



SK Inc.

Condensed Separate Interim Financial Statements
March 31, 2023
(with Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

To the Shareholders and Board of Directors of
SK Inc.

Reviewed Financial Statements

We have reviewed the accompanying condensed separate interim financial statements of SK Inc. (the "Company"), expressed in Korean won which comprise the condensed separate interim statement of financial position as of March 31, 2023, and the related condensed separate interim statement of comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2023, and notes comprising a summary of material accounting policy information and other explanatory information.

Responsibilities of Management for the Interim Financial Statements

Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with Korean International Financial Reporting Standard ("K-IFRS") No. 1034 "Interim Financial Reporting". The Company's management is also responsible for the internal controls determined necessary to prepare condensed separate interim financial statements free of material misstatements due to error or fraud.

Auditors' Responsibilities

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

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 statements 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 ("KSAs") 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 condensed separate interim financial statements do not present fairly, in all material respects, in accordance with the K-IFRS No. 1034, "Interim Financial Reporting".

Other matters

The condensed separate interim statements of comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2022, presented for comparative purposes, were reviewed by another auditor whose report dated May 16, 2022, stated that nothing has come to their attention that causes them to believe that the condensed separate interim financial statements do not present fairly, in all material respects, in accordance with the K-IFRS No. 1034, "Interim Financial Reporting".

Moreover, the separate statement of financial position as of December 31, 2022, the related statement of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by another auditor in accordance with KSAs, who expressed an unmodified opinion of those statements on March 14, 2023. The accompanying separate statement of financial position as of December 31, 2022, presented for comparative purposes, is consistent, in all material respects, with the audited separate financial statements from which it has been derived.



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

The accompanying condensed separate interim financial statements as of March 31, 2023, for the three-month periods ended March 31, 2023 and 2022, and the separate statement of financial position as of December 31, 2022 have been translated into United States dollars solely for the convenience of the reader. We have reviewed the translation and nothing came to our attention that cause us to believe that the condensed separate interim financial statements expressed in Korean won have not been translated into dollars on the basis set forth in note 2.1 to the condensed separate interim financial statements.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.
Seoul, Korea
May 15, 2023

This review report is effective as of May 15, 2023, 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 condensed separate interim financial statements and may result in modification to this review report.

SK Inc.
Condensed separate interim statements of financial position
as of March 31, 2023 and December 31, 2022

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

	Notes	Korean won		Translation into U.S. dollar (Note 2)	
		March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Assets					
Current assets:					
Cash and cash equivalents	4	₩ 250,416	₩ 115,840	\$ 192,066	\$ 88,848
Short-term financial instruments	4,30	88,278	137,146	67,708	105,189
Trade receivables, net	4,5,26,30	596,520	702,463	457,524	538,781
Other receivables, net	4,26,30	111,717	1,391	85,686	1,067
Inventories, net	6	172	172	132	132
Short-term investment securities	4,7,30	8,379	12,846	6,427	9,853
Other current assets	4,17,18,30	204,329	186,618	156,718	143,134
Assets held for sales	27	268,448	260,970	205,897	200,161
Total current assets		<u>1,528,259</u>	<u>1,417,446</u>	<u>1,172,158</u>	<u>1,087,165</u>
Non-current assets:					
Long-term investment securities	4,7,30	998,430	1,047,646	765,785	803,533
Investments in subsidiaries	8	21,673,554	21,396,544	16,623,373	16,410,910
Investments in associates	9	584,568	586,561	448,357	449,886
Property, plant and equipment, net	10	583,367	564,464	447,436	432,938
Right-of-use asset, net	11	134,939	141,625	103,497	108,625
Investment properties, net	12	59,657	60,385	45,756	46,315
Intangible assets, net	13	2,171,336	2,170,102	1,665,390	1,664,444
Defined benefit assets	16	27,145	64,200	20,820	49,241
Other non-current assets	4,17,18,30	1,009,410	1,002,275	774,206	768,734
Total non-current assets		<u>27,242,406</u>	<u>27,033,802</u>	<u>20,894,620</u>	<u>20,734,626</u>
Total assets		<u>₩ 28,770,665</u>	<u>₩ 28,451,248</u>	<u>\$ 22,066,778</u>	<u>\$ 21,821,791</u>
Liabilities and equity					
Liabilities					
Current liabilities:					
Short-term borrowings	4,14,30	₩ 3,136,140	₩ 3,774,050	\$ 2,405,384	\$ 2,894,654
Trade payables	4,26,30	88,732	127,074	68,056	97,464
Other payables	4,26,30	70,003	119,295	53,692	91,498
Accrued expenses	4,30	74,069	130,863	56,810	100,370
Provisions	15	2,860	3,894	2,194	2,987
Current portion of long-term debt	4,14,30	1,274,457	1,214,551	977,494	931,547
Other current liabilities	4,11,17,18,26,30	567,743	269,996	435,453	207,084
Total current liabilities		<u>5,214,004</u>	<u>5,639,723</u>	<u>3,999,083</u>	<u>4,325,604</u>
Non-current liabilities:					
Bonds and long-term borrowings	4,14,30	5,845,331	5,885,469	4,483,303	4,514,089
Deferred tax liabilities	24	263,532	266,466	202,126	204,376
Provisions	15	30,089	30,026	23,078	23,030
Other non-current liabilities	4,11,17,18,26,30	728,950	741,765	559,096	568,925
Total non-current liabilities		<u>6,867,902</u>	<u>6,923,726</u>	<u>5,267,603</u>	<u>5,310,420</u>
Total liabilities		<u>12,081,906</u>	<u>12,563,449</u>	<u>9,266,686</u>	<u>9,636,024</u>
Equity					
Share capital	1,19	16,143	16,143	12,382	12,382
Other paid-in capital	19	3,156,166	3,151,633	2,420,744	2,417,267
Retained earnings	19	13,281,406	12,514,748	10,186,690	9,598,674
Other components of equity	19	235,044	205,275	180,276	157,444
Total equity		<u>16,688,759</u>	<u>15,887,799</u>	<u>12,800,092</u>	<u>12,185,767</u>
Total liabilities and equity		<u>₩ 28,770,665</u>	<u>₩ 28,451,248</u>	<u>\$ 22,066,778</u>	<u>\$ 21,821,791</u>

See accompanying notes to the condensed separate interim financial statements.

SK Inc.

**Condensed separate interim statements of comprehensive income
for the three-month periods ended March 31, 2023 and 2022**

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

	Notes	For the three-month period ended March 31			
		Korean won		Translation into U.S. dollar (Note 2)	
		2023	2022	2023	2022
Operating revenue	20,26	₩ 1,641,072	₩ 1,050,165	\$ 1,258,684	\$ 805,465
Operating expenses	21,22,26	<u>520,723</u>	<u>469,513</u>	<u>399,389</u>	<u>360,111</u>
Operating profit		1,120,349	580,652	859,295	445,354
Finance income	23	46,116	37,212	35,370	28,541
Finance costs	23	180,230	217,084	138,234	166,501
Other non-operating income	23	5,580	397,429	4,280	304,824
Other non-operating expenses	23	<u>1,322</u>	<u>1,938</u>	<u>1,014</u>	<u>1,487</u>
Profit before income tax expense		990,493	796,271	759,697	610,731
Income tax expense	24	<u>17,376</u>	<u>47,371</u>	<u>13,327</u>	<u>36,333</u>
Profit for the period		<u>₩ 973,117</u>	<u>₩ 748,900</u>	<u>\$ 746,370</u>	<u>\$ 574,398</u>
Other comprehensive income (loss):					
Items that will not be reclassified subsequently to profit or loss (net of tax):					
Remeasurements of the net defined benefit plans	16	(11,345)	10,491	(8,701)	8,046
Gain (loss) on valuation of financial assets measured at FVOCI	4	<u>29,769</u>	<u>(6,631)</u>	<u>22,832</u>	<u>(5,086)</u>
		18,424	3,860	14,131	2,960
Total comprehensive income for the period		<u>₩ 991,541</u>	<u>₩ 752,760</u>	<u>\$ 760,501</u>	<u>\$ 577,358</u>
Earnings per share (Korean won and U.S. dollar):	25				
Basic earnings per share		₩ 17,625	₩ 13,333	\$ 13.52	\$ 10.23
Diluted earnings per share		17,599	13,302	13.50	10.20

See accompanying notes to the condensed separate interim financial statements.

SK Inc.

Condensed separate interim statements of changes in equity
for the three-month periods ended March 31, 2023 and 2022

(Korean won in millions)

	Share capital	Other paid-in capital	Retained earnings	Other components of equity	Total equity
As of January 1, 2022	₩ 16,143	₩ 3,354,711	₩ 12,406,200	₩ 13,052	₩ 15,790,106
Total comprehensive income for the period:					
Profit for the period	-	-	748,900	-	748,900
Remeasurements of the net defined benefit plans	-	-	10,491	-	10,491
Loss on valuation of financial assets measured at FVOCI	-	-	-	(6,631)	(6,631)
Transactions with owners:					
Dividends	-	-	(368,286)	-	(368,286)
Granting of stock options	-	193	-	-	193
Exercising of stock options and change of settlement	-	(21,145)	-	-	(21,145)
Acquisition and disposal of treasury stocks	-	8,118	-	-	8,118
As of March 31, 2022	₩ 16,143	₩ 3,341,877	₩ 12,797,305	₩ 6,421	₩ 16,161,746
As of January 1, 2023	₩ 16,143	₩ 3,151,633	₩ 12,514,748	₩ 205,275	₩ 15,887,799
Total comprehensive income for the period:					
Profit for the period	-	-	973,117	-	973,117
Remeasurements of the net defined benefit plans	-	-	(11,345)	-	(11,345)
Gain on valuation of financial assets measured at FVOCI	-	-	-	29,769	29,769
Transactions with owners:					
Dividends	-	-	(195,114)	-	(195,114)
Disposal of treasury stocks	-	4,533	-	-	4,533
As of March 31, 2023	₩ 16,143	₩ 3,156,166	₩ 13,281,406	₩ 235,044	₩ 16,688,759

SK Inc.

Condensed separate interim statements of changes in equity
for the three-month periods ended March 31, 2023 and 2022 (cont'd)

(U.S. dollar in thousands)

	Share capital	Other paid-in capital	Retained earnings	Other components of equity	Total equity
As of January 1, 2022	\$ 12,382	\$ 2,573,026	\$ 9,515,416	\$ 10,011	\$ 12,110,835
Total comprehensive income for the period:					
Profit for the period	-	-	574,398	-	574,398
Remeasurements of the net defined benefit plans	-	-	8,046	-	8,046
Loss on valuation of financial assets measured at FVOCI	-	-	-	(5,086)	(5,086)
Transactions with owners:					
Dividends	-	-	(282,471)	-	(282,471)
Granting of stock options	-	148	-	-	148
Exercising of stock options and change of settlement	-	(16,218)	-	-	(16,218)
Acquisition and disposal of treasury stocks	-	6,226	-	-	6,226
As of March 31, 2022	\$ 12,382	\$ 2,563,182	\$ 9,815,389	\$ 4,925	\$ 12,395,878
As of January 1, 2023	\$ 12,382	\$ 2,417,267	\$ 9,598,671	\$ 157,444	\$ 12,185,764
Total comprehensive income for the period:					
Profit for the period	-	-	746,370	-	746,370
Remeasurements of the net defined benefit plans	-	-	(8,701)	-	(8,701)
Gain on valuation of financial assets measured at FVOCI	-	-	-	22,832	22,832
Transactions with owners:					
Dividends	-	-	(149,650)	-	(149,650)
Disposal of treasury stocks	-	3,477	-	-	3,477
As of March 31, 2023	\$ 12,382	\$ 2,420,744	\$ 10,186,690	\$ 180,276	\$ 12,800,092

See accompanying notes to the condensed separate interim financial statements.

SK Inc.

**Condensed separate interim statements of cash flows
for the three-month periods ended March 31, 2023 and 2022**

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

	For the three-month period ended March 31				
	Korean won		Translation into U.S. dollar (Note 2)		
	Notes	2023	2022	2023	2022
Cash flows from operating activities:					
Profit for the period		₩ 973,117	₩ 748,900	\$ 746,370	\$ 574,398
Non-cash adjustments	28	(922,929)	(699,350)	(707,876)	(536,394)
Working capital adjustments	28	18,410	(82,616)	14,120	(63,366)
Interest received		3,480	3,655	2,669	2,803
Interest paid		(78,425)	(53,173)	(60,151)	(40,783)
Dividends received		1,016,307	341,717	779,496	262,093
Income taxes paid		(105)	(5,952)	(81)	(4,565)
Net cash provided by operating activities		1,009,855	253,181	774,547	194,186
Cash flows from investing activities:					
Decrease (increase) in short-term and long-term financial instruments, net		48,868	(3,333)	37,481	(2,556)
Decrease (increase) in short-term loans, net		(12,324)	22	(9,452)	17
Proceeds from disposal of long-term investment securities		48,805	-	37,433	-
Proceeds from disposal of investments in subsidiaries		-	3,540	-	2,715
Proceeds from disposal of investments in associates		6,314	-	4,843	-
Proceeds from disposal of property, plant and equipment		320	2	245	2
Proceeds from disposal of intangible assets		-	1,327	-	1,018
Acquisition of long-term investment securities		(3,187)	(3,324)	(2,444)	(2,549)
Acquisition of investments in subsidiaries		(277,010)	(358,536)	(212,464)	(274,993)
Acquisition of investments in associates		(3,007)	(2,000)	(2,306)	(1,534)
Acquisition of property, plant and equipment		(34,301)	(55,096)	(26,308)	(42,258)
Acquisition of intangible assets		(8,861)	(14,676)	(6,796)	(11,256)
Decrease (increase) in guarantee deposits, net		1,410	(3,072)	1,081	(2,356)
Net cash used in investing activities		(232,973)	(435,146)	(178,687)	(333,750)
Cash flows from financing activities:					
Increase (decrease) in short-term borrowings, net		(648,860)	98,080	(497,668)	75,226
Issuance of bonds		388,379	388,345	297,882	297,856
Repayment of current portion of long-term debt		(370,000)	(290,000)	(283,786)	(222,427)
Decrease in lease liabilities		(16,450)	(14,274)	(12,617)	(10,948)
Disposal of treasury stocks		4,803	2,925	3,684	2,243
Net cash provided by (used in) financing activities		(642,128)	185,076	(492,505)	141,950
Net increase in cash and cash equivalents		134,754	3,111	103,355	2,386
Net foreign exchange effects		(178)	(41)	(137)	(31)
Cash and cash equivalents at the beginning of the period		115,840	70,011	88,848	53,698
Cash and cash equivalents at the end of the period		₩ 250,416	₩ 73,081	\$ 192,066	\$ 56,053

See accompanying notes to the condensed separate interim financial statements.

1. Corporate information

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

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

As of March 31, 2023, the share 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%, 7.21% and 6.50% respectively, as of March 31, 2023.

2. Summary of basis of preparation and material accounting policy information

2.1 Basis of preparation

The Company prepares statutory condensed separate interim financial statements in the Korean language in accordance with Korean International Financial Reporting Standards (“K-IFRS”), No. 1034 *Interim Financial Reporting* enacted by the Act on External Audit of Stock Companies. The accompanying condensed separate interim 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 condensed separate interim 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, 2022.

The accompanying condensed separate interim 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 condensed separate interim financial statements and has been made at the rate of ₩1,303.80 to USD 1.00, the basic exchange rate in the Seoul Money Brokerage Service for cable transfers in Korean won on the last business day of the three-month period ended March 31, 2023. 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 K-IFRS No. 1027, the condensed separate interim 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. Summary of basis of preparation and material accounting policy information (cont'd)

2.2 Material accounting policy information

The material accounting policy information adopted in the preparation of the condensed separate interim financial statements are consistent with those followed in the preparation of the Company's annual separate financial statements for the year ended December 31, 2022, except for the adoption of new standards and interpretations effective as of January 1, 2023.

2.2.1 New and amended standards and interpretations

The Company has applied amendments to K-IFRS issued that are mandatorily effective for accounting periods beginning on or after January 1, 2023.

Amendments to K-IFRS No. 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 policy information and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments do not have any significant impact on the Company's financial position or management performance.

Amendments to K-IFRS No. 1001 *Presentation of Financial Statements*

The amendments required disclosure of the carrying amount of a financial liability and gains and losses in relation thereto if all or part of the instrument is classified as a financial liability under which the exercise price is adjusted according to changes in the issuer's stock price. The amendments do not have any significant impact on the Company's financial position or management performance.

Amendments to K-IFRS No. 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 do not have any significant impact on the Company's financial position or management performance.

Amendments to K-IFRS No. 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 Paragraphs 15 and 24 of K-IFRS No. 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 do not have any significant impact on the Company's financial position or management performance.

2. Summary of basis of preparation and material accounting policy information (cont'd)

2.2.2 New and revised K-IFRSs issued, but not yet effective

Amendments to K-IFRS No. 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 annual reporting period beginning on or after January 1, 2024, with early 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 condensed separate interim 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 condensed separate interim financial statements for the three-month period ended March 31, 2023 are consistent with those followed in the preparation of the separate financial statements for the year ended December 31, 2022.

SK Inc.
Notes to the condensed separate interim financial statements
March 31, 2023 and 2022

4. Financial instruments

4.1 Financial assets

Details of financial assets as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	March 31, 2023			Total
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	
Current assets:				
Cash and cash equivalents	₩ 231,943	₩ -	₩ 18,473	₩ 250,416
Short-term financial instruments	68,378	-	19,900	88,278
Trade receivables (*1)	-	-	412,080	412,080
Short-term investment securities	8,379	-	-	8,379
Other receivables	-	-	111,717	111,717
Short-term loans	-	-	13,074	13,074
Accrued income	-	-	2,188	2,188
Guarantee deposits	-	-	2,637	2,637
Lease receivables	-	-	35,430	35,430
Derivative financial assets	5,170	-	-	5,170
	<u>313,870</u>	<u>-</u>	<u>615,499</u>	<u>929,369</u>
Non-current assets:				
Long-term financial instruments	-	-	270	270
Long-term investment securities	412,255	585,820	355	998,430
Long-term loans	-	-	506,765	506,765
Long-term guarantee deposits	-	-	49,193	49,193
Long-term lease receivables	-	-	244,465	244,465
Derivative financial assets	208,590	-	-	208,590
	<u>620,845</u>	<u>585,820</u>	<u>801,048</u>	<u>2,007,713</u>
	<u>₩ 934,715</u>	<u>₩ 585,820</u>	<u>₩ 1,416,547</u>	<u>₩ 2,937,082</u>

(*1) Contract assets (unbilled receivables) amounting to ₩184,440 million as of March 31, 2023 are not included in the financial instruments.

SK Inc.
Notes to the condensed separate interim financial statements
March 31, 2023 and 2022

4. Financial instruments (cont'd)

4.1 Financial assets (cont'd)

	December 31, 2022			
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	Total
Current assets:				
Cash and cash equivalents	₩ 76,996	₩ -	₩ 38,844	₩ 115,840
Short-term financial instruments	107,246	-	29,900	137,146
Trade receivables (*1)	-	-	527,250	527,250
Short-term investment securities	12,846	-	-	12,846
Other receivables	-	-	1,391	1,391
Short-term loans	-	-	52	52
Accrued income	-	-	244	244
Guarantee deposits	-	-	3,992	3,992
Lease receivables	-	-	35,390	35,390
Derivative financial assets	9,621	-	-	9,621
	<u>206,709</u>	<u>-</u>	<u>637,063</u>	<u>843,772</u>
Non-current assets:				
Long-term financial instruments	-	-	270	270
Long-term investment securities	413,030	634,270	346	1,047,646
Long-term loans	-	-	492,643	492,643
Long-term guarantee deposits	-	-	49,077	49,077
Long-term lease receivables	-	-	251,568	251,568
Derivative financial assets	208,590	-	-	208,590
	<u>621,620</u>	<u>634,270</u>	<u>793,904</u>	<u>2,049,794</u>
	<u>₩ 828,329</u>	<u>₩ 634,270</u>	<u>₩ 1,430,967</u>	<u>₩ 2,893,566</u>

(*1) Contract assets (unbilled receivables) amounting to ₩175,213 million as of December 31, 2022 are not included in the financial instruments.

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4. Financial instruments (cont'd)

4.2 Financial liabilities

Details of financial liabilities as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	March 31, 2023		
	Financial liabilities measured at FVTPL	Other financial liabilities	Total
Current liabilities:			
Short-term borrowings	₩ -	₩ 3,136,140	₩ 3,136,140
Trade payables	-	88,732	88,732
Other payables	-	70,003	70,003
Accrued expenses	-	74,069	74,069
Dividends payable	-	195,292	195,292
Current portion of long-term debt	-	1,274,457	1,274,457
Leasehold deposits received	-	244	244
Lease liabilities	-	78,929	78,929
Derivative financial liabilities	11,965	-	11,965
	<u>11,965</u>	<u>4,917,866</u>	<u>4,929,831</u>
Non-current liabilities:			
Bonds and long-term borrowings	-	5,845,331	5,845,331
Long-term Leasehold deposits received	-	23,764	23,764
Long-term lease liabilities	-	324,135	324,135
Derivative financial liabilities	372,855	-	372,855
	<u>372,855</u>	<u>6,193,230</u>	<u>6,566,085</u>
	<u>₩ 384,820</u>	<u>₩ 11,111,096</u>	<u>₩ 11,495,916</u>

	December 31, 2022		
	Financial liabilities measured at FVTPL	Other financial liabilities	Total
Current liabilities:			
Short-term borrowings	₩ -	₩ 3,774,050	₩ 3,774,050
Trade payables	-	127,074	127,074
Other payables	-	119,295	119,295
Accrued expenses	-	130,863	130,863
Dividends payable	-	171	171
Current portion of long-term debt	-	1,214,551	1,214,551
Leasehold deposits received	-	244	244
Lease liabilities	-	77,750	77,750
Derivative financial liabilities	6,093	-	6,093
	<u>6,093</u>	<u>5,443,998</u>	<u>5,450,091</u>
Non-current liabilities:			
Bonds and long-term borrowings	-	5,885,469	5,885,469
Long-term Leasehold deposits received	-	23,609	23,609
Long-term lease liabilities	-	337,610	337,610
Derivative financial liabilities	372,807	-	372,807
	<u>372,807</u>	<u>6,246,688</u>	<u>6,619,495</u>
	<u>₩ 378,900</u>	<u>₩ 11,690,686</u>	<u>₩ 12,069,586</u>

4. Financial instruments (cont'd)

4.3 Fair values of financial instruments by hierarchy level

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

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

Details of fair value of financial instruments by hierarchy level as of March 31, 2023 and December 31, 2022 are as follows (Korean Won in millions):

	March 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL	₩ 216,062	₩ 300,321	₩ 204,572	₩ 720,955
Financial assets measured at FVOCI	8,516	-	577,304	585,820
Derivative financial assets	-	5,170	208,590	213,760
	<u>₩ 224,578</u>	<u>₩ 305,491</u>	<u>₩ 990,466</u>	<u>₩ 1,520,535</u>
Financial liabilities:				
Derivative financial liabilities	₩ -	₩ 12,012	₩ 372,808	₩ 384,820
	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL	₩ 224,384	₩ 184,242	₩ 201,492	₩ 610,118
Financial assets measured at FVOCI	3,314	-	630,956	634,270
Derivative financial assets	-	9,621	208,590	218,211
	<u>₩ 227,698</u>	<u>₩ 193,863</u>	<u>₩ 1,041,038</u>	<u>₩ 1,462,599</u>
Financial liabilities:				
Derivative financial liabilities	₩ -	₩ 6,093	₩ 372,807	₩ 378,900

The Company recognizes the movement between hierarchy levels at the end of the reporting period where changes in events and situations result in movement between the hierarchy levels. No significant change between hierarchy levels 1 and 2 occurred during the period ended March 31, 2023.

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4. Financial instruments (cont'd)

4.3 Fair values of financial instruments by hierarchy level (cont'd)

Changes in Level 3 financial assets for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2023					
	Beginning balance	Acquisition	Disposal	Valuation	Transfer(*1)	Ending balance
Financial assets measured at FVTPL	₩ 201,492	₩ 3,187	₩ (168)	₩ 61	₩ -	₩ 204,572
Financial assets measured at FVOCI	630,956	-	-	40,722	(94,374)	577,304
Derivative financial assets	208,590	-	-	-	-	208,590
	<u>₩ 1,041,038</u>	<u>₩ 3,187</u>	<u>₩ (168)</u>	<u>₩ 40,783</u>	<u>₩ (94,374)</u>	<u>₩ 990,466</u>

(*1) During the three-month period ended March 31, 2023, Turo Inc. was transferred to assets held for sales, and GI Innovation Inc. was listed and transferred to Level 1.

	For the three-month period ended March 31, 2022					
	Beginning balance	Acquisition	Valuation	Transfer	Ending balance	
Financial assets measured at FVTPL	₩ 452,395	₩ 3,324	₩ 11,173	₩ (46,497)	₩ 420,395	
Financial assets measured at FVOCI	315,433	-	-	46,497	361,930	
Derivative financial assets	193,310	-	-	-	193,310	
	<u>₩ 961,138</u>	<u>₩ 3,324</u>	<u>₩ 11,173</u>	<u>₩ -</u>	<u>₩ 975,635</u>	

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5. Trade receivables

Details of trade receivables as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	March 31, 2023		December 31, 2022	
Trade receivables:				
Trade receivables	₩	412,680	₩	527,850
Contract assets (unbilled receivables)		184,440		175,213
		597,120		703,063
Allowance for doubtful accounts:				
Trade receivables		(600)		(600)
	₩	596,520	₩	702,463

6. Inventories

Details of inventories as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	March 31, 2023			December 31, 2022		
	Cost	Valuation		Cost	Valuation	
		allowance	Book value		allowance	Book value
Raw materials	₩ 172	₩ -	₩ 172	₩ 172	₩ -	₩ 172

7. Investment securities

(1) Details of investment securities as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	March 31, 2023		December 31, 2022	
	Cost	Book value	Cost	Book value
Financial assets measured at FVTPL:				
Equity instruments(*1)	₩ 632,462	₩ 216,062	₩ 632,462	₩ 224,384
Debt securities	336,995	126,265	336,995	126,265
Money invested and others	64,236	78,307	61,218	75,227
Financial assets measured at FVOCI:				
Equity instruments (*2)	315,420	585,820	355,148	634,270
Financial assets measured at amortized cost:				
Debt securities	250	355	250	346
	₩ 1,349,363	₩ 1,006,809	₩ 1,386,073	₩ 1,060,492

(*1) They consist of GRAB Holdings Ltd. and SES AI Corporation and other.

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

SK Inc.
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7. Investment securities (cont'd)

(2) Details of investment securities as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	March 31, 2023		December 31, 2022	
	Acquisition cost	Book value	Acquisition cost	Book value
Marketable equity instruments	₩ 569,325	₩ 224,577	₩ 559,354	₩ 227,697
Non-marketable equity instruments	378,557	577,305	428,256	630,957
Debt securities	337,245	126,620	337,245	126,611
Money invested and others	64,236	78,307	61,218	75,227
	<u>₩ 1,349,363</u>	<u>₩ 1,006,809</u>	<u>₩ 1,386,073</u>	<u>₩ 1,060,492</u>

(3) Changes in investment securities for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2023	March 31, 2022
Beginning balance	₩ 1,060,492	₩ 934,091
Acquisitions	3,187	3,324
Valuation and amortization	32,178	(113,781)
Disposals	(168)	-
Transfer (*1)	(88,880)	460,321
Ending balance	<u>₩ 1,006,809</u>	<u>₩ 1,283,955</u>

(*1) During the three-month period ended March 31, 2023, Turo Inc. was transferred to assets held for sales and disposed of in part.

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8. Investments in subsidiaries

(1) Details of investments in subsidiaries as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	Domicile	Principal business activity	Equity ownership (%) (*1)	March 31, 2023		December 31, 2022
				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	Manufacture of other chemical products	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.	Korea	Special-gas manufacturing and sales	100.00	600,467	600,467	600,467
SK REIT Co., Ltd. (*2)	Korea	Real estate development and trading	42.99	423,691	423,691	423,691
SK Biopharmaceuticals Co., Ltd.	Korea	Medicine and life science	64.02	369,226	369,226	369,226
Hweechan Co., Ltd.	Korea	Condominiums/resort business	100.00	335,912	335,912	335,912
SK Signet Inc. (*3)	Korea	Manufacturing of motors generators, and electrical conversion devices	-	293,236	293,236	293,236
SK Materials Airplus Incorporated	Korea	Manufacture and sale of industrial gas	100.00	265,573	265,573	265,573
SK powertech Co., Ltd.	Korea	Semiconductor manufacturing	98.59	150,919	150,919	150,919
SK Tri Chem Co., Ltd.	Korea	Development of precursor products	65.00	102,505	102,505	102,505
SK Materials Renewtech Co., Ltd.	Korea	Acetylene and other Industries gas production and sales	100.00	74,015	74,015	74,015
SK materials G14 Co., Ltd.	Korea	Semiconductor distribution and sales	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 Resonac 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
SK Pharmteco Inc.	USA	Investment	100.00	1,651,228	1,651,228	1,651,228
Plutus Capital NY, Inc.	USA	Investment	100.00	1,076,108	1,076,108	1,076,108
SK China Company, Ltd. (*4)	Hong Kong	Consulting and investment	27.42	557,117	557,117	557,117
SK South East Asia Investment Pte. Ltd. (*4)	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 (*4)	Japan	Investment	50.00	200,573	200,573	200,573
Einstein Cayman Limited.	Cayman	Investment	100.00	182,625	182,625	182,625
Areca, Inc. (*5)	USA	Investment	100.00	155,155	155,155	-
Tellus Investment Partners, Inc.	USA	Investment	100.00	149,691	149,691	149,691
Tillandsia, Inc.	USA	Investment	100.00	124,225	124,225	124,225
Chamaedorea, Inc. (*5)	USA	Investment	100.00	117,377	117,377	-
Energy Solution Group, Inc. (*4)	USA	Energy solution and electric car charger	50.00	104,538	104,538	104,538
Saturn Agriculture Investment Co., Ltd.	Hong Kong	Investment	81.00	67,093	67,093	67,093
Energy Solution Holdings Inc. (*4)	USA	Investment	30.05	54,752	54,752	54,752
I Cube Capital, Inc.	USA	Investment	100.00	51,176	51,176	51,176
Socar Mobility Malaysia, SDN. BHD.	Malaysia	Rental of cars	66.27	29,221	29,221	29,221
Digital Center Capital Inc.	USA	Investment	100.00	27,684	27,684	27,684
Auxo Capital Inc. (*6)	USA	Investment	100.00	26,167	26,167	21,689
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 integration advisory	100.00	25,481	25,481	25,481
Castanea Biosciences Inc.	USA	Investment	100.00	23,883	23,883	23,883
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
Gemini Partners Pte. Ltd. (*4)	Singapore	Consulting	20.00	6,018	2,601	2,601
SK MENA Investment B.V. (*4)	Netherlands	Investment	11.54	5,178	5,178	5,178

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8. Investments in subsidiaries (cont'd)

	Domicile	Principal business activity	March 31, 2023		December 31, 2022	
			Equity ownership (%) (*1)	Acquisition cost	Book value	Book value
SK Latin Americas Investment S.A. (*4)	Spain	Investment	11.54	5,135	5,135	5,135
SK C&C India Pvt. Ltd.	India	Computer system integration advisory	100.00	3,442	-	-
Tellus (Hong Kong) Investment	Hong Kong	Investment	100.00	1,985	1,985	1,985
SK C&C USA, Inc.	USA	Computer system integration advisory	100.00	1,971	1,971	1,971
SK Technology Innovation Company (*4)	Cayman	Research and development	2.12	1,876	1,876	1,876
S&G Technology	Saudi Arabia	Computer system integration advisory and others	51.00	74	-	-
				<u>₩ 21,680,487</u>	<u>₩ 21,673,554</u>	<u>₩ 21,396,544</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 52.14% of voting rights.

(*4) When the investment equity ratio of the Company and its subsidiaries is combined, control can be exercised, therefore the investment is classified as a subsidiary.

(*5) Newly acquired during the three-month period ended March 31, 2023.

(*6) Additional investment was made during the three-month period ended March 31, 2023.

(2) Fair value of marketable investments in subsidiaries as of March 31, 2023 is as follows (Korean won in millions):

	March 31, 2023	
SK Innovation Co., Ltd.	₩	5,598,375
SK Telecom Co., Ltd.		3,171,784
SK Square Co., Ltd.		1,687,475
SK Networks Co., Ltd.		437,629
SKC Co., Ltd.		1,759,077
SK Biopharmaceuticals Co., Ltd.		3,173,542
SK REIT Co., Ltd.		421,671
SK Signet Inc.		324,224

SK Inc.

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9. Investments in associates

Details of investments in associates as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	Domicile	Principal business activity	March 31, 2023			December 31, 2022
			Equity ownership (%)	Acquisition cost	Book value	Book value
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	Medical and pharmaceutical research and development industries	12.14	14,410	14,410	14,410
Cloocus Co., Ltd. (*1,2)	Korea	Information and communication service	16.19	6,500	6,500	6,500
TBU Inc. (*2)	Korea	Electric vehicle charging	31.59	5,700	5,700	5,700
Soft berry Inc. (*2)	Korea	Logistics infra	22.09	5,684	5,684	5,684
A4x Inc. (*1)	Korea	Block chain validator	8.33	5,078	5,078	5,078
Begas Co., Ltd. (*3)	Korea	Management consulting	-	-	-	5,000
PUMP Co., Ltd. (*1,2)	Korea	Electric kickboard rental	12.02	5,000	5,000	5,000
THIRA-UTECH Co., Ltd. (*1)	Korea	Service manufacturing	13.66	4,200	4,200	4,200
Superblock Co., Ltd. (*1,4)	Korea	Block chain mainnet	3.33	2,999	2,999	-
ACRYL Inc. (*1,2)	Korea	Information service	16.12	2,500	312	312
TWO LINE CODE Inc.	Korea	Software development	23.54	2,300	2,300	2,300
The Wave Talk, Inc. (*1,2)	Korea	Manufacturing and technical services	3.88	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
Daehan Kanggun BcN Co., Ltd. (*1,2)	Korea	Wired communication	0.20	58	-	-
ProteoVant Sciences, Inc.	USA	Medicine research and development	40.00	222,370	222,370	222,370
Swift Navigation (*1,2)	USA	GPS software development	9.58	46,496	46,496	46,496
Belstar Superfreeze Holdings, LLC (*2)	Cayman	Warehouse business	20.98	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
FSK Holdings Co., Ltd.	Hong Kong	IT service	30.00	11,937	6,245	6,245
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
Mozido Corfire, Inc. (*1)	USA	System consulting	19.94	6,767	-	-
DSK EV Investment Limited. (*1,5)	Cayman	Investment	3.32	1,048	1,048	1,040
				<u>₩ 599,273</u>	<u>₩ 584,568</u>	<u>₩ 586,561</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 ratio that takes preferred share with voting rights into consideration.

(*3) Repaid during the three-month period ended March 31, 2023.

(*4) Newly acquired during the three-month period ended March 31, 2023.

(*5) Additionally acquired was made during the three-month period ended March 31, 2023.

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10. Property, plant and equipment

(1) Details of property, plant and equipment as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	March 31, 2023			December 31, 2022		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 100,224	₩ -	₩ 100,224	₩ 100,090	₩ -	₩ 100,090
Buildings	304,031	(76,546)	227,485	303,783	(74,406)	229,377
Structures	11,646	(2,549)	9,097	11,646	(2,426)	9,220
Machinery	9,383	(381)	9,002	8,382	(211)	8,171
Vehicles	12,634	(5,169)	7,465	12,581	(4,948)	7,633
Furniture and fixtures	448,767	(306,997)	141,770	453,247	(310,776)	142,471
Construction-in-progress	88,324	-	88,324	67,502	-	67,502
	<u>₩ 975,009</u>	<u>₩ (391,642)</u>	<u>₩ 583,367</u>	<u>₩ 957,231</u>	<u>₩ (392,767)</u>	<u>₩ 564,464</u>

(2) Details of changes in property, plant and equipment for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2023					
	Beginning balance	Acquisition	Depreciation	Disposal	Transfer(*1)	Ending balance
Land	₩ 100,090	₩ -	₩ -	₩ -	₩ 134	₩ 100,224
Buildings	229,377	-	(2,140)	-	248	227,485
Structures	9,220	-	(123)	-	-	9,097
Machinery	8,171	-	(171)	-	1,002	9,002
Vehicles	7,633	53	(221)	-	-	7,465
Furniture and fixtures	142,471	8,038	(10,382)	(140)	1,783	141,770
Construction-in-progress	67,502	24,581	-	-	(3,759)	88,324
	<u>₩ 564,464</u>	<u>₩ 32,672</u>	<u>₩ (13,037)</u>	<u>₩ (140)</u>	<u>₩ (592)</u>	<u>₩ 583,367</u>

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

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

11. Right-of-use assets and lease liabilities

(1) Details of right-of-use assets as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	March 31, 2023			December 31, 2022		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land and buildings	₩ 232,286	₩ (101,326)	₩ 130,960	₩ 230,267	₩ (92,398)	₩ 137,869
Vehicles	8,212	(4,384)	3,828	9,048	(5,461)	3,587
Furniture and fixtures	361	(210)	151	361	(192)	169
	<u>₩ 240,859</u>	<u>₩ (105,920)</u>	<u>₩ 134,939</u>	<u>₩ 239,676</u>	<u>₩ (98,051)</u>	<u>₩ 141,625</u>

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

(2) Changes in right-of-use assets for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2023					
	Beginning balance	Increase	Depreciation	Decrease	Others (*1)	Ending balance
Land and buildings	₩ 137,869	₩ 2,643	₩ (10,145)	₩ (331)	₩ 924	₩ 130,960
Vehicles	3,587	1,731	(784)	(799)	93	3,828
Furniture and fixtures	169	-	(18)	-	-	151
	<u>₩ 141,625</u>	<u>₩ 4,374</u>	<u>₩ (10,947)</u>	<u>₩ (1,130)</u>	<u>₩ 1,017</u>	<u>₩ 134,939</u>

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

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

(3) Changes in lease liabilities for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2023					
	Beginning balance	Increase	Interest expenses	Decrease (payment)	Others (*1)	Ending balance
Lease liabilities	₩ 415,360	₩ 4,374	₩ 2,737	₩ (19,187)	₩ (220)	₩ 403,064

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

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

The Company recognized lease payments of ₩1,149 million and ₩1,039 million in relation to short-term lease and ₩314 million and ₩179 million in relation to leases of low-value assets during the three-month periods ended March 31, 2023 and 2022. The total cash outflow of leases during the period ended is ₩20,650 million and ₩18,188 million during the three-month periods ended March 31, 2023 and 2022.

12. Investment properties

(1) Details of investment properties as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	March 31, 2023			December 31, 2022		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 89	₩ -	₩ 89	₩ 89	₩ -	₩ 89
Buildings	65,836	(6,268)	59,568	65,836	(5,540)	60,296
	<u>₩ 65,925</u>	<u>₩ (6,268)</u>	<u>₩ 59,657</u>	<u>₩ 65,925</u>	<u>₩ (5,540)</u>	<u>₩ 60,385</u>

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12. Investment properties (cont'd)

(2) Changes in investment properties for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2023			
	Beginning balance	Increase (decrease)	Depreciation	Ending balance
Land	₩ 89	₩ -	₩ -	₩ 89
Buildings	60,296	-	(728)	59,568
	<u>₩ 60,385</u>	<u>₩ -</u>	<u>₩ (728)</u>	<u>₩ 59,657</u>

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

13. Intangible assets

(1) Details of intangible assets as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	March 31, 2023				December 31, 2022			
	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value
Development costs	₩ 268,728	₩ (134,464)	₩ (9,847)	₩ 124,417	₩ 263,444	₩ (126,875)	₩ (9,847)	₩ 126,722
Memberships	79,837	-	(13,647)	66,190	76,260	-	(13,647)	62,613
Brand-related assets	1,975,000	-	-	1,975,000	1,975,000	-	-	1,975,000
Others	31,858	(9,522)	(16,607)	5,729	31,261	(8,887)	(16,607)	5,767
	<u>₩ 2,355,423</u>	<u>₩ (143,986)</u>	<u>₩ (40,101)</u>	<u>₩ 2,171,336</u>	<u>₩ 2,345,965</u>	<u>₩ (135,762)</u>	<u>₩ (40,101)</u>	<u>₩ 2,170,102</u>

(2) Changes in intangible assets for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2023				
	Beginning balance	Acquisitions	Amortization	Transfer	Ending balance
Development costs	₩ 126,722	₩ 5,284	₩ (7,589)	₩ -	₩ 124,417
Memberships (*1)	62,613	3,577	-	-	66,190
Brand-related assets (*1)	1,975,000	-	-	-	1,975,000
Others	5,767	5	(635)	592	5,729
	<u>₩ 2,170,102</u>	<u>₩ 8,866</u>	<u>₩ (8,224)</u>	<u>₩ 592</u>	<u>₩ 2,171,336</u>

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

(*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

(1) Short-term borrowings

Details of short-term borrowings as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

Description	Financial institution	Interest rate (%)	March 31, 2023	December 31, 2022	
Working capital loan and others	Woori Bank	4.88 ~ 6.84	305,760	253,460	
	Standardchartered Bank	6.23	200,000	200,000	
	Credit Agricole Corporate & Investment Bank	6.30	130,380	193,730	
	NH Bank	5.34 ~ 5.55	110,000	116,000	
	Hana Bank	6.23	100,000	100,000	
	Kookmin Bank	6.82	100,000	100,000	
	Bank of China	4.82	50,000	65,000	
	China Everbright Bank	5.06	40,000	40,000	
	Shinhan bank	4.36	10,000	-	
	The Export-Import Bank of Korea	-	-	190,095	
	Commercial paper	Bookook Securities	3.75 ~ 6.10	355,000	450,000
		SK Securities	3.91 ~ 4.10	310,000	245,000
Daol Investment & Securities		3.75 ~ 6.05	300,000	550,000	
BNK Investment & Securities		3.88 ~ 5.71	230,000	215,000	
Hi Investment & Securities		4.00 ~ 6.02	210,000	210,000	
Shinhan bank		3.86 ~ 4.65	145,000	70,000	
IBK Investment & Securities		5.61 ~ 5.99	110,000	140,000	
KB Securities		3.96 ~ 5.61	100,000	170,000	
Hanyang Securities		4.02 ~ 4.89	80,000	30,000	
Korea Development Bank		5.35 ~ 5.90	70,000	70,000	
Hana Securities		3.96 ~ 4.89	60,000	120,765	
Mirae Asset Securities		3.95 ~ 4.00	40,000	10,000	
Eugene Investment & Securities		3.89	30,000	-	
Kiwoom Securities		6.02	20,000	105,000	
Ebest Investment & Securities		3.86	20,000	50,000	
Samsung Securities	6.02	10,000	30,000		
Korea Investment & Securities	-	-	50,000		
			<u>₩ 3,136,140</u>	<u>₩ 3,774,050</u>	

(2) Bonds

Details of bonds as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

Issuance number	Interest rate (%)	Maturity	Security	March 31, 2023	December 31, 2022
273-3rd	4.26	2024-03-25	Unsecured	100,000	100,000
276-3rd	-	2023-03-07	Unsecured	-	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
279-3rd	2.58	2024-03-06	Unsecured	120,000	120,000
280-3rd	2.67	2024-06-01	Unsecured	110,000	110,000
281-3rd	2.62	2024-08-04	Unsecured	70,000	70,000
282-3rd	2.86	2024-10-25	Unsecured	80,000	80,000
283-1st	-	2023-02-27	Unsecured	-	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

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14. Borrowings and bonds (cont'd)

Issuance number	Interest rate (%)	Maturity	Security	March 31, 2023	December 31, 2022
284-1st	2.87	2023-06-08	Unsecured	170,000	170,000
284-2nd	3.01	2025-06-08	Unsecured	60,000	60,000
284-3rd	3.09	2028-06-08	Unsecured	100,000	100,000
285-1st	2.36	2023-09-06	Unsecured	150,000	150,000
285-2nd	2.47	2025-09-06	Unsecured	60,000	60,000
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
289-2nd	1.76	2024-09-20	Unsecured	120,000	120,000
289-3rd	1.84	2029-09-20	Unsecured	70,000	70,000
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	-	2023-02-20	Unsecured	-	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
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	220,000
302-2nd	3.10	2027-02-22	Unsecured	120,000	120,000
302-3rd	3.19	2032-02-22	Unsecured	50,000	50,000
303-1st	3.97	2025-06-09	Unsecured	160,000	160,000
303-2nd	4.14	2027-06-09	Unsecured	160,000	160,000
303-3rd	4.24	2029-06-09	Unsecured	30,000	30,000
304-1st	4.64	2024-09-13	Unsecured	65,000	65,000
304-2nd	4.71	2025-09-16	Unsecured	145,000	145,000
304-3rd	4.85	2027-09-16	Unsecured	160,000	160,000
305-1st	5.45	2024-12-06	Unsecured	120,000	120,000
305-2nd	5.49	2025-12-08	Unsecured	130,000	130,000
305-3rd	5.45	2027-12-08	Unsecured	40,000	40,000
306-1st	4.07	2026-02-27	Unsecured	160,000	-
306-2nd	4.20	2028-02-27	Unsecured	230,000	-
				<u>6,935,000</u>	<u>6,915,000</u>
				(14,760)	(14,494)
				<u>(1,274,457)</u>	<u>(1,214,551)</u>
				<u>₩ 5,645,783</u>	<u>₩ 5,685,955</u>

Less: Discount on bonds payable
Less: current portion

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(3) The Company's bonds repayment schedule as of March 31, 2023 is as follows (Korean won in millions):

Period ending	Amount of repayment
April 1, 2023 ~ March 31, 2024	₩ 1,275,000
April 1, 2024 ~ March 31, 2025	1,505,000
April 1, 2025 ~ March 31, 2026	1,405,000
April 1, 2026 ~ March 31, 2027	800,000
April 1, 2027 and thereafter	1,950,000
	<u>₩ 6,935,000</u>

(4) Details of long-term borrowings as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

Description	Financial institution	Interest rate (%)	March 31, 2023	December 31, 2022
Commercial paper	SK Securities	5.65 ~ 5.75	₩ 200,000	₩ 200,000
			200,000	200,000
Less: discount			(452)	(486)
			<u>₩ 199,548</u>	<u>₩ 199,514</u>

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15. Provisions

Changes in provisions for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2023					
	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Provision for service warranties	₩ 1,717	₩ 245	₩ (479)	₩ 1,483	₩ 1,483	₩ -
Other provisions	32,203	36	(773)	31,466	1,377	30,089
	<u>₩ 33,920</u>	<u>₩ 281</u>	<u>₩ (1,252)</u>	<u>₩ 32,949</u>	<u>₩ 2,860</u>	<u>₩ 30,089</u>

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

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 and provision for losses, 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 estimates 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 emissions and account them as emission rights provisions.

16. Defined benefit liabilities (assets)

(1) Defined contribution plans

The Company partly operates a defined contribution plan for certain employees. The expenses related to the defined contributions plans recognized for the three-month periods ended March 31, 2023, were ₩217 million.

(2) Defined benefit plans

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

(3) Details of defined benefit liabilities as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	March 31, 2023 (*1)	December 31, 2022
Present value of defined benefit obligation	₩ 500,304	₩ 458,961
Fair value of plan assets	(527,449)	(523,161)
	<u>₩ (27,145)</u>	<u>₩ (64,200)</u>

(*1) ₩ 27,145 million is accounted for as a defined benefit asset as of March 31, 2023.

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16. Defined benefit liabilities (assets) (cont'd)

(4) Changes in the defined benefit liabilities (assets) for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	<u>For the three-month period ended March 31, 2023</u>		
	Present value of defined <u>benefit obligation</u>	Fair value of <u>plan assets</u>	<u>Total</u>
Beginning balance	₩ 458,961	₩ (523,161)	₩ (64,200)
Provision for pension benefits:			
Current service cost	10,294	-	10,294
Net interest expense (income)	5,792	(6,709)	(917)
Remeasurement:			
Return on plan assets and others (excluding amounts included in net interest expense)	-	(1,931)	(1,931)
Actuarial changes arising from changes in financial assumptions	14,745	-	14,745
Experience adjustments and others	2,602	-	2,602
Benefit paid	(10,933)	7,510	(3,423)
Others	18,843	(3,158)	15,685
Ending balance	<u>₩ 500,304</u>	<u>₩ (527,449)</u>	<u>₩ (27,145)</u>

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

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17. Other assets and liabilities

(1) Details of other assets as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Current assets:		
Accrued income	₩ 2,188	₩ 244
Advanced payments	23,590	7,363
Income tax receivable	105	16,620
Prepaid expenses	122,001	113,336
Short-term loans	13,074	52
Guarantee deposits	2,637	3,992
Lease receivables	35,430	35,390
Derivative financial assets	5,170	9,621
Others	134	-
	<u>₩ 204,329</u>	<u>₩ 186,618</u>
Non-current assets:		
Long-term financial instruments	₩ 270	₩ 270
Long-term loans	506,765	492,643
Long-term guarantee deposits	49,193	49,077
Long-term lease receivables	244,465	251,568
Derivative financial assets	208,590	208,590
Others	127	127
	<u>₩ 1,009,410</u>	<u>₩ 1,002,275</u>

(2) Details of other liabilities as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Current liabilities:		
Advances received	₩ 259,687	₩ 151,516
Withholdings	21,626	34,222
Dividends payable	195,292	171
Leasehold deposits received	244	244
Lease liabilities	78,929	77,750
Derivative financial liabilities	11,965	6,093
	<u>₩ 567,743</u>	<u>₩ 269,996</u>
Non-current liabilities:		
Long-term leasehold deposits received	₩ 23,764	₩ 23,609
Long-term lease liabilities	324,135	337,610
Derivative financial liabilities	372,855	372,807
Long-term employee benefits	8,196	7,739
	<u>₩ 728,950</u>	<u>₩ 741,765</u>

18. Derivative financial assets and liabilities

The Company has entered into foreign currency forward contracts to manage fluctuations in currency exchange rates relating to its contracts denominated in foreign currencies and has entered total return swap contracts with certain of subsidiaries' common share investors and others. Details of assets and liabilities after valuation as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	March 31, 2023		December 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Forward contract	₩ 5,170	₩ 12,013	₩ 9,621	₩ 6,093
Total return swap contract (see Note 29)	208,590	372,807	208,590	372,807
	<u>₩ 213,760</u>	<u>₩ 384,820</u>	<u>₩ 218,211</u>	<u>₩ 378,900</u>

19. Equity

19.1 Share capital

Details of share capital as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions, except for number of shares):

	March 31, 2023	December 31, 2022
Number of shares authorized for issue	400,000,000	400,000,000
Par value per share (Korean won)	₩ 200	₩ 200
Number of issued shares:		
Ordinary share	74,149,329	74,149,329
Preferred share	566,135	566,135
Share 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 share capital.

19.2 Other paid-in capital

Details of other paid-in capital as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	March 31, 2023	December 31, 2022
Additional paid-in capital (*1)	₩ 6,609,167	₩ 6,609,167
Treasury share (*2)	(2,006,179)	(2,009,083)
Others	(1,446,822)	(1,448,451)
	<u>₩ 3,156,166</u>	<u>₩ 3,151,633</u>

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

(*2) As of March 31, 2023, treasury share consists of those acquired to increase the enterprise value and to stabilize share price (7,924,149 ordinary shares), 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.

19. Equity (cont'd)

19.3 Retained earnings

Details of retained earnings as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Legal reserve (*1)	₩ 8,072	₩ 8,072
Voluntary reserve	62,897	62,897
Unappropriated retained earnings	<u>13,210,437</u>	<u>12,443,779</u>
	<u>₩ 13,281,406</u>	<u>₩ 12,514,748</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 share 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 share capital through approval at the general meeting of the shareholders.

19.4 Other components of equity

Details of other components of equity as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Gain on financial assets measured at FVOCI	₩ 235,044	₩ 205,275

19.5 Stock option

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

	<u>1-2 (*1)</u>	<u>1-3</u>	<u>2-1</u>	<u>2-2</u>
Grant date	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)	41,430	41,431	142,692	71,346
Exercise price (Korean won)	₩ 244,400	₩ 263,950	₩ 153,450	₩ 153,450
Contractual life of options	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	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

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19. Equity (cont'd)

19.5 Stock option (cont'd)

	1 (*2,3)	2 (*3)	1 (*3)	2 (*3)
Grant date	2018-03-29	2018-03-29	2020-03-31	2020-03-31
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)	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 extinguished during the three-month periods ended March 31, 2023.

(*2) All were exercised during the three-month periods ended March 31, 2023.

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

The Company reversed ₩2,304 million of share-option compensation cost upon the grant of share options above the three-month period ended March 31, 2023 (accumulated compensation costs for share options: ₩(-)9,675 million), and recognized the contra account to cash-settled share option liability as stock compensation cost as the fair value of cash-settled liabilities is remeasured at the end of each reporting period. The liability recognized in relation to the cash-settled share option for the three-month period ended March 31, 2023 is ₩15,232 million.

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

	1-3	2-1	2-2
Risk-free interest rate	3.26%	3.30%	3.30%
Option life	7 years	7 years	7 years
Expected price (Closing price on the preceding day in Korean won)	₩ 172,500	₩ 172,500	₩ 172,500
Expected volatility	27.80%	27.80%	27.80%
Rate of returns	2.90%	2.90%	2.90%
Exercise price (Korean won)	₩ 263,950	₩ 153,450	₩ 153,450
Fair value per share (Korean won)	₩ 1,537	₩ 42,374	₩ 42,374
	2	1	2
Risk-free interest rate	3.26%	3.30%	3.30%
Option life	6 years	7 years	7 years
Expected price (Closing price on the preceding day in Korean won)	₩ 172,500	₩ 172,500	₩ 172,500
Expected volatility	27.80%	27.80%	27.80%
Rate of returns	2.90%	2.90%	2.90%
Exercise price (Korean won)	₩ 108,959	₩ 89,204	₩ 89,204
Fair value per share (Korean won)	₩ 63,727	₩ 83,763	₩ 83,763

19. Equity (cont'd)

19.5 Stock option (cont'd)

Changes in stock option granted by Company for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions and in shares):

	For the three-month period ended			
	March 31, 2023		March 31, 2022	
	Quantities	Weighted average exercise price	Quantities	Weighted average exercise price
Beginning balance	392,762	₩ 160,508	434,191	₩ 166,785
Granted	-	-	-	-
Exercised	(18,607)	(100,884)	(41,429)	(226,290)
Extinguished	(41,430)	(244,400)	-	-
Ending balance	<u>332,725</u>	<u>₩ 153,397</u>	<u>392,762</u>	<u>₩ 160,508</u>

In addition, the Company has entered into a Stock Grant that pays treasury stocks to employees for free apart from the above stock options. In the case of such Stock Grant, there is no requirement for vesting condition, and may not be transferred during the term of the stock. As of March 31, 2023, the recognized stock compensation costs related to the Stock Grant are ₩275 million.

20. Operating revenues

(1) Details of operating revenues for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2023	March 31, 2022
Revenue from contracts with customers:		
IT service (*1)	₩ 443,764	₩ 409,111
Trademark usage income	70,605	56,072
	<u>514,369</u>	<u>465,183</u>
Revenue from other sources:		
Dividend income	₩ 1,110,723	₩ 584,678
Rental income	15,980	304
	<u>1,126,703</u>	<u>584,982</u>
	<u>₩ 1,641,072</u>	<u>₩ 1,050,165</u>

(*1) Includes contract revenue of ₩270,483 million and ₩251,422 million recognized from the cost-based input method for the three-month periods ended March 31, 2023 and 2022.

(2) Details of revenue from contracts with customers for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2023	March 31, 2022
Type of goods or services:		
IT service	₩ 443,764	₩ 409,111
Trademark usage income	70,605	56,072
	<u>₩ 514,369</u>	<u>₩ 465,183</u>
Geographical location:		
Korea	₩ 463,227	₩ 447,108
Asia	21,965	10,914
Europe	25,227	3,859
North America	3,950	3,302
	<u>₩ 514,369</u>	<u>₩ 465,183</u>
Timing of revenue recognition:		
Recognized at a point in time	₩ 50,577	₩ 18,643
Recognized over a period of time	463,792	446,540
	<u>₩ 514,369</u>	<u>₩ 465,183</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 March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Contract assets from IT service contract	₩ 184,440	₩ 175,213
Contract liabilities from IT service contract (*1)	206,077	151,434

(*1) The amount recognized as revenue is ₩81,444 million and ₩46,038 million in the three-month period ended March 31, 2023 and 2022 in relation to the contract liabilities as of December 31, 2022 and 2021, and no amount is recognized in the current period in relation to the performance obligation satisfied in the previous period.

(4) Details of profit variation by changes in accounting estimates related to the cost-based input method contracts as of March 31, 2023 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	₩ 5,854	₩ 6,455	₩ (871)	₩ 270

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

21. Operating expenses

Details of operating expenses for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	<u>For the three-month period ended</u>	
	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Material costs	₩ 46,422	₩ 19,240
Outsourcing costs	192,656	204,482
Salaries	110,597	100,041
Provision for pension benefits	9,347	18,691
Depreciation	24,180	21,786
Amortization	4,104	3,740
Rents	919	713
Communications	5,168	5,365
Employee welfare benefits	29,738	24,258
Commissions	41,539	25,049
Education and training	8,058	5,773
Research and development	15,790	12,491
Office management	14,638	11,802
Travel	5,422	2,627
Others	12,145	13,455
	<u>₩ 520,723</u>	<u>₩ 469,513</u>

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22. The classification of expenses by nature

Details of the classification of expenses by nature for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2023	March 31, 2022
Material costs	₩ 46,480	₩ 19,241
Outsourcing costs	192,954	205,046
Salaries	119,095	105,061
Provision for pension benefits	9,628	19,058
Depreciation and amortization	32,936	30,587
Rents	944	713
Communications	5,176	5,367
Employee welfare benefits	30,497	24,990
Commissions	41,981	25,484
Education and training	8,164	5,841
Office management	14,828	11,802
Travel	5,581	2,698
Others	12,459	13,625
	<u>₩ 520,723</u>	<u>₩ 469,513</u>

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

23.1 Finance income and costs

Details of finance income and costs for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2023	March 31, 2022
Finance income:		
Interest income	₩ 7,644	₩ 5,543
Gain on foreign currency transactions	1,133	1,675
Gain on foreign currency translation	16,623	15,174
Gain on valuation of financial assets measured at FVTPL	62	11,173
Gain on valuation of derivative instruments	10,833	3,360
Gain on transactions of derivative instruments	9,821	287
	<u>₩ 46,116</u>	<u>₩ 37,212</u>

	For the three-month period ended	
	March 31, 2023	March 31, 2022
Finance costs:		
Interest expenses	₩ 102,055	₩ 55,991
Loss on foreign currency transactions	6,142	2,955
Loss on foreign currency translation	11,332	5,099
Loss on valuation of financial assets measured at FVTPL	40,081	139,762
Loss on valuation of derivative instruments	15,168	13,009
Loss on transactions of derivative instruments	5,452	268
	<u>₩ 180,230</u>	<u>₩ 217,084</u>

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

23.2 Other non-operating income and expenses

Details of other non-operating income and expenses for three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2023	March 31, 2022
Other non-operating income:		
Gain on disposal of investments in subsidiaries and associates	₩ -	₩ 391,335
Gain on disposal of property, plant and equipment	181	1
Gain on disposal of intangible assets	-	118
Others	5,399	5,975
	<u>₩ 5,580</u>	<u>₩ 397,429</u>
Other non-operating expenses:		
Loss on disposal of property, plant and equipment	₩ 1	₩ -
Loss on disposal of intangible assets	-	24
Donations	89	133
Others	1,232	1,781
	<u>₩ 1,322</u>	<u>₩ 1,938</u>

24. Income tax expense (income)

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

The average effective tax rates for the three-month periods ended March 31, 2023 and 2022 are 1.75% and 5.95%, respectively.

25. Earnings per share

(1) Basic earnings per share for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions, except per share and weighted-average number of ordinary shares outstanding):

	For the three-month period ended	
	March 31, 2023	March 31, 2022
Profit for the period	₩ 973,117	₩ 748,900
Less: preferred share dividends	(501)	(924)
Profit for the period attributable to ordinary share owners of the Company	₩ 972,616	₩ 747,976
Weighted-average number of issued shares outstanding (*1)	55,184,587	56,101,125
Basic earnings per share (Korean won)	<u>₩ 17,625</u>	<u>₩ 13,333</u>

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

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25. Earnings per share (cont'd)

The weighted-average number of issued shares outstanding for the three-month periods ended March 31, 2023 and 2022 are as follows:

	For the three-month period ended	
	March 31, 2023	March 31, 2022
Weighted-average number of shares outstanding	74,149,329	74,149,329
Weighted-average number of treasury shares	(18,964,742)	(18,048,204)
Weighted-average number of issued shares outstanding	<u>55,184,587</u>	<u>56,101,125</u>

(2) Diluted earnings per share for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions, except per share and weighted-average number of diluted shares outstanding):

	For the three-month period ended	
	March 31, 2023	March 31, 2022
Diluted profit for the period attributable to ordinary shares	₩ 972,616	₩ 747,976
Weighted-average number of diluted common shares outstanding	<u>55,266,781</u>	<u>56,229,206</u>
Diluted earnings per common share (Korean won)	<u>₩ 17,599</u>	<u>₩ 13,302</u>

The weighted-average diluted number of ordinary shares outstanding for calculating diluted earnings for the three-month periods ended March 31, 2023 and 2022 are as follows:

	For the three-month period ended	
	March 31, 2023	March 31, 2022
Weighted-average number of issued shares outstanding	55,184,587	56,101,125
Effect of the exercise of stock option	<u>82,194</u>	<u>128,081</u>
Weighted-average number of diluted common shares outstanding	<u>55,266,781</u>	<u>56,229,206</u>

26. Transactions with related parties

Details of significant transactions with related parties for the three-month periods ended March 31, 2023 and 2022, and significant balances with related parties as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

(1) The subsidiaries of the Company as of March 31, 2023, are as follows:

	Related parties
Ultimate controlling party	Tae-won Chey and related parties
Subsidiaries (total 590)	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., SK Geo Centric China, Ltd., Sino-Korea Green New Material (JiangSu) Ltd., SK Geo Centric International Trading (Shanghai) Co., Ltd., SK Geo Centric 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 Enmove Co., Ltd, Yubase Manufacturing Asia Corporation, SK Enmove (Tianjin) Co., Ltd., SK Enmove Americas, Inc., SK Enmove Europe B.V., SK Enmove Japan Co., Ltd., SK Enmove India Pvt. Ltd., Iberian Lube Base Oils Company, S.A., SK Lubricants Russia

26. Transactions with related parties (cont'd)

	Related parties
Subsidiaries (total 590)	<p>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 On Co., Ltd., SK On Hungary Kft., SK On(Jiangsu) Co., Ltd., SK On(Yancheng) Co., Ltd., SK Battery America, Inc., Blueoval SK LLC, SK Battery Manufacturing Kft., SK On (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., SK Earth On Co., Ltd., SK Innovation America, Inc., Grove Energy Capital IV, LLC, SK innovation outpost Corporation, SK Telecom Co., Ltd., SK Telink Co., Ltd., SK Broadband Co. Ltd., Home&Service Co., Ltd., Media S Co., Ltd., 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 Inc., Sapeon Korea 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., SK Shieldus America Inc., SK Shieldus Hungary Kft., SK Planet Co., Ltd., SK Planet Global Holdings Pte. Ltd., SK Planet, Inc., SCODYS Pte. 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, ID Quantique Europe GmbH, Alice und Bob Privatstiftung, 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., FSK L&S(America) 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., 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, 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., Techdream Co., Ltd., SK Telesys Corp., SK Enpulse 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 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., Nexilis Management Europe B.V., SK TBMGEOSTONE Co., Ltd., Allnewone Co., Ltd., Ecovance Co.Ltd., SK Pucore Co., Ltd., SK pucore Europe sp. zo.o., SK pucore USA Inc., SK pucore Mexico, S. de R.L. de C.V., SK pucore India Pvt. Ltd., SK pucore RUS LLC, NEX Investment Limited, NEX UK Holdings Limited, Absolics Inc., 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., Energy Solution Holdings Inc., LNG Americas, Inc., LAI CCS, LLC, DewBlaine Energy, LLC, Passkey, Inc., Mobility Solution I Inc., Mobility Solution II Inc., EverCharge, Inc., EverCharge Services, LLC, Pnes Investments, LLC, Rnes Holdings,</p>

26. Transactions with related parties (cont'd)

Subsidiaries (total 590)	Related parties
	<p>LLC, 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 30, LLC, KCE NY 31, LLC, KCE NY 32, LLC, KCE NY 33, LLC, KCE NY 34, LLC, KCE NY 35, LLC, KCE NY 36, LLC, KCE NE 1, LLC, KCE NE 2, LLC, KCE CA 1, LLC, KCE CA 2, LLC, KCE CA 3, LLC, KCE NV 1, LLC, KCE NV 2, 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, 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 TX 30, LLC, KCE TX 31, 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 CT 11, 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 MA 4, LLC, KCE ID 1, LLC, KCE ID 2, LLC, KCE ID 3, 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, Prism Energy International Pte. Ltd., Fajar Energy International Pte. Ltd., Prism Energy International Hong Kong, Ltd., PT Prism Nusantara International, Prism Energy International China Limited, Prism Energy International Zhoushan Limited, SK E&S Dominicana S.R.L, Hae-ssal Solar Power Co., Ltd., Prism DLNG Pte. Ltd., Prism Darwin Pipeline Pty. Ltd., BU12 Australia Pty. Ltd., BU13 Australia Pty. Ltd., 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 Ecoplant Americas Corporation, Mesa Verde RE Ventures, LLC, BT FC LLC, Sunlake Co., Ltd., SKEC Consultores Ecuador, 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., 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., City Environment Co., Ltd., EmedioneLogis 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., ECOPLANT HOLDING MALAYSIA SDN. BHD., 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 And Recycling, 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 Netherlands B.V., Tes China Holdings Pte. Ltd., Tes-Amm Corporation (China) Ltd, Shanghai Tes-Amm Xin New Materials Co., 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 Sustainable Battery Solutions (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 (Taiwan) Co., Ltd, Total Environmental Solutions Co., Ltd., Tes-Amm (Cambodia) Co., Ltd, Pt. Tes-Amm Indonesia, Pc Off Corporation, Tes USA, Inc.,</p>

26. Transactions with related parties (cont'd)

	Related parties
Subsidiaries (total 590)	<p>Genplus 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, TES Sustainable Battery Solutions Limited Liability Company, Tes Sustainability Products Pte. Ltd, Tes C Pte. Ltd, SK oceanplant Co., Ltd., Goseong Holdings Ltd., SAM KANG S&C Co., Ltd., Econovation, LLC, SK Specialty Co., Ltd., SK Specialty Japan Co., Ltd., SK Specialty Taiwan Co., Ltd., SK Specialty Jiangsu Co., Ltd., SK Specialty (Xian) Co., Ltd., SK Specialty(Shanghai) Co., Ltd., Happy Companion Co., Ltd., SK Tri Chem Co., Ltd., SK Resonac Co., Ltd., SK Materials airplus Inc., SK Meterials Ri New Tech Co., Ltd., SK Materials Performance Co., Ltd., SK Materials JNC Co., Ltd., SK JNC Japan Co., Ltd., SK Materials G14 Co., Ltd., SK Materials G14 (Shanghai) 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, SK Siltron CSS Korea Co., Ltd., Happyfilling Co., Ltd., Teraon Co., Ltd., SK Biopharmaceuticals Co., Ltd., SK Life Science, Inc. SK Bio-Pharma Tech (Shanghai) Co.,Ltd., SK S.E.Asia Pte. Ltd., Essencore Limited, Essencore (Shenzhen) Limited, Essencore Pte. Ltd., 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 Networks (Liaoning) Logistics 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 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 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, Grove Energy Capital II, LLC, Grove Energy Capital III, LLC, 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., 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 Biosciences 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 Inc., SK Signet America Inc., SK Signet Manufacturing Texas LLC, Auxo Capital Inc., SK Global Development Advisors LLC, Auxo Capital Managers LLC, Tellus (HONG KONG) Investment Co., Ltd., Digital Center Capital Inc., Martis Capital, LLC, Tillandsia, Inc., Energy Solution Group, Inc., Atom Power, Inc., SK Power-tech Co., Ltd., Chamaedorea, Inc., Areca, Inc.</p>

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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 periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	Company name	For the three-month period ended			
		Sales and others (*1)		Purchase and others (*2)	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Subsidiaries	SK Innovation Co., Ltd.	₩ 15,616	₩ 18,934	₩ 1,662	₩ 2,491
	SK Energy Co., Ltd.	20,553	17,952	-	-
	SK Geo Centric Co., Ltd.	9,298	9,308	-	-
	SK Incheon Petrochem Co., Ltd.	4,672	3,734	-	-
	SK Enmove Co., Ltd.	3,070	2,314	-	-
	SK On Co., Ltd.	13,382	10,339	-	-
	SK On Hungary Kft.	22,498	1,231	-	-
	SK Mobile Energy Co., Ltd.	71	63	6	2,907
	SK USA, Inc.	8	11	1,528	463
	SK Ecoplant Co., Ltd.	16,529	18,125	-	-
	SKC Co., Ltd.	18,948	18,495	-	-
	SK E&S Co., Ltd.	487,908	267,147	-	-
	SK Telecom Co., Ltd.	147,353	185,761	3,432	2,693
	SK Broadband Co., Ltd.	24,284	24,001	2,061	2,034
	SK Planet Co., Ltd.	3,432	3,288	-	-
	SK Square Co., Ltd.	875	1,869	-	-
	SK Networks Co., Ltd.	18,941	19,530	2,781	38,861
	SK Magic Co., Ltd.	3,964	3,969	58	45
	SK Specialty Co., Ltd.	151,722	3,529	181	35
	SK Tri Chem Co., Ltd.	45,668	71,707	24	-
	SK Siltron Co., Ltd.	6,116	6,049	-	-
	SK Pinx Co., Ltd.	46	1,273	3,561	3,609
	SK REITs Co., Ltd.	5,589	5,435	10,020	9,813
	SK Materials airplus Inc.	301,028	10,118	-	-
	SK Shieldus Co., Ltd.	3,340	4,301	4,618	3,555
	SK C&C Beijing Co., Ltd.	5,228	3,212	1,915	1,934
	SK C&C USA, Inc.	3,190	2,507	6	-
	Others	79,078	119,830	1,337	1,314
Other related parties	SK hynix Inc.	86,045	98,247	3,687	3,620
	THIRA-UTECH Co., Ltd.	-	-	515	2,292
	SMCore Inc.	428	324	9,439	-
	Others	4,805	5,804	1,672	937
Others (*3)	SK Gas Co., Ltd.	3,829	3,222	-	-
	SK Chemicals Co., Ltd.	1,202	1,620	-	-
	Others	4,129	1,622	485	117
		<u>₩ 1,512,845</u>	<u>₩ 944,871</u>	<u>₩ 48,988</u>	<u>₩ 76,720</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 K-IFRS No. 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 K-IFRS No. 1024.

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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 March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

		March 31, 2023					
		Receivables			Payables		
		Trade	Other	Total	Trade	Other	Total
Company name		receivables	receivables		payables	payables	
Subsidiaries	SK Innovation Co., Ltd.	₩ 12,704	₩ 285,394	₩ 298,098	₩ -	₩ 29,651	₩ 29,651
	SK Energy Co., Ltd.	6,480	-	6,480	-	10	10
	SK Geo Centric Co., Ltd.	5,861	-	5,861	-	10	10
	SK Incheon Petrochem Co., Ltd.	832	-	832	-	-	-
	SK Enmove Co., Ltd.	528	-	528	-	80	80
	SK On Co., Ltd.	9,873	-	9,873	-	8,346	8,346
	SK On Hungary Kft.	19,310	-	19,310	-	3,013	3,013
	SK USA, Inc.	-	-	-	-	1,528	1,528
	Plutus Capital NY, Inc.	-	509,193	509,193	-	-	-
	SK Ecoplant Co., Ltd.	3,364	10,969	14,333	-	78	78
	SKC Co., Ltd.	3,212	16,929	20,141	-	23	23
	SK E&S Co., Ltd.	2,473	-	2,473	-	-	-
	SK Pinx Co., Ltd.	20	-	20	-	18	18
	SK REITs Co., Ltd.	-	26,302	26,302	-	315,758	315,758
	SK Shieldus Co., Ltd.	18,398	1,527	19,925	1,032	2,224	3,256
	SK C&C Beijing Co., Ltd.	135	4,960	5,095	51	23	74
	SK C&C USA, Inc.	109,883	-	109,883	-	102,721	102,721
	SK Networks Co., Ltd.	2,695	11,657	14,352	-	153	153
	SK Magic Co., Ltd.	2,842	16	2,858	-	1,235	1,235
	SK Telecom Co., Ltd.	38,053	55,043	93,096	-	4,793	4,793
	SK Broadband Co., Ltd.	10,519	-	10,519	1	1,318	1,319
	SK Planet Co., Ltd.	2,067	-	2,067	-	58	58
	SK Square Co., Ltd.	374	-	374	-	11	11
	SK Specialty Co., Ltd.	1,190	1	1,191	-	3,882	3,882
	SK Materials airplus Inc.	260	-	260	-	271	271
	SK Tri Chem Co., Ltd.	187	-	187	-	199	199
	SK Siltron Co., Ltd.	7,133	-	7,133	-	1,533	1,533
	SK Mobile Energy Co., Ltd.	10	-	10	7	-	7
	Others	35,005	296	35,301	-	29,581	29,581
Other related parties	SK hynix Inc.	42,332	147,148	189,480	-	38,338	38,338
	THIRA-UTECH Co., Ltd.	-	-	-	68	60	128
	SMCore Inc.	54	373	427	4,571	-	4,571
	Others	4,653	-	4,653	33	1,406	1,439
Others (*1)	SK Gas Co., Ltd.	1,225	-	1,225	-	594	594
	SK Chemicals Co., Ltd.	2,249	189	2,438	-	35	35
	Others	4,465	-	4,465	-	3,663	3,663
		<u>₩ 348,386</u>	<u>₩ 1,069,997</u>	<u>₩ 1,418,383</u>	<u>₩ 5,763</u>	<u>₩ 550,613</u>	<u>₩ 556,376</u>

(*1) Although, not designated as related parties as defined in paragraph 9 of K-IFRS No. 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 K-IFRS No. 1024.

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26. Transactions with related parties (cont'd)

		December 31, 2022					
		Receivables			Payables		
		Trade	Other	Total	Trade	Other	Total
Subsidiaries	Companies name	receivables	receivables		payables	payables	
	SK Innovation Co., Ltd.	₩ 12,496	₩ 286,260	₩ 298,756	₩ -	₩ 30,220	₩ 30,220
	SK Energy Co., Ltd.	9,662	-	9,662	-	285	285
	SK Geo Centric Co., Ltd.	7,862	-	7,862	-	28	28
	SK Incheon Petrochem Co., Ltd.	2,107	-	2,107	-	49	49
	SK Enmove Co., Ltd.	1,103	-	1,103	-	437	437
	SK On Co., Ltd.	21,519	-	21,519	-	6,526	6,526
	SK On Hungary Kft.	12,647	-	12,647	-	11,033	11,033
	SK USA, Inc.	14	-	14	-	837	837
	Plutus Capital NY, Inc.	-	492,346	492,346	-	-	-
	SK Ecoplant Co., Ltd.	6,151	1,305	7,456	-	3	3
	SKC Co., Ltd.	4,129	-	4,129	-	106	106
	SK E&S Co., Ltd.	3,572	-	3,572	-	457	457
	SK Pinx Co., Ltd.	30	-	30	-	15	15
	SK REITs Co., Ltd.	-	26,130	26,130	-	323,638	323,638
	SK Shieldus Co., Ltd.	19,499	-	19,499	1,077	1,194	2,271
	SK C&C Beijing Co., Ltd.	322	-	322	732	254	986
	SK C&C USA, Inc.	9,243	-	9,243	-	1,722	1,722
	SK Networks Co., Ltd.	4,551	-	4,551	-	1,237	1,237
	SK Magic Co., Ltd.	34,285	-	34,285	-	8,675	8,675
	SK Telecom Co., Ltd.	79,585	382	79,967	262	16,378	16,640
	SK Broadband Co., Ltd.	30,096	-	30,096	1	1,916	1,917
	SK Planet Co., Ltd.	2,420	-	2,420	135	42	177
	SK Square Co., Ltd.	404	-	404	-	2	2
	SK Specialty Co., Ltd.	2,202	72	2,274	-	2,005	2,005
	SK Materials airplus Inc.	2,118	-	2,118	-	935	935
	SK Tri Chem Co., Ltd.	302	-	302	-	245	245
	SK Siltron Co., Ltd.	9,685	-	9,685	-	72	72
	SK Mobile Energy Co., Ltd.	10	-	10	7	-	7
	Others	99,850	296	100,146	647	48,069	48,716
Other related parties	SK hynix Inc.	185,218	8,783	194,001	-	51,786	51,786
	THIRA-UTECH Co., Ltd.	-	-	-	336	-	336
	SMCore Inc.	179	-	179	5,439	1	5,440
	Others	7,841	-	7,841	114	1,431	1,545
Others (*1)	SK Gas Co., Ltd.	1,305	-	1,305	-	79	79
	SK Chemicals Co., Ltd.	2,489	-	2,489	-	49	49
	Others	3,576	-	3,576	-	1,329	1,329
		<u>₩ 576,472</u>	<u>₩ 815,574</u>	<u>₩ 1,392,046</u>	<u>₩ 8,750</u>	<u>₩ 511,055</u>	<u>₩ 519,805</u>

(*1) Although, not designated as related parties as defined in paragraph 9 of K-IFRS No. 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 K-IFRS No. 1024.

(4) Detail of compensation for key management personnel of the Company for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2023	March 31, 2022
Salaries	₩ 4,292	₩ 4,169
Provision for pension benefits	1,082	7,700
Share-based payment expenses (return)	(2,029)	533
	<u>₩ 3,345</u>	<u>₩ 12,402</u>

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

26. Transactions with related parties (cont'd)

(5) Details of significant transactions with related parties in relation to the for the three-month period ended March 31, 2023 are as follows (USD in thousands):

	<u>Currency</u>	<u>Amount</u>	<u>Transactions</u>
Auxo Capital Inc.	USD	10,350	Share capital increase

(6) There are no significant financial transactions with related-parties for the three-month period ended March 31, 2023.

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

SK Inc.
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27. Assets held for sales

Details of assets held for sale as of March 31, 2023 and 2022 are as follows (Korean won in millions):

	<u>March 31, 2023</u>		<u>December 31, 2022</u>	
Investment securities (*1) ESR Cayman Limited	₩	229,211	₩	260,970
Turo Inc.		39,237		-
	<u>₩</u>	<u>268,448</u>	<u>₩</u>	<u>260,970</u>

(*1) As the Company decided to sell all of its shares in ESR Cayman Limited and Turo Inc., the Company classified the shares as assets held for sales and measured them at the lower of their carrying amounts and fair value less costs to sell. As of March 31, 2023, the carrying amounts include the valuation loss of ₩31,759 million for ESR Cayman Limited and the valuation gain of ₩17,304 million for Turo Inc.

28. Cash flow information

(1) Details of non-cash adjustments for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	<u>For the three-month period ended</u>	
	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Provision for pension benefits	₩ 9,377	₩ 18,835
Depreciation	24,712	21,977
Amortization	8,224	8,610
Bad debt return	-	(2,450)
Provisions transferred in	307	3,222
Interest expenses	102,055	55,991
Loss on foreign currency translation	11,332	5,099
Loss on valuation of financial assets measured at FVTPL	40,081	139,762
Loss on valuation of derivative instruments	15,168	13,009
Loss on disposal of property, plant and equipment	1	-
Loss on disposal of intangible assets	-	24
Share-based payment expenses (reversal)	(2,029)	533
Income tax expense	17,376	47,371
Dividends income	(1,114,153)	(584,678)
Interest income	(7,644)	(5,543)
Gain on foreign currency translation	(16,623)	(15,174)
Gain on disposal of investments in subsidiaries and associates	-	(391,335)
Gain on valuation of financial assets measured at FVTPL	(62)	(11,173)
Gain on valuation of derivative instruments	(10,833)	(3,360)
Gain on disposal of property, plant and equipment	(181)	(1)
Gain on disposal of intangible assets	-	(118)
Others	(37)	49
	<u>₩ (922,929)</u>	<u>₩ (699,350)</u>

28. Cash flow information (cont'd)

(2) Details of working capital adjustments for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2023	March 31, 2022
Trade receivables	₩ 107,524	₩ 36,051
Other receivables	72,654	80,809
Inventories	(1)	(15)
Advanced payments	(16,054)	1,330
Lease receivables	9,103	9,206
Prepaid expenses	(28,297)	(7,835)
Trade payables	(35,685)	(502)
Advances received	108,172	20,894
Withholdings	(12,593)	(10,503)
Other payables	(100,896)	(131,842)
Accrued expenses	(90,409)	(79,180)
Provision	(1,278)	(1,989)
Defined benefit obligation	7,910	(7,175)
Plan assets	(7,897)	8,327
Others	6,157	(192)
	<u>₩ 18,410</u>	<u>₩ (82,616)</u>

(3) Details of significant non-cash transactions for the three-month periods ended March 31, 2023 and 2022 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2023	March 31, 2022
Transfer of long-term bonds to current-portion	₩ 60,264	₩ 369,642
Decrease in other payables regarding the acquisition of property, plant and equipment	(1,629)	(2,240)
Dividend payable	195,114	368,286
Transfer of loans to non-current portion	-	460,546

29. Commitments and contingencies

(1) Guarantees provided by others for the Company's obligations and indebtedness as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	Currency	March 31, 2023	December 31, 2022
Seoul Guarantee Insurance	KRW	22,557	23,553
Korea Software Financial Cooperative	KRW	487,752	529,372

(2) Pending litigation

There are no major pending litigations as of March 31, 2023.

(3) Significant commitments

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

29. Commitments and contingencies (cont'd)

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

Description	Subscription of new shares	Sale of existing shares
Investor	Special Situation 1 st Fund 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 13, 2027	May 11, 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.	

- 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 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 days 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 04, 2022
Expiry date	November 16, 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	At the date when three months passed after the last premium payment date or the effective date ("premium payment date") during the period from the effective date to the expiration date of this Agreement, the Company shall pay the remaining contract amount of the remaining shares multiplied by the TRS Premium (rate of return on final asking price of 91-day Transferable Certificate of Deposit (CD) plus 1.80% of annual rate). On the other hand, if an investor receives dividends or other receivables from holding the target stock, the relevant amount must be paid to the Company.
Call option	On each premium payment date (every three months from the effective date of this contract), the Company may claim all remaining underlying assets (ordinary shares that SK E&S issued and an investor purchased from the Company) to the remaining contract amount of the underlying assets plus the call option exercise fee, securities exchange tax, and special tax for rural development.

- 8) LNG Americas, Inc., one of the subsidiaries, is scheduled to be provided with liquefaction service for 20 years from FLNG Liquefaction 3, LLC, which plans to operate natural gas liquefaction plants in Texas starting from 2019. As of March 31, 2023, SK E&S Co., Ltd., one of the subsidiaries, is responsible for performance guarantee in case of LNG Americas, Inc.'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 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 Resonac Co., Ltd., and Showa Denko K.K. has the right to sell 630,000 shares (15%) of SK Resonac 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 March 31, 2023.

30. Financial risk management

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

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

30.1 Market risk

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

30.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings, the Company's risk hedging activities are evaluated periodically in order to consider the status of interest rates and degree of risk aversion and fulfill optimal risk hedging strategies. The Company does not believe the fluctuation in market interest rate other than those mentioned above has a material impact on its financial statements.

30.1.2 Foreign currency risk

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

Significant monetary assets and liabilities denominated in foreign currencies as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions, and USD, EUR and Others in thousands):

	Currency	March 31, 2023		December 31, 2022	
		Foreign currencies	Korea won equivalent	Foreign currencies	Korea won equivalent
Assets	USD	436,652	₩ 569,307	425,050	₩ 538,666
	EUR	1,262	1,794	2,139	2,891
	Others		110,688		46,857
			₩ 681,789		₩ 588,414
Liabilities	USD	300,194	₩ 391,393	451,263	₩ 571,886
	EUR	1	2	3	3
	Others		137		893
			₩ 391,532		₩ 572,782

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

	March 31, 2023		December 31, 2022	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Increase (decrease) in income before tax expense	₩ 29,026	₩ (29,026)	₩ 1,563	₩ (1,563)

30. Financial risk management (cont'd)

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. Details of the maximum exposure to credit risk as of March 31, 2023 and December 31, 2022 are as follows and for cash and cash equivalents and forward contract, credit risk exposure is low (Korean won in millions):

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Short-term and long-term financial instruments	₩ 88,548	₩ 137,416
Trade receivables	412,080	527,250
Other receivables	111,717	1,391
Accrued income	2,188	244
Short-term and long-term investment securities	204,927	201,838
Short-term and long-term guarantee deposits	51,830	53,069
Short-term and long-term lease receivables	279,895	286,958
Short-term and long-term loans	519,839	492,695
Financial derivatives asset	213,760	218,211
	<u>₩ 1,884,784</u>	<u>₩ 1,919,072</u>

30.2.1 Trade and other receivables

The Company only carry out transactions with the counterparty with sound credit status after conducting credit verification procedures on the counterparty who wishes to make a credit transaction. In addition, the Company consistently manages the balances of trade receivables and other receivables, such as consistently re-evaluating creditworthiness to ensure that our exposure to bad debt risk remains insignificant.

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, the management of the Company's credit rating, because it is excellent to deal with financial institutions, is judged to have limited impact on the credit risk of the financial institutions of the Company.

30. Financial risk management (cont'd)

30.3 Liquidity risk

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

The contractual maturity of financial liabilities as of March 31, 2023 is as follows. Amounts include interests paid and presented at gross amounts (Korean won in millions):

	<u>Book value</u>	<u>Contractual cash flow</u>	<u>Less than 3 months</u>	<u>3-12 months</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Short-term and long-term borrowings	₩ 3,335,688	₩ 3,373,274	₩ 1,509,792	₩ 1,663,482	₩ 200,000	₩ -
Bonds	6,920,240	7,513,633	446,165	1,003,058	4,813,412	1,250,998
Financial derivatives liabilities	384,820	384,820	198	11,767	372,855	-
Trade accounts payables	88,732	88,732	88,732	-	-	-
Lease liabilities	403,064	441,079	18,870	60,027	218,207	143,975
Other liabilities	363,372	369,166	339,364	244	-	29,558
	<u>₩ 11,495,916</u>	<u>₩ 12,170,704</u>	<u>₩ 2,403,121</u>	<u>₩ 2,738,578</u>	<u>₩ 5,604,474</u>	<u>₩ 1,424,531</u>

30.4 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, the Company 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 72.40% as of March 31, 2023. The maturity of the debt is dispersed in the long-term and the borrowings mainly consist of long-term bonds, which do not present significant risks for unexpected payment for debts.

The Company's debt ratio as of March 31, 2023 and December 31, 2022 are as follows (Korean won in millions):

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Total liabilities	₩ 12,081,906	₩ 12,563,449
Total equity	16,688,759	15,887,799
Debt ratio	72.40%	79.08%

31. Subsequent events

The Company decided to retire 951,000 treasury shares at Board of Directors on March 29, 2023, and completed the retirement on April 5, 2023.