buildings	₩ 229,583	₩ (86,276)	₩ 143,307	₩ 177,119	₩ (61,364)	₩ 115,755
Vehicles	8,464	(4,889)	3,575	8,818	(4,491)	4,327
Furniture and fixtures	361	(174)	187	361	(122)	239
	<u>₩ 238,408</u>	<u>₩ (91,339)</u>	<u>₩ 147,069</u>	<u>₩ 186,298</u>	<u>₩ (65,977)</u>	<u>₩ 120,321</u>

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

(2) Changes in right-of-use assets for the nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2022				
	Beginning balance	Increase	Depreciation	Others (*1)	Ending balance
Land and buildings	₩ 115,755	₩ 38,946	₩ (27,541)	₩ 16,147	₩ 143,307
Vehicles	4,327	2,743	(2,572)	(923)	3,575
Furniture and fixtures	239	-	(52)	-	187
	<u>₩ 120,321</u>	<u>₩ 41,689</u>	<u>₩ (30,165)</u>	<u>₩ 15,224</u>	<u>₩ 147,069</u>

	For the nine-month period ended September 30, 2021				
	Beginning balance	Increase	Depreciation	Others (*1)	Ending balance
Land and buildings	₩ 88,585	₩ 379,616	₩ (21,310)	₩ (325,132)	₩ 121,759
Vehicles	5,081	3,840	(2,396)	(1,759)	4,766
Furniture and fixtures	315	31	(57)	(33)	256
	<u>₩ 93,981</u>	<u>₩ 383,487</u>	<u>₩ (23,763)</u>	<u>₩ (326,924)</u>	<u>₩ 126,781</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 nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2022					
	Beginning balance	Increase	Interest expenses	Decrease (payment)	Others (*1)	Ending balance
Lease liabilities	₩ 429,144	₩ 41,217	₩ 8,368	₩ (55,352)	₩ 4,269	₩ 427,646

	For the nine-month period ended September 30, 2021					
	Beginning balance	Increase	Interest expenses	Decrease (payment)	Others (*1)	Ending balance
Lease liabilities	₩ 128,421	₩ 375,955	₩ 3,399	₩ (47,947)	₩ (17,900)	₩ 441,928

(*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 ₩4,074 and ₩5,440 million in relation to short-term lease and ₩824 and ₩1,095 million in relation to leases of low-value assets for the nine-month periods ended September 30, 2022 and 2021. The total cash outflow of leases for nine-month the periods ended September 30, 2022 and 2021 are ₩60,250 and ₩54,482 million.

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12. Investment properties

(1) Details of investment properties as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	September 30, 2022			December 31, 2021		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Buildings	₩ 66,266	₩ (5,020)	₩ 61,246	₩ 10,617	₩ (3,148)	₩ 7,469

(2) Changes in investment properties for the nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2022			
	Beginning balance	Transfer	Depreciation	Ending balance
Buildings	₩ 7,469	₩ 56,029	₩ (2,252)	₩ 61,246

	For the nine-month period ended September 30, 2021			
	Beginning balance	Transfer	Depreciation	Ending balance
Buildings	₩ 7,845	₩ 40	₩ (604)	₩ 7,281

13. Intangible assets

(1) Changes in intangible assets as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	September 30, 2022				December 31, 2021			
	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value
Development costs	₩ 252,719	₩ (118,862)	₩ (3,850)	₩ 130,007	₩ 220,262	₩ (95,969)	₩ (3,716)	₩ 120,577
Memberships	76,260	-	(13,648)	62,612	66,908	-	(13,648)	53,260
Brand-related assets	1,975,000	-	-	1,975,000	1,975,000	-	-	1,975,000
Others	47,668	(24,291)	-	23,377	47,034	(19,780)	-	27,254
	<u>₩ 2,351,647</u>	<u>₩ (143,153)</u>	<u>₩ (17,498)</u>	<u>₩ 2,190,996</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 nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2022					
	Beginning balance	Acquisition	Amortization	Disposal	Others	Ending balance
Development costs	₩ 120,577	₩ 32,458	₩ (22,893)	₩ -	₩ (135)	₩ 130,007
Memberships (*1)	53,260	11,071	-	(1,719)	-	62,612
Brand-related assets (*1)	1,975,000	-	-	-	-	1,975,000
Others	27,254	618	(4,511)	-	16	23,377
	<u>₩ 2,176,091</u>	<u>₩ 44,147</u>	<u>₩ (27,404)</u>	<u>₩ (1,719)</u>	<u>₩ (119)</u>	<u>₩ 2,190,996</u>

	For the nine-month period ended September 30, 2021				
	Beginning balance	Acquisition	Amortization	Disposal	Ending balance
Development costs	₩ 96,556	₩ 38,768	₩ (18,293)	₩ -	₩ 117,031
Memberships (*1)	51,903	5	-	(1,041)	50,867
Brand-related assets (*1)	1,975,000	-	-	-	1,975,000
Others	30,678	1,619	(4,175)	-	28,122
	<u>₩ 2,154,137</u>	<u>₩ 40,392</u>	<u>₩ (22,468)</u>	<u>₩ (1,041)</u>	<u>₩ 2,171,020</u>

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

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14. Borrowings and bonds payable

(1) Short-term borrowings

Details of short-term borrowings as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

Description	Financial institution	Interest rate (%)	September 30, 2022	December 31, 2021	
Working capital loan and others	Woori Bank	4.03 ~ 5.45	₩ 536,960	₩ 118,550	
	Kookmin Bank	3.71 ~ 4.22	250,000	-	
	The Export-Import Bank of Korea	1.99	215,220	-	
	Credit Agricole Corporate & Investment Bank	4.74	143,480	168,550	
	NH Bank	3.48 ~ 3.91	116,000	169,900	
	Industrial& Lommercial Bank of china	4.04	100,000	-	
	Bank of China	3.25 ~ 4.29	72,000	80,000	
	Shinhan bank	3.95 ~ 4.74	60,000	-	
	Hana Bank	3.91 ~ 4.03	50,000	20,000	
	Sumitomo Mitsui Banking Corporation	-	-	50,000	
	Commercial paper	Kiwoom Securities	2.29 ~ 4.15	955,000	450,000
		SK Securities	2.30 ~ 4.16	780,000	920,000
		KB Securities	2.29 ~ 3.99	360,000	285,000
		Shinhan bank	3.11 ~ 3.81	190,000	80,000
Samsung Securities		3.22	70,000	100,000	
Shinyoung Securities		2.29	30,000	70,000	
Hi Investment & Securities		3.22	30,000	50,000	
Korea investment& Securities		3.15	20,000	-	
Mirae Asset Securities		3.15	10,000	-	
Daishin Securities		-	-	50,000	
NH Investment & Securities	-	-	20,000		
Hanyang Securities	-	-	20,000		
			₩ 3,988,660	₩ 2,652,000	

(2) Bonds payable

Details of bonds payable as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

Issuance number	Interest rate (%)	Maturity	Security	September 30, 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
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	-	2022-06-01	Unsecured	-	200,000
280-3rd	2.67	2024-06-01	Unsecured	110,000	110,000
281-2nd	-	2022-08-04	Unsecured	-	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

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14. Borrowings and bonds payable (cont'd)

Issuance number	Interest rate (%)	Maturity	Security	September 30, 2022	December 31, 2021
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
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	-	2022-09-20	Unsecured	-	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	-	2022-04-10	Unsecured	-	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	-
303-1st	3.97	2025-06-09	Unsecured	160,000	-
303-2nd	4.14	2027-06-09	Unsecured	160,000	-
303-3rd	4.24	2029-06-09	Unsecured	30,000	-
304-1st	4.64	2024-09-16	Unsecured	65,000	-
304-2nd	4.71	2025-09-16	Unsecured	145,000	-
304-3rd	4.85	2027-09-16	Unsecured	160,000	-
				6,965,000	6,735,000
				(14,748)	(14,100)
				(1,454,337)	(1,219,426)
				₩ 5,495,915	₩ 5,501,474

Less: discount on bonds payable
Less: current portion

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14. Borrowings and bonds payable (cont'd)

(3) The Company's bonds payable repayment schedule as of September 30, 2022 is as follows (Korean won in millions):

Year ending	Amount of repayment	
October 1, 2022 ~ September 30, 2023	₩	1,455,000
October 1, 2023 ~ September 30, 2024		1,255,000
October 1, 2024 ~ September 30, 2025		1,405,000
October 1, 2025 ~ September 30, 2026		910,000
October 1, 2026 and thereafter		1,940,000
	₩	<u>6,965,000</u>

15. Provisions

Changes in provisions for the nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2022					
	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Provision for service warranties	₩ 1,939	₩ 998	₩ (1,556)	₩ 1,381	₩ 1,381	₩ -
Other provisions	3,690	1,980	(1,015)	4,655	1,869	2,786
	<u>₩ 5,629</u>	<u>₩ 2,978</u>	<u>₩ (2,571)</u>	<u>₩ 6,036</u>	<u>₩ 3,250</u>	<u>₩ 2,786</u>
	For the nine-month period ended September 30, 2021					
	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Provision for service warranties	₩ 3,802	₩ 1,252	₩ (2,825)	₩ 2,229	₩ 2,229	₩ -
Other provisions	4,659	-	(2,080)	2,579	265	2,314
	<u>₩ 8,461</u>	<u>₩ 1,252</u>	<u>₩ (4,905)</u>	<u>₩ 4,808</u>	<u>₩ 2,494</u>	<u>₩ 2,314</u>

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 provision for restoration liabilities, provision for losses and provision for emissions. 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. The Company estimate the expected cost to be borne in the future for emissions exceeding the relevant performance year emission rights held by the company in relation to greenhouse gas and air pollutants emissions and account them as emission rights provisions.

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 nine-month period ended September 30, 2022, were ₩268 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.

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16. Defined benefit liabilities (cont'd)

(3) Details of defined benefit liabilities as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligation	₩ 438,507	₩ 455,119
Fair value of plan assets	<u>(425,816)</u>	<u>(437,310)</u>
	<u>₩ 12,691</u>	<u>₩ 17,809</u>

(4) Changes in defined benefit liabilities for the nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	<u>For the nine-month period ended September 30, 2022</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Total</u>
Beginning balance	₩ 455,119	₩ (437,310)	₩ 17,809
Provision for pension benefits:			
Current service cost	38,970	-	38,970
Net interest expense (income)	10,353	(11,218)	(865)
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	-	7,538	7,538
Actuarial changes arising from changes in financial assumptions and others	(73,107)	-	(73,107)
Experience adjustments and others	19,354	-	19,354
Benefit paid	(20,364)	20,308	(56)
Others	8,182	(5,134)	3,048
Ending balance	<u>₩ 438,507</u>	<u>₩ (425,816)</u>	<u>₩ 12,691</u>

	<u>For the nine-month period ended September 30, 2021</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Total</u>
Beginning balance	₩ 414,384	₩ (371,994)	₩ 42,390
Provision for pension benefits:			
Current service cost	35,774	-	35,774
Net interest expense (income)	7,321	(7,099)	222
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	-	6,748	6,748
Actuarial changes arising from changes in financial assumptions and others	(15,733)	-	(15,733)
Experience adjustments and others	5,828	-	5,828
Benefit paid	(12,710)	12,681	(29)
Others	5,795	(3,898)	1,897
Ending balance	<u>₩ 440,659</u>	<u>₩ (363,562)</u>	<u>₩ 77,097</u>

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17. Other assets and liabilities

(1) Details of other assets as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Current assets:		
Accrued income	₩ 5,148	₩ 1,417
Advanced payments	2,600	5,638
Prepaid expenses	57,140	22,041
Short-term loans	52	460,621
Guarantee deposits	4,696	3,200
Lease receivables	34,864	35,793
Derivative financial assets	94,601	193,727
	<u>₩ 199,101</u>	<u>₩ 722,437</u>
Non-current assets:		
Long-term financial instruments	₩ 3,270	₩ 3,270
Long-term loans	557,733	215
Long-term guarantee deposits	48,048	43,057
Lease receivables	258,624	290,039
Derivative financial assets	186,788	-
Others	127	127
	<u>₩ 1,054,590</u>	<u>₩ 336,708</u>

(2) Details of other liabilities as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Current liabilities:		
Advances received	₩ 98,634	₩ 68,826
Withholdings	15,373	31,389
Income tax payable	28,067	315,103
Leasehold deposits received	244	163
Dividends payable	171	222
Lease liabilities	76,132	68,070
Derivative financial liabilities	301,209	424,900
	<u>₩ 519,830</u>	<u>₩ 908,673</u>
Non-current liabilities:		
Long-term leasehold deposits received	₩ 23,460	₩ 23,932
Long-term lease liabilities	351,514	361,074
Derivative financial liabilities	216,390	-
Long-term employee benefits	9,772	9,714
	<u>₩ 601,136</u>	<u>₩ 394,720</u>

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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 September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	September 30, 2022		December 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Forward contract	₩ 94,601	₩ 98,098	₩ 417	₩ 2,365
Total return swap contract (see Note 29)	186,788	419,501	193,310	422,535
	<u>₩ 281,389</u>	<u>₩ 517,599</u>	<u>₩ 193,727</u>	<u>₩ 424,900</u>

19. Equity

19.1 Issued capital

Details of issued capital as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions, except for number of shares):

	September 30, 2022	December 31, 2021
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 September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	September 30, 2022	December 31, 2021
Additional paid-in capital (*1)	₩ 6,609,167	₩ 6,609,167
Treasury share (*2)	(1,836,245)	(1,812,774)
Stock option	-	6,125
Others (*3)	(1,463,075)	(1,447,807)
	<u>₩ 3,309,847</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 the merger with the former SK Inc. which was recognized as a contra-equity account on additional paid-in capital.

(*2) As of September 30, 2022, treasury share consists of those acquired to increase enterprise value and to stabilize share price (7,126,083 ordinary shares based on the date of arrangement), and those acquired from repurchase of shares from dissenting shareholders on business combination and shares arising from odd lot shares (11,023,237 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 nine-month period ended September 30, 2022. Accordingly, the accounting changed to cash settlement, and the difference in valuation was recognized as other capital surplus.

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19.3 Retained earnings

Details of retained earnings as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Legal reserve (*1)	₩ 8,072	₩ 7,693
Voluntary reserve	62,897	62,897
Unappropriated retained earnings	<u>12,568,953</u>	<u>12,335,610</u>
	<u>₩ 12,639,922</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 September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Gain on financial assets measured at FVOCI	₩ 2,336	₩ 13,502

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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:

	1-1(*1)	1-2(*2)	1-3(*2)	2-1(*2)	2-2(*2)
Grant date	2017-03-24	2017-03-24	2017-03-24	2020-03-25	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	142,692	71,346
Exercise price (Korean won) ₩	226,290	₩ 244,400	₩ 263,950	₩ 153,450	₩ 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	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	3 year service from the grant date
	1(*2,3)	2(*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, 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 reversed during the nine-month period ended September 30, 2022 are ₩7,643 million (total : ₩(-)7,271 million), and ₩6,125 million of the accumulated compensation expenses recognized have been derecognized due to the change to cash-settled. The liability recognized in relation to the cash-settled share option for the nine-month period ended September 30, 2022 is ₩11,362 million.

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19.5 Stock option(cont'd)

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		2-2	
Risk-free interest rate		3.22%		3.85%		4.16%		4.16%
Option life		6 years		7 years		7 years		7 years
Expected price (Closing price on the preceding day in Korean won)	₩	192,000	₩	192,000	₩	192,000	₩	192,000
Expected volatility		27.20%		27.20%		27.20%		27.20%
Rate of returns		4.17%		4.17%		4.17%		4.17%
Exercise price (Korean won)	₩	244,440	₩	263,950	₩	153,450	₩	153,450
Fair value per share (Korean won)	₩	1,797	₩	6,041	₩	53,618	₩	53,618

	1		2		1		2	
Risk-free interest rate		3.23%		3.87%		4.16%		4.16%
Option life		5 years		6 years		7 years		7 years
Expected price (Closing price on the preceding day in Korean won)	₩	192,000	₩	192,000	₩	192,000	₩	192,000
Expected volatility		27.20%		27.20%		27.20%		27.20%
Rate of returns		4.17%		4.17%		4.17%		4.17%
Exercise price (Korean won)	₩	100,884	₩	108,959	₩	89,204	₩	89,204
Fair value per share (Korean won)	₩	91,116	₩	83,041	₩	100,471	₩	100,471

Changes in stock option granted by Company for the nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	For the nine-month periods ended			
	September 30, 2022		September 30, 2021	
	Quantities	Weighted average exercise price	Quantities	Weighted average exercise price
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 September 30, 2022, the recognized stock compensation costs related to the Stock Grant is ₩ 340 million.

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20. Operating revenues

(1) Details of operating revenues for the three-month and nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	September 30, 2022		September 30, 2021	
	Three-month	Nine-month	Three-month	Nine-month
Revenue from contracts with customers:				
IT service (*1)	₩ 497,752	₩ 1,385,033	₩ 452,781	₩ 1,261,901
Trademark usage income	<u>70,530</u>	<u>212,491</u>	<u>55,526</u>	<u>166,610</u>
	<u>568,282</u>	<u>1,597,524</u>	<u>508,307</u>	<u>1,428,511</u>
Revenue from other sources:				
Dividend income	62,223	706,946	109,154	555,510
Rental income	<u>13,056</u>	<u>33,552</u>	<u>391</u>	<u>856</u>
	<u>75,279</u>	<u>740,498</u>	<u>109,545</u>	<u>556,366</u>
	<u>₩ 643,561</u>	<u>₩ 2,338,022</u>	<u>₩ 617,852</u>	<u>₩ 1,984,877</u>

(*1) Includes contract revenue of ₩893,235 and ₩786,510 million recognized from the cost-based input method for the nine-month periods ended September 30, 2022 and 2021.

(2) Details of revenue from contracts with customers for the three-month and nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	September 30, 2022		September 30, 2021	
	Three-month	Nine-month	Three-month	Nine-month
Revenue from contracts with customers:				
IT service	₩ 497,752	₩ 1,385,033	₩ 452,781	₩ 1,261,901
Trademark usage income	<u>70,530</u>	<u>212,491</u>	<u>55,526</u>	<u>166,610</u>
	<u>₩ 568,282</u>	<u>₩ 1,597,524</u>	<u>₩ 508,307</u>	<u>₩ 1,428,511</u>
Geographical location:				
Korea	₩ 530,817	₩ 1,524,070	₩ 487,325	₩ 1,376,655
Asia	26,307	45,897	10,169	22,369
Europe	7,313	16,336	5,700	17,738
North America	<u>3,845</u>	<u>11,221</u>	<u>5,113</u>	<u>11,749</u>
	<u>₩ 568,282</u>	<u>₩ 1,597,524</u>	<u>₩ 508,307</u>	<u>₩ 1,428,511</u>
Timing of revenue recognition:				
Recognized at a point in time	₩ 46,347	₩ 99,098	₩ 25,582	₩ 69,479
Recognized over a period	<u>521,935</u>	<u>1,498,426</u>	<u>482,725</u>	<u>1,359,032</u>
	<u>₩ 568,282</u>	<u>₩ 1,597,524</u>	<u>₩ 508,307</u>	<u>₩ 1,428,511</u>

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20. Operating revenues (cont'd)

(3) Details of contract assets, contract liabilities related to revenue from contracts with customers as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Contract assets from IT service contract	₩ 305,424	₩ 150,859
Contract liabilities from IT service contract (*1)	69,633	68,826

(*1) The amount recognized as revenue in the current period in relation to the contract liabilities as of December 31, 2021 is ₩48,195 million (previous period: ₩52,556 million).

(4) Details of profit variation by changes in accounting estimates related to the cost-based input method contracts as of September 30, 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	₩ 15,368	₩ 42,154	₩ (26,335)	₩ (451)

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 and nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	<u>September 30, 2022</u>		<u>September 30, 2021</u>	
	<u>Three-month</u>	<u>Nine-month</u>	<u>Three-month</u>	<u>Nine-month</u>
Material costs	₩ 40,359	₩ 92,040	₩ 23,492	₩ 60,973
Outsourcing costs	243,682	674,959	200,209	568,211
Salaries	126,350	344,342	108,506	307,314
Provision for pension benefits	9,563	37,435	9,984	35,616
Depreciation	24,673	69,668	20,621	60,277
Amortization	6,513	15,536	775	10,004
Rents	2,276	3,847	2,854	4,669
Communications	5,402	15,987	5,230	15,339
Employee welfare benefits	23,532	73,639	21,865	58,788
Commissions	33,276	108,395	42,564	87,622
Education and training	9,310	23,029	6,748	18,861
Research and development	11,285	37,570	11,080	28,319
Office management	14,390	36,673	10,785	29,067
Travel	4,673	11,270	3,127	8,196
Others	4,466	39,631	13,251	44,112
	<u>₩ 559,750</u>	<u>₩ 1,584,021</u>	<u>₩ 481,091</u>	<u>₩ 1,337,368</u>

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22. Expenses classified based on nature of expense

Details of classification based on nature of expenses for the three-month and nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	September 30, 2022		September 30, 2021	
	Three-month	Nine-month	Three-month	Nine-month
Material costs	₩ 40,366	₩ 92,067	₩ 23,477	₩ 60,978
Outsourcing costs	244,170	675,767	200,109	568,343
Salaries	131,431	362,323	111,048	318,702
Provision for pension benefits	9,962	38,615	10,357	36,838
Depreciation and amortization	34,507	97,692	28,296	83,084
Rents	2,277	3,884	2,854	4,669
Communications	5,407	15,996	5,230	15,340
Employee welfare benefits	24,291	75,901	22,357	60,262
Commissions	33,873	109,739	43,392	88,753
Education and training	9,361	23,191	6,794	19,000
Office management	14,510	36,858	10,785	29,067
Travel	4,779	11,525	3,129	8,206
Others	4,816	40,463	13,263	44,126
	<u>₩ 559,750</u>	<u>₩ 1,584,021</u>	<u>₩ 481,091</u>	<u>₩ 1,337,368</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 and nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	September 30, 2022		September 30, 2021	
	Three-month	Nine-month	Three-month	Nine-month
Financial income:				
Interest income	₩ 6,988	₩ 18,942	₩ 7,703	₩ 13,655
Gain on foreign currency transactions	2,097	4,505	388	6,477
Gain on foreign currency translation	55,677	98,201	21,661	32,108
Gain on valuation of financial assets measured at FVTPL	-	11,173	-	49
Gain on valuation of derivative instruments	66,322	97,577	(28)	102
Gain on transactions of derivative instruments	27	406	129	2,745
	<u>₩ 131,111</u>	<u>₩ 230,804</u>	<u>₩ 29,853</u>	<u>₩ 55,136</u>
Financial costs:				
Interest expenses	₩ 72,759	₩ 188,540	₩ 44,975	₩ 125,124
Loss on foreign currency transactions	3,359	6,874	2,458	6,368
Loss on foreign currency translation	63,882	100,623	18	1,450
Loss on valuation of financial assets measured at FVTPL	(94,536)	313,455	38,257	54,037
Loss on valuation of derivative instruments	63,860	102,820	22,082	28,712
Loss on transactions of derivative instruments	2,201	3,408	334	6,145
	<u>₩ 111,525</u>	<u>₩ 715,720</u>	<u>₩ 108,124</u>	<u>₩ 221,836</u>

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23.2 Other non-operating income and expenses

Details of other non-operating income and expenses for the three-month and nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	September 30, 2022		September 30, 2021	
	Three-month	Nine-month	Three-month	Nine-month
Other non-operating income:				
Gain on disposal of investments in subsidiaries and associates	₩ (3)	₩ 391,805	₩ -	₩ 1,066,744
Gain on disposal of property, plant and equipment	-	1	1	24
Gain on disposal of intangible assets	-	118	-	967
Others	222	6,435	25,978	28,518
	<u>₩ 219</u>	<u>₩ 398,359</u>	<u>₩ 25,979</u>	<u>₩ 1,096,253</u>
Other non-operating expenses:				
Impairment loss on investments in subsidiaries and associates	₩ -	₩ -	₩ 456	₩ 456
Loss on disposal of property, plant and equipment	-	1	-	3
Loss on disposal of intangible assets	-	35	-	12
Impairment loss on intangible assets	135	135	-	-
Donations	6,832	8,457	435	7,932
Others	401	3,610	2,390	5,337
	<u>₩ 7,368</u>	<u>₩ 12,238</u>	<u>₩ 3,281</u>	<u>₩ 13,740</u>

24. Income taxes

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

Effective tax rates for the nine-month periods ended September 30, 2022 and 2021 were 0.25% and 20.23%, respectively.

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25. Earnings per share

(1) Basic earnings per share for the three-month and nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions, except per share and weighted-average number of ordinary shares outstanding):

	September 30, 2022		September 30, 2021	
	Three-month	Nine-month	Three-month	Nine-month
Profit for the period	₩ 83,779	₩ 653,537	₩ 67,828	₩ 1,247,053
Less: Preferred share dividends	(924)	(3,619)	(853)	(3,407)
Profit for the period attributable to ordinary share owners of the Company	₩ 82,855	₩ 649,918	₩ 66,975	₩ 1,243,646
Weighted-average number of issued shares outstanding (*1)	56,107,467	56,111,393	52,307,337	52,307,184
Basic earnings per share (Korean Won)	₩ 1,477	₩ 11,583	₩ 1,280	₩ 23,776

(*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 and nine-month periods ended September 30, 2022 and 2021 are as follows:

	September 30, 2022		September 30, 2021	
	Three-month	Nine-month	Three-month	Nine-month
Weighted-average number of shares outstanding	74,149,329	74,149,329	70,360,297	70,360,297
Weighted-average number of treasury shares	(18,041,862)	(18,037,936)	(18,052,960)	(18,053,113)
Weighted-average number of issued shares outstanding	₩ 56,107,467	₩ 56,111,393	₩ 52,307,337	₩ 52,307,184

(2) Diluted earnings per share for the three-month and nine-month periods ended September 30, 2022 and 2021 as follows (Korean won in millions, except per share and weighted-average number of diluted shares outstanding):

	September 30, 2022		September 30, 2021	
	Three-month	Nine-month	Three-month	Nine-month
Profit for the period attributable to ordinary shares	₩ 82,855	₩ 649,918	₩ 66,975	₩ 1,243,646
Weighted-average number of diluted common shares outstanding	56,212,505	56,228,555	52,407,962	52,415,377
Diluted earnings per common share (Korean Won)	₩ 1,474	₩ 11,559	₩ 1,278	₩ 23,727

The weighted-average diluted number of ordinary shares outstanding for calculating diluted for the three-month and nine-month periods ended September 30, 2022 and 2021 are as follows:

	September 30, 2022		September 30, 2021	
	Three-month	Nine-month	Three-month	Nine-month
Weighted-average number of shares outstanding	56,107,467	56,111,393	52,307,337	52,307,184
Effect of exercise of stock option	105,038	117,162	100,625	108,193
Weighted-average number of issued shares outstanding	₩ 56,212,505	₩ 56,228,555	₩ 52,407,962	₩ 52,415,377

SK Inc.
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26. Transactions with related parties

Details of significant transactions with related parties for the nine-month periods ended September 30, 2022 and 2021, and significant balances with related parties as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

(1) The subsidiaries of the Company as of September 30, 2022, are as follows:

Ultimate controlling party	<u>Subsidiary</u>
Subsidiary (total 575)	Tae-won, Chey and related parties 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., ONEPOL Co., Ltd., 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., 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 E&P Company, Ltd., SK On Co., Ltd., SK On Hungary Kft., SK On(Jiangsu) Co., Ltd., SK Battery America, Inc., BlueovalSK LLC, SK Battery Manufacturing Kft., SK On (Shanghai) CO., Ltd.(formerly, SK Future Energy (Shanghai) CO., Ltd.), 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 Innovation America, Inc., Grove Energy Capital IV, LLC, 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, Onestore Global Pte. Ltd., 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, SK Planet, Inc., SCODYS Pte. Ltd., 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 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., Solution Co., Ltd., Tmap Mobility Co., Ltd., YLP Co., Ltd., Good Service Co., Ltd., Seoul Airbus Co., Ltd., LOGISOFT.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 Magic Retails Malaysia Sdn. Bhd. (formerly, SK Networks

26. Transactions with related parties (cont'd)

Subsidiary (total 575)	Subsidiary
	<p>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., SK ucure Co., Ltd. (formerly, Mitsui Chemicals & SKC Polyurethanes Inc.), Beijing SK pucore Inc. (formerly, Beijing Mitsui Chemicals & SKC Polyurethanes Co., Ltd.), SK pucore Europe sp. zo.o. (formerly, MCNS Polyurethanes Europe Sp. zo.o.), SK pucore USA Inc. (formerly, MCNS Polyurethanes USA Inc.), SK pucore Mexico, S. de R.L. de C.V. (formerly, MCNS Polyurethanes Mexico, S. de R.L. de C.V.), SK pucore India Pvt. Ltd. (formerly, MCNS Polyurethanes India Private Limited), SK pucore RUS LLC (formerly, 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., 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., LAI LNG, LLC (formerly, SK E&S LNG, LLC), LAI CCS, LLC, 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 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, KCE TX 10, LLC, LLC, KCE TX 11, LLC, KCE TX 12, LLC, KCE TX 13, LLC, KCE TX 14, LLC, KCE TX 15, LLC, KCE TX 16, 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 CT 5, LLC, KCE CT 6, LLC, KCE CT 7, LLC, KCE CT 8, LLC, KCE CT 9, LLC, KCE CT 10, LLC, KCE MD 1, LLC, KCE MI 1, LLC, KCE MI 2, LLC, KCE MI 3, LLC, KCE MI4, LLC, KCE ME 1, LLC, KCE ME 2, LLC, KCE IL 1, LLC, KCE IL 2, LLC, KCE IL 3, LLC, KCE IN 1, LLC, KCE IN 2, LLC, KCE IN 3, LLC, KCE IN 4, LLC, KCE IN 5, LLC, KCE OK 1, LLC, KCE OK 2, LLC, KCE OK 3, LLC, KCE OK 4, LLC, KCE IA 1, LLC, KCE WI 1, LLC, KCE Brushy Creek Holdings, LLC, KCE Texas Holdings 2020, LLC, Roughneck Storage LLC D/B/A KCE TX 23, LLC, KCE Market Operations, LLC, KCE PF Holdings 2022, LLC, Grid Solution II, LLC, Pnes Inves</p>

26. Transactions with related parties (cont'd)

Subsidiary (total 575)	Subsidiary
	<p>tments, 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., Dangjin Haengbok Solar Co., Ltd., Busa Solar Power Co., Ltd., NEW RENEWABLE ENERGY NO.1 JSC, 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, Sunlake CO., Ltd., SKEC Consultores Ecquador, S.A., 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., 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., JA GREEN CO.,LTD, AP Development Co., Ltd., DY Indus Co., Ltd., DY Polymer Co., Ltd., Eco Frontier (Singapore) Pte. Ltd, Tes-Envirocorp Pte. Ltd., Tes-Amm (H.K.) Limited, Tes-Amm (Singapore) Pte. Ltd., Tes-Amm Europe Holdings Ltd, Tes Total Environmental Solution Ab, Tes-Amm Italia Srl , Tes-Amm UK Ltd, Tes-Amm Espana Asset Recovery Andrecycling, S.L., Tes-Amm SAS, Tes Recupyl, Tes-Amm Central Europe GmbH, Vsl Support Limited, Technology Supplies International Ltd., Goldberg Enterprises Ltd, Tes Consumer Solutions Ltd, Integrations Et Services, Tes-Amm (Europe) Ltd, Redeem UK Limited, Redeem Holdings Limited, Custom Controllers UK Limited, Envirofone Limited, Cash For Tech Ltd, Stock Must Go Limited, Tes China Holdings Pte. Ltd., Tes-Amm Corporation (China) Ltd, Tes-Amm (Beijing) Co., Ltd, Tes-Amm (Suzhou) E-Waste Solutions Co. Ltd , Tes-Amm (Guangzhou) Co., Ltd, Shanghai Tes-Amm Waste Products Recycle Co., Ltd, Shanghai Taixiang Network Technology Co.,Ltd, Tes-Amm Australia Pty Ltd, Tes-Amm New Zealand Limited, Sustainable Product Stewards Pty Ltd, Tes-Amm Japan K.K., Advanced Datacom (Australia) Pty Ltd, Green Technology Management Pty Ltd, Tes-Amm (Malaysia) Sdn. Bhd., Tes-Amm Korea Inc., Tes-Amm (Taiwan) Co., Ltd, Total Environmental Solutions Co., Ltd., Tes-Amm (Cambodia) Co., Ltd, Pt. Tes-Amm Indonesia, Tes-Amm Middle East Fze, Pc Off Corporation, Tes USA, Inc., Genplus Pte. Ltd, Tes Sustainability Products Pte. Ltd, Tes Energy Solutions Pte. Ltd., Tes Ess Pte. Ltd., Tes B Pte. Ltd., Tes Sustainable Battery Solutions B.V., Tes Sustainable Battery Solutions GmbH, SamKang M&T Co., Ltd., Goseong Holdings Ltd., SAM KANG S&C Co., Ltd., SK Specialty Co., Ltd. (formerly, SK Materials Co., Ltd.), SK Specialty Japan Co., Ltd. (formerly, SK Materials Japan Co., Ltd.), SK Specialty Taiwan Co., Ltd. (formerly, SK Materials Taiwan Co., Ltd.), SK Specialty Jiangsu Co., Ltd. (formerly, SK Materials Jiangsu Co., Ltd.), SK Specialty (Xian) Co., Ltd. (formerly, SK Materials (Xian) Co., Ltd.), SK Specialty(Shanghai) Co., Ltd. (formerly, SK Materials (Shanghai) Co., Ltd.), Happy Companion Co., Ltd., SK Tri Chem Co., Ltd., SK Showa Denko Co., Ltd., SK Materials airplus Inc., SK Meters 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., SK Siltron CSS Korea 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 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., 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</p>

SK Inc.
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26. Transactions with related parties (cont'd)

	Subsidiary
Subsidiary (total 575)	<p>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, Linh Nam Ventures JSC, Lien Khuong Internatonal JSC, Dong Kinh Capital JSC, Lac Son Investment JSC, KBA Investment Joint Stock Company, Cong Thang Alpha JSC, Eastern Vision Investment JSC, Truong Luu Chi Invest JSC, An Nam Phu Investment JSC, Zion Son Kim JSC, Sunrise Kim Investment Joint Stock Company, SK Investment Vina V Pte. Ltd., SK Investment Vina VI Pte. Ltd., SK Investment Vina IV Pte. Ltd., SK Malaysia Investment I Pte. Ltd., Lotus Fund, L.P., 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, TERRA INVESTMENT PARTNERS II LLC, Castanea Bioscience Inc., SK Forest Co., Ltd., Hweechan Co., Ltd., SK Pinx Co., Ltd., SK REITs Co., Ltd., Clean Energy REITs Co., Ltd., Total Value 1 REIT Co., Ltd., SK REITs Management Co., Ltd., SK Japan Investment Inc., SK Signet(formerly, Signet EV 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., Energy Solution Group, Inc., Atom Power, Inc., YesPowerTechnix</p>

SK Inc.
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26. Transactions with related parties (cont'd)

(2) Details of significant financial transactions with the related parties for the three-month and nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

Company name		September 30, 2022			
		Sales and others (*1)		Purchase and others (*2)	
		Three-month	Nine-month	Three-month	Nine-month
Subsidiary	SK Innovation Co., Ltd.	₩ 27,085	₩ 65,383	₩ 2,760	₩ 7,281
	SK Energy Co., Ltd.	21,767	66,456	-	-
	SK Geo Centric Co., Ltd.	8,105	27,175	-	-
	SK Incheon Petrochem Co., Ltd.	4,590	14,214	-	-
	SK Lubricants Co., Ltd.	3,079	8,932	-	-
	SK Telecom Co., Ltd.	154,905	479,076	3,540	9,233
	SK Broadband Co., Ltd.	23,901	74,745	2,122	6,193
	SK Sheildus Co., Ltd.	3,912	13,929	4,596	13,195
	SK Planet Co., Ltd.	3,794	11,186	351	351
	SK Networks Co., Ltd.	9,065	36,765	2,220	42,113
	SK Magic Co., Ltd.	8,924	20,253	55	147
	SKC Co., Ltd.	3,068	23,594	-	-
	SK E&S Co., Ltd.	5,405	279,606	-	-
	SK ecoplant Co., Ltd.	8,060	32,200	-	39
	SK Specialty Co., Ltd.	1,877	6,863	95	244
	SK Tri Chem Co., Ltd.	211	72,056	-	-
	SK Siltron Co., Ltd.	7,641	20,749	-	-
	SK S.E.ASIA Pte. Ltd.	-	75,270	-	-
	SK C&C Beijing Co., Ltd.	656	4,210	2,503	6,691
	SK Pinx Co., Ltd.	67	1,877	98	4,038
	SK REITs Co., Ltd.	5,487	16,482	10,973	30,600
	Others	78,652	211,160	1,966	9,407
Other related parties	SK hynix Inc.	124,515	344,485	3,732	10,986
	THIRA-UTECH Co., Ltd.	-	-	1,597	5,693
	SMCore Inc.	30	384	11,993	11,993
	Others	5,993	17,756	2,449	5,651
Others (*3)	SK Gas Co., Ltd.	3,576	12,038	-	-
	SK Chemicals Co., Ltd.	1,254	4,766	-	-
	Others	6,776	10,898	117	351
		<u>₩ 522,395</u>	<u>₩ 1,952,508</u>	<u>₩ 51,167</u>	<u>₩ 164,206</u>

SK Inc.
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26. Transactions with related parties (cont'd)

		September 30, 2021			
		Sales and others (*1)		Purchase and others (*2)	
		Three-month	Nine-month	Three-month	Nine-month
Subsidiary	Company name	₩	₩	₩	₩
	SK Innovation Co., Ltd.	29,694	85,887	2,729	6,933
	SK Energy Co., Ltd.	20,815	66,035	-	-
	SK Geo Centric Co., Ltd.	7,706	24,855	-	-
	SK Incheon Petrochem Co., Ltd.	3,807	11,470	-	-
	SK Lubricants Co., Ltd.	2,966	9,051	-	-
	SK Telecom Co., Ltd.	140,260	491,763	3,126	9,497
	SK Broadband Co., Ltd.	23,081	65,542	1,937	5,875
	SK Sheildus Co., Ltd.	3,908	13,598	2,998	10,241
	SK Planet Co., Ltd.	3,459	10,623	1	115
	SK Networks Co., Ltd.	8,864	42,951	611	3,333
	SKC Co., Ltd.	2,831	28,101	-	-
	SK E&S Co., Ltd.	7,277	151,906	-	-
	SK ecoplant Co., Ltd.	9,253	36,479	-	-
	SK Matrials Co., Ltd. (*4)	4,267	29,263	-	-
	SK Tri Chem Co., Ltd.	176	934	-	-
	SK Siltron Co., Ltd.	6,595	21,338	-	-
	SK S.E.ASIA Pte. Ltd.	-	51,580	-	-
	SK C&C Beijing Co., Ltd.	739	6,315	2,857	6,258
	SK Pinx Co., Ltd.	419	470	21	3,209
	SK REITs Co., Ltd.	-	-	9,286	9,286
	Hana Land Chip PEF 33 (*5)	55,094	58,966	527	9,121
	Others	45,404	128,833	2,984	6,610
Other related parties	SK hynix Inc.	114,643	334,537	3,654	10,946
	THIRA-UTECH Co., Ltd.	-	-	2,816	8,032
	SMCore Inc.	29	496	927	1,358
	Others	2,277	6,882	1,748	8,235
Others (*3)	SK Gas Co., Ltd.	4,420	13,130	-	-
	SK Chemicals Co., Ltd.	2,038	4,434	-	-
	Others	3,305	9,283	114	432
		<u>₩ 503,327</u>	<u>₩ 1,704,722</u>	<u>₩ 36,336</u>	<u>₩ 99,481</u>

(*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) 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) During the previous period ended, SK Materials Co., Ltd. physically split all of its business divisions, including special gas, into SK Specialty Co., Ltd., and the surviving corporation, SK Materials Co., Ltd., was absorbed and merged with the Company.

(*5) During the previous period, the Company acquired an additional 34.80% stake in Hana Land Chip PEF 33, gained control, and liquidated it.

SK Inc.
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26. Transactions with related parties (cont'd)

(3) Details of outstanding balances of receivables and payables with the related parties as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

		September 30, 2022					
		Receivables			Payables		
		Trade	Other	Total	Trade	Other	Total
Subsidiary	Company name	receivables	receivables		payables	payables	
	SK Innovation Co., Ltd.	₩ 11,633	₩ 293,489	₩ 305,122	₩ -	₩ 27,892	₩ 27,892
	SK Energy Co., Ltd.	8,557	-	8,557	-	46	46
	SK Geo Centric Co., Ltd.	4,660	-	4,660	-	38	38
	SK Incheon Petrochem Co., Ltd.	1,194	-	1,194	-	2	2
	SK Lubricants Co., Ltd.	1,027	-	1,027	-	1	1
	Plutus Capital NY, Inc.	-	557,420	557,420	-	-	-
	SK Ecoplant Co., Ltd.	4,918	-	4,918	-	-	-
	SKC Co., Ltd.	1,416	-	1,416	-	-	-
	SK E&S Co., Ltd.	2,242	-	2,242	-	3	3
	SK Pinx Co., Ltd.	759	-	759	-	33	33
	SK REITs Co., Ltd.	-	25,960	25,960	-	331,466	331,466
	SK Shieldus Co., Ltd.	20,102	-	20,102	1,484	2,280	3,764
	SK C&C Beijing Co., Ltd.	734	-	734	404	176	580
	SK Networks Co., Ltd.	5,934	-	5,934	-	1,874	1,874
	SK Magic Co., Ltd.	34,478	-	34,478	-	4,501	4,501
	SK Telecom Co., Ltd.	61,981	386	62,367	14	4,724	4,738
	SK Broadband Co., Ltd.	30,286	-	30,286	1	1,696	1,697
	SK Planet Co., Ltd.	2,289	-	2,289	-	13	13
	SK Specialty Co., Ltd.	1,008	1	1,009	-	2,346	2,346
	SK Tri Chem Co., Ltd.	231	-	231	-	69	69
	SK Siltron Co., Ltd.	6,326	-	6,326	-	57	57
	SK Mobile Energy Co., Ltd.	11	-	11	7	13	20
	Others	61,112	296	61,408	97	14,420	14,517
Other related parties	SK hynix Inc.	140,859	8,783	149,642	-	47,881	47,881
	THIRA-UTECH Co., Ltd.	-	-	-	350	-	350
	SM Core Co., Ltd.	118	-	118	8,314	-	8,314
	Others	7,240	-	7,240	32	1,761	1,793
Others (*1)	SK Gas Co., Ltd.	949	-	949	-	-	-
	SK Chemicals Co., Ltd.	1,535	-	1,535	-	23	23
	Others	1,689	-	1,689	-	528	528
		<u>₩ 413,288</u>	<u>₩ 886,335</u>	<u>₩ 1,299,623</u>	<u>₩ 10,703</u>	<u>₩ 441,843</u>	<u>₩ 452,546</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.

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26. Transactions with related parties (cont'd)

		December 31, 2021					
		Receivables			Payables		
	Company name	Trade receivables	Other receivables	Total	Trade payables	Other payables	Total
Subsidiary	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
	SK Mobile Energy Co., Ltd	24	-	24	-	295	295
	Others	73,657	293	73,950	643	16,456	17,099
Other related parties	SK hynix Inc.	171,810	7,991	179,801	-	58,028	58,028
	THiRA-UTECH Co., Ltd.	-	-	-	576	40	616
	SM Core Co., Ltd.	161	-	161	8,314	-	8,314
	Others	3,161	-	3,161	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 and nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	September 30, 2022		September 30, 2021	
	Three-month	Nine-month	Three-month	Nine-month
Salaries	₩ 2,348	₩ 12,778	₩ 4,066	₩ 12,311
Provision for pension benefits	741	9,182	622	7,774
Share compensation expense	(10,192)	(7,303)	146	633
	<u>₩ (7,103)</u>	<u>₩ 14,657</u>	<u>₩ 4,834</u>	<u>₩ 20,718</u>

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

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26. Transactions with related parties (cont'd)

(5) Details of significant transactions with related parties in relation to the investments for the nine-month period ended September 30, 2022 are as follows (Korean Won in millions, and USD, JPY in thousands):

	Currency	Amount	Transactions
SK Pharmteco Inc.	USD	150,000	Share capital increase
I Cube Capital, Inc.	USD	9,099	Share capital increase
Tellus Investment Partners, Inc.	USD	34,282	Share capital increase
Energy Solution Holdings Inc.	USD	15,000	Share capital increase
Digital Center Capital Inc.	USD	2,023	Share capital increase
Auxo Capital Inc.	USD	10,350	Share capital increase
Plutus Capital NY II Inc.	USD	50,980	Share capital increase
SK Japan Investment, Inc.	JPY	10,000,000	Share capital increase
PUMP Co., Ltd.	KRW	2,000	Share capital increase
YesPowerTechnix	KRW	35,000	Share capital increase
SK REITs Co., Ltd.	KRW	36,140	Share capital increase

During the nine-month period ended September 30, 2022, the Company sold all shares of Happiness Companion Co., Ltd. and SK Materials (Shanghai) Co., Ltd. to SK Specialty Co., Ltd., a subsidiary. (See Note 8.)

(6) Details of significant financial transactions with related-parties for the nine-month periods ended September 30, 2022 and 2021 are as follows (Korean Won in millions and USD in thousands):

	Currency	For the nine-month periods ended			
		September 30, 2022		September 30, 2021	
		Loan	Withdraw	Loan	Withdraw
Plutus Capital NY, Inc.	USD	-	-	388,500	-
Hana Land Chip PEF 33	KRW	-	-	-	281,773

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

27. Assets held for sale

Details of assets held for sale as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

		September 30, 2022	December 31, 2021
Investment securities	ESR Cayman Limited (*1)	₩ 354,719	₩ 392,645

(*1) The Company sold some of the shares in ESR-Kayman Limited, and is considering selling the remaining shares. As of September 30, 2022, the carrying amounts include the valuation loss of ₩37,926 million on investment securities.

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28. Cash flow information

(1) Details of non-cash adjustments for the nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	For the nine-month periods ended	
	September 30, 2022	September 30, 2021
Provision for pension benefits	₩ 38,105	₩ 35,996
Depreciation	70,286	60,673
Amortization	27,404	22,468
Bad debt expenses (return)	(2,450)	(97)
Provisions transferred in	2,507	1,252
Interest expenses	188,540	125,124
Loss on foreign currency translation	100,623	1,450
Loss on valuation of financial assets measured at FVTPL	313,455	54,037
Loss on valuation of derivative instruments	102,820	28,712
Impairment loss on investments in subsidiaries and associates	-	457
Loss on disposal of property, plant and equipment	1	3
Loss on disposal of intangible assets	35	12
Share-based payment expenses	(7,303)	633
Income tax expense	1,669	316,269
Dividends income	(706,946)	(555,510)
Interest income	(18,942)	(13,655)
Gain on foreign currency translation	(98,201)	(32,108)
Gain on valuation of financial assets measured at FVTPL	(11,173)	(49)
Gain on valuation of derivative instruments	(97,577)	(102)
Gain on disposal of investments in subsidiaries, associates and joint ventures	(391,805)	(1,066,744)
Gain on disposal of property, plant and equipment	(1)	(24)
Gain on disposal of intangible assets	(118)	(967)
Others	1,227	(22,071)
	<u>₩ (487,844)</u>	<u>₩ (1,044,241)</u>

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28. Cash flow information (cont'd)

(2) Details of working capital adjustments for the nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	For the nine-month periods ended	
	September 30, 2022	September 30, 2021
Trade receivables	₩ (4,823)	₩ 46,012
Other receivables	5,391	3,114
Inventories	(6)	(125)
Accrued income	176	-
Advanced payments	3,137	(1,408)
Lease receivables	27,306	26,235
Prepaid expenses	(33,459)	(21,685)
Trade payables	9,433	16,299
Advances received	29,808	4,456
Withholdings	(16,016)	(16,351)
Other payables	(44,007)	(16,790)
Accrued expenses	(16,214)	(18,854)
Leasehold deposits received	22	25,280
Provision	(2,571)	(4,905)
Defined benefit obligation	(12,182)	(6,915)
Plan assets	15,174	8,783
Others	(721)	973
	<u>₩ (39,552)</u>	<u>₩ 44,119</u>

(3) Details of significant non-cash transactions for the nine-month periods ended September 30, 2022 and 2021 are as follows (Korean won in millions):

	For the nine-month periods ended	
	September 30, 2022	September 30, 2021
Transfer of long-term bonds payable to current-portion	₩ 1,114,370	₩ 829,534
Transfer of loans to non-current portion	460,830	-
Transfer of investments in associates to investments securities	460,321	-
Transfer of investments in associates and joint ventures to subsidiaries	26,977	40,000
Transfer to investments in associates by exercising of convertible bonds	46,496	22,500
Increase(decrease) in other payables regarding the acquisition of property, plant and equipment	(2,183)	740

29. Commitments and contingencies

(1) Guarantees provided by others for the Company's obligations and indebtedness as of September 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	<u>Currency</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Seoul Guarantee Insurance	KRW	9,872	15,515
Korea Software Financial Cooperative	KRW	518,081	443,717

(2) Pending litigation

There are no major pending litigations as of September 30, 2022.

(3) Significant commitments

- 1) In accordance with the Commercial Code of the Republic of Korea, the Company, 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 Earthon Co., Ltd. are collectively responsible for any obligations of the Company arising before the spin-off. The Company and SK Biopharmaceuticals Co., Ltd. are collectively responsible for any obligations of the Company that occurred before the spin-off on April 1, 2011 and the Company and SK Specialty Co., Ltd. are collectively responsible for any obligations of SK Materials Co., Ltd. (formerly) that occurred before the spin-off on 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 regard 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 and others	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 and others	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.

As of August 16, 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 August 30, 2022(effective date of contract). The main details of the changes to the agreement are as follows:

Description	Total return swap contracts
Investor	Warmachine Sixth Co., Ltd. and others
Number of shares	13,140,440
Contract date	August 16, 2022
Expiry date	August 30, 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 0.5% of the initial contract amount within 5 operating day from the effective date of contract and shall pay to the investors the amount equivalent to 4.948% of the total shares held by investors on a three-month basis. 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 effective date of contract (“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.

29. Commitments and contingencies (cont'd)

- 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) LAI 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 September 30, 2022, SK E&S Co., Ltd., one of the subsidiaries, is responsible for performance guarantee in case of LAI 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.
- 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 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., 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 September 30, 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 September 30, 2022 and December 31, 2021 are as follows (Korean won in millions, and USD, EUR and Others in thousands):

	Currency	September 30, 2022		December 31, 2021	
		Foreign currencies	Korea won equivalent	Foreign currencies	Korea won equivalent
Assets	USD	396,784	₩ 569,306	407,447	₩ 483,030
	EUR	1,002	1,440	2,802	3,762
	Others		3,883		9,796
			₩ 574,629		₩ 496,588
Liabilities	USD	450,336	₩ 646,142	206,106	₩ 244,339
	EUR	29	41	-	-
	Others		404		944
			₩ 646,587		₩ 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):

	September 30, 2022		December 31, 2021	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Increase (decrease) in income before tax expense	₩ (7,196)	₩ 7,196	₩ 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 September 30, 2022 and December 31, 2021 is as follows and for cash and cash equivalents, credit risk exposure is low (Korean won in millions):

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Short-term and long-term financial instruments	₩ 225,931	₩ 218,841
Trade receivables	231,519	380,842
Other receivables	1,145	2,090
Accrued income	5,148	1,417
Short-term and long-term investment securities	462,892	452,773
Short-term and long-term guarantee deposits	52,744	46,257
Short-term and long-term lease receivables	293,488	325,832
Short-term and long-term loans	557,785	460,836
Financial derivatives asset	281,389	193,727
	<u>₩ 2,112,041</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 applies 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, since the management of the Company is dealing with financial institutions with excellent credit rating, it is determined that credit risk from financial institutions have a limited impact on the Company.

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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 September 30, 2022 is as follows. Amounts include interests paid and presented at gross amounts (Korean won in millions):

	Book value	Contractual cash flow	Less than 3 months	3-12 months	1-5 years	More than 5 years
Short-term borrowings	₩ 3,988,660	₩ 4,015,113	₩ 3,279,502	₩ 735,611	₩ -	₩ -
Bonds payable	6,950,252	7,518,999	382,122	1,229,376	4,511,320	1,396,181
Financial derivatives liabilities	517,599	517,599	205,485	95,724	216,390	-
Trade accounts payables	119,874	119,874	119,874	-	-	-
Lease liabilities	427,646	473,664	20,993	57,376	229,859	165,436
Other liabilities	215,810	215,810	132,408	59,941	430	23,031
	<u>₩ 12,219,841</u>	<u>₩ 12,861,059</u>	<u>₩ 4,140,384</u>	<u>₩ 2,178,028</u>	<u>₩ 4,957,999</u>	<u>₩ 1,584,648</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 79.33% as of September 30, 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 September 30, 2022 and December 31, 2021 is as follows (Korean won in millions):

	September 30, 2022	December 31, 2021
Total liabilities	₩ 12,667,739	₩ 11,426,869
Total equity	15,968,248	15,790,106
Debt ratio	79.33%	72.37%

31. Events after the reporting period

31.1 Pangyo Data Center fire incident

On October 15, 2022, there was fire in the emergency power facility room of for data center in Pangyo, Seongnam-si, Gyeonggi-do, which caused a service failure for major customers. The cause of the fire has not been clearly identified, and police and fire authorities are investigating the cause of fire. The Company is reviewing the financial impact therefrom on the financial statements.

31.2 Contract for the changes in total profit swap

At the Board of Directors' meeting held on October 25, 2022, the Company signed an agreement to changes in total profit swap including extension of expiry date, etc. with the common stock investor of SK E&S CO., Ltd., a subsidiary.