



SK Inc.

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

Table of contents

Report on review of interim condensed separate financial statements	
Interim condensed separate financial statements	Page
Interim condensed separate statements of financial position	1
Interim condensed separate statements of comprehensive income	2
Interim condensed separate statements of changes in equity	4
Interim condensed separate statements of cash flows	6
Notes to the interim condensed separate financial statements	7

Report on review of interim condensed separate financial statements

(English Translation of a Report Originally Issued in Korean)

SK Inc.

The Shareholders and Board of Directors

We have reviewed the accompanying interim condensed separate financial statements of SK Inc. (the "Company"), which comprise the interim condensed separate statement of financial position as of June 30, 2022, and the related interim condensed separate statements of comprehensive income for the three-month and six-month periods ended June 30, 2022 and 2021, interim condensed separate statements of changes in equity and interim condensed separate statements of cash flows for the six-month periods then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the interim condensed separate financial statements

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

Auditor's responsibility

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

We conducted our review in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing ("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 interim condensed separate financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

Other matter

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

Ernst & Young Han Young

August 16, 2022

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

SK Inc.

Interim condensed separate financial statements
for the three-month and six-month periods ended June 30, 2022 and 2021

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

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

SK Inc.
Interim condensed separate statements of financial position
as of June 30, 2022 and December 31, 2021

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

	Notes	Korean won		Translation into U.S. dollar (Note 2)	
		June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
		(Unaudited)		(Unaudited)	
Assets					
Current assets:					
Cash and cash equivalents	4	₩ 99,542	₩ 70,011	\$ 76,991	\$ 54,150
Short-term financial instruments	4,30	261,179	215,571	202,010	166,734
Trade receivables, net	4,5,26,30	539,864	531,701	417,561	411,247
Other receivables, net	4,26,30	1,356	2,090	1,049	1,617
Inventories, net	6	247	215	191	166
Short-term investment securities	4,7,30	15,745	-	12,178	-
Other current assets	4,17,18,30	313,012	722,437	242,101	558,773
Assets held for sales	27	342,377	392,645	264,813	303,693
Total current assets		1,573,322	1,934,670	1,216,894	1,496,380
Non-current assets:					
Long-term investment securities	4,7,30	987,781	934,091	764,004	722,477
Investments in subsidiaries	8	20,974,851	20,523,389	16,223,104	15,873,918
Investments in associates and joint ventures	9	577,959	626,352	447,025	484,455
Property, plant and equipment, net	10	556,628	557,884	430,527	431,498
Right-of-use asset, net	11	150,592	120,321	116,476	93,063
Investment properties, net	12	61,201	7,469	47,336	5,777
Intangible assets, net	13	2,188,033	2,176,091	1,692,345	1,683,109
Other non-current assets	4,17,18,30	819,858	336,708	634,123	260,428
Total non-current assets		26,316,903	25,282,305	20,354,940	19,554,725
Total assets		₩ 27,890,225	₩ 27,216,975	\$ 21,571,834	\$ 21,051,105
Liabilities and equity					
Liabilities					
Current liabilities:					
Short-term borrowings	4,14,30	₩ 3,149,805	₩ 2,652,000	\$ 2,436,233	\$ 2,051,203
Trade payables	4,26,30	136,208	113,051	105,351	87,440
Other payables	4,26,30	75,611	135,184	58,482	104,559
Accrued expenses	4,26,30	86,356	96,592	76,792	74,710
Provisions	15	4,291	3,315	3,319	2,564
Current portion of long-term debt	4,14,30	1,449,278	1,219,426	1,120,951	943,171
Other current liabilities	4,11,17,18,26,30	604,209	908,673	467,328	702,818
Total current liabilities		5,505,758	5,128,241	4,258,456	3,966,465
Non-current liabilities:					
Bonds payable	4,14,30	5,471,047	5,501,474	4,231,609	4,255,143
Defined benefit liabilities	16	24,035	17,809	18,590	13,774
Deferred tax liabilities	24	281,388	382,311	217,641	295,700
Provisions	15	2,786	2,314	2,155	1,790
Other non-current liabilities	4,11,17,18,26,30	616,484	394,720	476,821	305,298
Total non-current liabilities		6,395,740	6,298,628	4,946,816	4,871,705
Total liabilities		11,901,498	11,426,869	9,205,272	8,838,170
Equity					
Issued capital	1,19	16,143	16,143	12,486	12,486
Other paid-in capital	19	3,341,876	3,354,711	2,584,790	2,594,718
Retained earnings	19	12,625,537	12,406,200	9,765,286	9,595,636
Other components of equity	19	5,171	13,052	4,000	10,095
Total equity		15,988,727	15,790,106	12,366,562	12,212,935
Total liabilities and equity		₩ 27,890,225	₩ 27,216,975	\$ 21,571,834	\$ 21,051,105

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

SK Inc.
Interim condensed separate statements of comprehensive income
for the three-month and six-month periods ended June 30, 2022 and 2021
(Korean won in millions, except earnings per share)

	Notes	Korean won			
		June 30, 2022 (Unaudited)		June 30, 2021 (Unaudited)	
		Three months	Six months	Three months	Six months
Operating revenue	20,26	₩ 644,296	₩ 1,694,461	₩ 469,321	₩ 1,367,025
Operating expenses	21,22,26	554,757	1,024,270	447,623	856,277
Operating profit		89,539	670,191	21,698	510,748
Finance income	23	62,481	99,693	6,133	25,283
Finance costs	23	387,110	604,194	22,988	113,712
Other non-operating income	23	710	398,139	278	1,070,274
Other non-operating expenses	23	2,933	4,871	8,078	10,459
Profit (loss) before income tax expense		(237,313)	558,958	(2,957)	1,482,134
Income tax expense	24	(58,171)	(10,800)	2,473	302,909
Profit (loss) for the period		₩ (179,142)	₩ 569,758	₩ (5,430)	₩ 1,179,225
Other comprehensive loss:					
Items not to be reclassified to loss in subsequent periods:					
Remeasurement loss on defined benefit plans	16	7,374	17,865	(3,773)	(1,419)
Loss on valuation of financial assets measured at FVOCI	7	(1,250)	(7,881)	-	-
Items that may be reclassified to profit or loss in subsequent periods:		-	-	-	-
		6,124	9,984	(3,773)	(1,419)
Total comprehensive income (loss) for the period		₩ (173,018)	₩ 579,742	₩ (9,203)	₩ 1,177,806
Earnings (losses) per share (Korean won):	25				
Basic earnings (losses) per share		₩ (3,223)	₩ 10,106	₩ (136)	₩ 22,495
Diluted earnings (losses) per share		(3,223)	10,087	(136)	22,448

(Continued)

SK Inc.

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

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

	Notes	Translation into U.S. dollar (Note 2)			
		June 30, 2022		June 30, 2021	
		(Unaudited)		(Unaudited)	
		Three months	Six months	Three months	Six months
Operating revenue	20,26	\$ 498,334	\$ 1,310,589	\$ 362,999	\$ 1,057,332
Operating expenses	21,22,26	429,080	792,227	346,216	662,292
Operating profit		69,254	518,362	16,783	395,040
Finance income	23	48,326	77,108	4,744	19,555
Finance costs	23	299,412	467,317	17,780	87,951
Other non-operating income	23	549	307,943	215	827,809
Other non-operating expenses	23	2,269	3,767	6,249	8,089
Profit (loss) before income tax expense		(183,552)	432,329	(2,287)	1,146,364
Income tax expense	24	(44,993)	(8,353)	1,913	234,286
Profit (loss) for the period		<u>\$ (138,559)</u>	<u>\$ 440,682</u>	<u>\$ (4,200)</u>	<u>\$ 912,078</u>
Other comprehensive loss:					
Items not to be reclassified to loss in subsequent periods:					
Remeasurement loss on defined benefit plans	16	5,703	13,818	(2,918)	(1,098)
Loss on valuation of financial assets measured at FVOCI	7	(966)	(6,096)	-	-
Items that may be reclassified to profit or loss in subsequent periods:		-	-	-	-
		4,737	7,722	(2,918)	(1,098)
Total comprehensive income (loss) for the period		<u>\$ (133,822)</u>	<u>\$ 448,404</u>	<u>\$ (7,118)</u>	<u>\$ 910,980</u>
Earnings (losses) per share (U.S. dollar):	25				
Basic earnings (losses) per share		\$ (2,493)	\$ 7,817	\$ (105)	\$ 17,399
Diluted earnings (losses) per share		(2,493)	7,802	(105)	17,363

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

SK Inc.
Interim condensed separate statements of changes in equity
for the six-month periods ended June 30, 2022 and 2021

(Korean won in millions)

	Issued capital	Other paid-in capital	Retained earnings	Other components of equity	Total equity
	₩	₩	₩	₩	₩
As of January 1, 2021	15,385	3,506,168	11,301,835	8,175	14,831,563
Total comprehensive income for the period:	-	-	1,179,225	-	1,179,225
Profit for the period	-	-	(1,419)	-	(1,419)
Remeasurement loss on defined benefits plans	-	-	(317,256)	-	(317,256)
Dividends	-	368	-	-	368
Stock option	-	119	-	-	119
Disposal of treasury stocks	-	-	-	-	-
As of June 30, 2021 (Unaudited)	15,385	3,506,655	12,162,385	8,175	15,692,600
As of January 1, 2022	16,143	3,354,711	12,406,200	13,052	15,790,106
Total comprehensive income for the period:	-	-	569,758	-	569,758
Profit for the period	-	-	17,865	-	17,865
Remeasurement gain on defined benefits plans	-	-	-	(7,881)	(7,881)
Loss on valuation of financial assets measured at FVOCI	-	-	(368,286)	-	(368,286)
Dividends	-	-	-	-	-
Stock option	-	193	-	-	193
Granting of stock options	-	(21,145)	-	-	(21,145)
Exercising of stock options and change of settlement	-	8,117	-	-	8,117
Acquisition and disposal of treasury stocks	-	-	-	-	-
As of June 30, 2022 (Unaudited)	16,143	3,341,876	12,625,537	5,171	15,988,727

(Continued)

SK Inc.
Interim condensed separate statements of changes in equity
for the six-month periods ended June 30, 2022 and 2021 (cont'd)
(U.S. dollar in thousands)

	Issued capital	Other paid-in capital	Retained earnings	Other components of equity	Total equity
As of January 1, 2021	\$ 11,900	\$ 2,711,863	\$ 8,741,461	\$ 6,323	\$ 11,471,547
Total comprehensive income:	-	-	912,078	-	912,078
Profit for the period	-	-	(1,098)	-	(1,098)
Remeasurement gain on defined benefits plans	-	-	(245,383)	-	(245,383)
Dividends	-	285	-	-	285
Stock option	-	92	-	-	92
Disposal of treasury stocks	-	-	-	-	-
As of June 30, 2021 (Unaudited)	\$ 11,900	\$ 2,712,240	\$ 9,407,058	\$ 6,323	\$ 12,137,521
As of January 1, 2022	\$ 12,486	\$ 2,594,718	\$ 9,595,638	\$ 10,095	\$ 12,212,937
Total comprehensive income:	-	-	-	-	-
Profit for the period	-	-	440,682	-	440,682
Remeasurement loss on defined benefits plans	-	-	13,818	-	13,818
Loss on valuation of financial assets measured at FVOCI	-	-	-	(6,095)	(6,095)
Dividends	-	-	(284,852)	-	(284,852)
Stock option	-	-	-	-	-
Granting of stock options	-	149	-	-	149
Exercising of stock options and change of settlement	-	(16,355)	-	-	(16,355)
Acquisition and disposal of treasury stocks	-	6,278	-	-	6,278
As of June 30, 2022 (Unaudited)	\$ 12,486	\$ 2,584,790	\$ 9,765,286	\$ 4,000	\$ 12,366,562

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

SK Inc.

Interim condensed separate statements of cash flows
for the six-month periods ended June 30, 2022 and 2021

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

		For the six-month periods ended June 30			
		Korean won		Translation into U.S. dollar (Note 2)	
		2022	2021	2022	2021
Notes		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from operating activities:					
		₩ 569,758	₩ 1,179,225	\$ 440,682	\$ 912,078
		(448,670)	(1,042,429)	(347,026)	(806,272)
28	Non-cash adjustments	(2,039)	(15,563)	(1,577)	(12,037)
28	Working capital adjustments	5,684	1,335	4,396	1,033
	Interest received	(113,036)	(78,902)	(87,428)	(61,027)
	Interest paid	644,723	446,356	498,664	345,236
	Dividends received	(291,095)	(269,474)	(225,149)	(208,426)
	Income taxes paid				
Net cash provided by operating activities		365,325	220,548	282,562	170,585
Cash flows from investing activities:					
	Increase (decrease) in short-term and long-term financial instruments, net	(45,608)	(14,755)	(35,276)	(11,412)
	Increase (decrease) in short-term loans	(261)	(430,341)	(202)	(332,849)
	Proceeds from disposal of investments in subsidiaries	3,540	1,108,137	2,738	857,094
	Proceeds from disposal of investments in associates	673	42,537	521	32,900
	Proceeds from disposal of property, plant and equipment	3	33	2	26
	Proceeds from disposal of intangible assets	1,801	1,996	1,393	1,544
	Acquisition of long-term investment securities	(12,520)	(31,477)	(9,684)	(24,346)
	Acquisition of investments in subsidiaries	(427,299)	(998,050)	(330,497)	(771,947)
	Acquisition of investments in associates	(2,000)	(183,687)	(1,547)	(142,074)
	Acquisition of property, plant and equipment	(79,937)	(22,652)	(61,828)	(17,520)
	Acquisition of intangible assets	(31,395)	(26,698)	(24,283)	(20,650)
	Decrease in guarantee deposits, net	(6,109)	725	(4,725)	561
Net cash used in investing activities		(599,112)	(554,232)	(463,388)	(428,673)
Cash flows from financing activities:					
	Increase in short-term borrowings, net	461,080	610,000	356,625	471,808
	Issuance of bonds payable	736,934	647,245	569,985	500,615
	Payment of dividends	(368,286)	(317,250)	(284,853)	(245,379)
	Repayment of current portion of long-term debt	(540,000)	(540,000)	(417,666)	(417,666)
	Decrease in lease liabilities	(29,553)	(30,186)	(22,858)	(23,348)
	Acquisition and disposal of treasury stocks	2,924	-	2,262	-
Net cash provided by financing activities		263,099	369,809	203,495	286,030
Net increase in cash and cash equivalents		29,312	36,125	22,669	27,942
Net foreign exchange effects		219	233	172	180
Cash and cash equivalents at the beginning of the period		70,011	79,743	54,150	61,678
Cash and cash equivalents at the end of the period		₩ 99,542	₩ 116,101	\$ 76,991	\$ 89,800

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

1. Corporate information

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

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

As of June 30, 2022, the issued capital of the Company amounts to ₩16,143 million (including ₩113 million of preferred shares). Major shareholders and their equity ownership are Tae-won Chey, National Pension Service and Ki-won Choi, each holding 17.50%, 8.60% and 6.50% respectively, as of June 30, 2022.

2. Summary of basis of preparation and significant accounting policies

2.1 Basis of preparation

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

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

The accompanying interim condensed separate financial statements are stated in Korean won, the currency of the country in which the Company is incorporated and operates. The translation of Korean won amounts into U.S. dollar amounts is included solely for the convenience of readers of the interim condensed separate financial statements and has been made at the rate of ₩1,292.90 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 six-month period ended June 30, 2022. Such translations into U.S. dollar should not be construed as representations that the Korean won amounts could be converted into U.S. dollar at that or any other rate.

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

2.2 Significant accounting policies

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

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

2.2.1 New and revised KIFRSs adopted in the current period

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

KIFRS 1016 - *Property, Plant and Equipment: Proceeds before Intended Use* (Amended)

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

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

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

KIFRS 1103 - *Business combinations* (Amended)

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

KIFRS 1116 *Covid-19 Related Rent Concessions* (Amended)

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

Annual Improvements to KIFRS 2018-2020

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

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

2.2.2 New and revised KIFRSs issued, but not yet effective

KIFRS 1001 Presentation of Financial Statements (Amended)

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

KIFRS 1001 Presentation of Financial Statements (Amended)

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

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

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

KIFRS 1012 Income Taxes (Amended)

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

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

3. Significant accounting judgements, estimates and assumptions

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

Those accounting judgments made by management in the preparation of the interim condensed separate financial statements for the six-month period ended June 30, 2022 are consistent with those followed in the preparation of the separate financial statements for the year ended December 31, 2021.

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

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

4. Financial instruments

4.1 Financial assets

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

	June 30, 2022			
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	Total
Current assets:				
Cash and cash equivalents	₩ 71,897	₩ -	₩ 27,645	₩ 99,542
Short-term financial instruments	236,279	-	24,900	261,179
Trade receivables (*1)	-	-	323,293	323,293
Short-term investment securities	15,745	-	-	15,745
Other receivables	-	-	1,356	1,356
Short-term loans	-	-	52	52
Accrued income	-	-	2,803	2,803
Guarantee deposits	-	-	3,551	3,551
Lease receivables	-	-	34,730	34,730
Derivative financial assets	224,672	-	-	224,672
	<u>548,593</u>	<u>-</u>	<u>418,330</u>	<u>966,923</u>
Non-current assets:				
Long-term financial instruments	-	-	3,270	3,270
Long-term investment securities	656,333	331,050	398	987,781
Long-term loans	-	-	502,622	502,622
Long-term guarantee deposits	-	-	48,211	48,211
Long-term lease receivables	-	-	265,628	265,628
Derivative financial assets	-	-	265,628	265,628
	<u>656,333</u>	<u>331,050</u>	<u>820,129</u>	<u>1,807,512</u>
	<u>₩ 1,204,926</u>	<u>₩ 331,050</u>	<u>₩ 1,238,459</u>	<u>₩ 2,774,435</u>

(*1) Contract assets (unbilled receivables) amounting to ₩216,571 million as of June 30, 2022 are not included in the financial instruments.

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

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

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

4. Financial instruments (cont'd)

4.2 Financial liabilities

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

	June 30, 2022		
	Financial liabilities measured at FVTPL	Other financial liabilities	Total
Current liabilities:			
Short-term borrowings	₩ -	₩ 3,149,805	₩ 3,149,805
Trade payables	-	136,208	136,208
Other payables	-	75,611	75,611
Accrued expenses	-	86,356	86,356
Dividends payable	-	171	171
Current portion of long-term debt	-	1,449,278	1,449,278
Leasehold deposits received	-	222	222
Lease liabilities	-	73,344	73,344
Derivative financial liabilities	243,985	-	243,985
	<u>243,985</u>	<u>4,970,995</u>	<u>5,214,980</u>
Non-current liabilities:			
Bonds payable	-	5,471,047	5,471,047
Leasehold deposits received	-	23,307	23,307
Long-term lease liabilities	-	364,080	364,080
Derivative financial liabilities	219,337	-	219,337
	<u>219,337</u>	<u>5,858,434</u>	<u>6,077,771</u>
	<u>₩ 463,322</u>	<u>₩ 10,829,429</u>	<u>₩ 11,292,751</u>
December 31, 2021			
	Financial liabilities measured at FVTPL	Other financial liabilities	Total
Current liabilities:			
Short-term borrowings	₩ -	₩ 2,652,000	₩ 2,652,000
Trade payables	-	113,051	113,051
Other payables	-	135,184	135,184
Accrued expenses	-	96,592	96,592
Dividends payable	-	163	163
Current portion of long-term debt	-	1,219,426	1,219,426
Leasehold deposits received	-	222	222
Lease liabilities	-	68,070	68,070
Derivative financial liabilities	424,900	-	424,900
	<u>424,900</u>	<u>4,284,708</u>	<u>4,709,608</u>
Non-current liabilities:			
Bonds payable	-	5,501,474	5,501,474
Leasehold deposits received	-	23,932	23,932
Long-term lease liabilities	-	361,074	361,074
Derivative financial liabilities	-	5,886,480	5,886,480
	<u>424,900</u>	<u>10,171,188</u>	<u>10,596,088</u>

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

4. Financial instruments (cont'd)

4.3 Fair values of financial instruments by hierarchy level

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

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

Details of fair value of financial instruments by hierarchy level as of June 30, 2022 and December 31, 2021 are as follows (Korean Won in millions):

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL	₩ 251,684	₩ 308,176	₩ 420,394	₩ 980,254
Financial assets measured at FVOCI	6,421	-	324,629	331,050
Derivative financial assets	-	31,362	193,310	224,672
	<u>₩ 258,105</u>	<u>₩ 339,538</u>	<u>₩ 938,333</u>	<u>₩ 1,535,976</u>
Financial liabilities:				
Derivative financial liabilities	₩ -	₩ 40,787	₩ 422,535	₩ 463,322
	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL	₩ 149,085	₩ 230,435	₩ 452,395	₩ 831,915
Financial assets measured at FVOCI	16,800	-	315,433	332,233
Derivative financial assets	-	417	193,310	193,727
	<u>₩ 165,885</u>	<u>₩ 230,852</u>	<u>₩ 961,138</u>	<u>₩ 1,357,875</u>
Financial liabilities:				
Derivative financial liabilities	₩ -	₩ 2,365	₩ 422,535	₩ 424,900

The Company recognizes the movement between hierarchy levels at the end of the reporting period where changes in events and situations result in movement between the hierarchy levels. No significant change between hierarchy levels 1 and 2 occurred during the period ended June 30, 2022.

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

	For the six-month period ended June 30, 2022				
	Beginning balance	Acquisition	Valuation	Transfer	Ending balance
Financial assets at FVTPL	₩ 452,395	₩ 3,324	₩ 11,173	₩ (46,498)	₩ 420,394
Financial assets at FVOCI	315,433	9,196	-	-	324,629
Derivative financial assets	193,310	-	-	-	193,310
	<u>₩ 961,138</u>	<u>₩ 12,520</u>	<u>₩ 11,173</u>	<u>₩ (46,498)</u>	<u>₩ 938,333</u>
	For the six-month period ended June 30, 2021				
	Beginning balance	Acquisition	Valuation	Transfer	Ending balance
Financial assets at FVTPL	₩ 374,753	₩ 21,506	₩ 49	₩ (16,933)	₩ 379,375
Financial assets at FVOCI	299,730	9,971	-	(5,567)	304,134
Derivative financial assets	175,913	-	-	-	175,913
	<u>₩ 850,396</u>	<u>₩ 31,477</u>	<u>₩ 49</u>	<u>₩ (22,500)</u>	<u>₩ 859,422</u>

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

5. Trade receivables

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

	<u>June 30, 2022</u>		<u>December 31, 2021</u>	
Trade receivables:				
Trade receivables	₩	324,565	₩	382,114
Contract assets (unbilled receivables)		<u>216,571</u>		<u>150,859</u>
		<u>541,136</u>		<u>532,973</u>
Allowance for doubtful accounts:				
Trade receivables		<u>(1,272)</u>		<u>(1,272)</u>
	<u>₩</u>	<u>539,864</u>	<u>₩</u>	<u>531,701</u>

6. Inventories

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

	<u>June 30, 2022</u>			<u>December 31, 2021</u>		
	Valuation			Valuation		
	<u>Cost</u>	<u>allowance</u>	<u>Book value</u>	<u>Cost</u>	<u>allowance</u>	<u>Book value</u>
Raw materials	₩	247	₩ -	₩	247	₩ 215
				₩	-	₩ 215

7. Investment securities

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

	<u>June 30, 2022</u>		<u>December 31, 2021</u>	
	<u>Cost</u>	<u>Book value</u>	<u>Cost</u>	<u>Book value</u>
Financial assets measured at FVTPL:				
Equity instruments(*1)	₩	632,462	₩	251,683
Debt securities (*2)		295,075		327,463
Money invested and others		59,146		71,906
Financial assets measured at FVOCI:				
Equity instruments (*3)		324,156		331,050
Financial assets measured at amortized cost:				
Debt securities		<u>250</u>		<u>378</u>
	<u>₩</u>	<u>1,311,089</u>	<u>₩</u>	<u>1,003,526</u>
			<u>₩</u>	<u>873,636</u>
			<u>₩</u>	<u>934,091</u>

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

(*2) It consists of convertible bonds such as Halio, Inc. In the case of convertible bonds, the amount due within one year from the end of June 30, 2022 was classified as short-term investment securities.

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

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

7. Investment securities (cont'd)

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

	June 30, 2022		December 31, 2021	
	Acquisition cost	Book value	Acquisition cost	Book value
Marketable equity instruments(*1)	₩ 559,354	₩ 258,105	₩ 99,033	₩ 165,885
Non-marketable equity instruments	397,264	324,628	388,068	315,433
Debt securities	295,325	348,499	327,713	380,867
Money invested and others	59,146	72,294	58,822	71,906
	<u>₩ 1,311,089</u>	<u>₩ 1,003,526</u>	<u>₩ 873,636</u>	<u>₩ 934,091</u>

(*1) Consist of SES AI Corporation (formerly, SES Holdings Pte. Ltd.) that merged with SPAC during the six-month period ended June 30, 2022, and GRAB Holdings Ltd. that was listed in the previous year. SES AI Corporation (formerly, SES Holdings Pte. Ltd.) is recognized as an investment in associate as of December 31, 2021.

(3) Changes in investment securities for the six-month periods ended June 30, 2022 and 2021 are as follows (Korean won in millions):

	For the six-month period ended	
	June 30, 2022	June 30, 2021
Beginning balance	₩ 934,091	₩ 674,891
Acquisitions	12,520	31,477
Gain on valuation and amortised	(356,909)	69
Transfer (*1)	413,824	(22,500)
Ending balance	<u>₩ 1,003,526</u>	<u>₩ 683,937</u>

(*1) During the six-month period ended June 30, 2022, SES AI Corporation (formerly, SES Holdings Pte. Ltd.) merged with SPAC and the Company lost significant influence. As a result, it was reclassified from investment in associate to investment securities. Meanwhile, the Company acquired shares of Swift Navigation by exercising the conversion right of convertible bonds, and although the Company's ownership ratio is less than 20%, it has been reclassified as investment in associates because the Company is able to exercise significant influence.

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

8. Investments in subsidiaries

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

	Domicile	Principal business activity	Equity ownership (%) (*1)	June 30, 2022		December 31,
				Acquisition cost	Book value	2021
						Book value
SK Innovation Co., Ltd. (*2)	Korea	Resource development	33.77	₩ 3,072,937	₩ 3,072,937	₩ 3,072,937
SK Telecom Co., Ltd. (*2)	Korea	Mobile tele-communication	30.01	2,929,870	2,929,870	2,929,870
SK Square Co., Ltd. (*2)	Korea	Investment	30.01	2,486,149	2,486,149	2,486,149
SK Networks Co., Ltd. (*2)	Korea	Trading and distribution	39.14	706,229	706,229	706,229
SKC Co., Ltd. (*2)	Korea	Petrochemicals	40.64	548,654	548,654	548,654
SK E&S Co., Ltd.	Korea	City gas business	90.00	2,600,000	2,600,000	2,600,000
SK Ecoplant Co., Ltd. (*2)	Korea	Construction	44.48	545,300	545,300	545,300
SK Siltron Co., Ltd.	Korea	Manufacturing and sales of silicon thin sheet	51.00	622,606	622,606	622,606
SK Specialty Co., Ltd. (formerly, SK Materials Co., Ltd.)	Korea	Special-gas manufacturing and sales	100.00	600,467	600,467	600,467
SK Biopharmaceuticals Co., Ltd.	Korea	Medicine and life science	64.02	369,226	369,226	369,226
SK REITS Co., Ltd.	Korea	Real estate development and trading	50.00	387,551	387,551	387,551
Hweechan Co., Ltd.	Korea	Resort business	100.00	335,912	335,912	335,912
SK Signet Inc. (formerly, Signet EV Inc.) (*3)	Korea	Manufacturing of motors generators, and electrical conversion devices	0.00	293,236	293,236	293,236
SK Materials Airplus Incorporated	Korea	Manufacture and sale of industrial gas	100.00	265,573	265,573	265,573
SK Tri Chem Co., Ltd.	Korea	Precursor product development, and sales	65.00	102,505	102,505	102,505
Yespowertech (*4)	Korea	Semiconductor manufacturing	74.89	78,503	78,503	-
SK materials G14 Co., Ltd.	Korea	Semiconductor	75.00	62,692	62,692	62,692
SK Forest Co., Ltd.	Korea	Landscape construction	100.00	61,387	61,387	61,387
SK Materials Performance Co., Ltd.	Korea	Semiconductor industrial photosensitive agent manufacturing and sales	100.00	57,070	57,070	57,070
SK Materials Renewtech Co., Ltd.	Korea	Acetylene and other Industries gas production and sales	80.00	46,678	46,678	46,678
SK Showa Denko Co., Ltd.	Korea	Semiconductor distribution and sales	51.00	23,150	23,150	23,150
SK Materials JNC Co., Ltd.	Korea	Organic light emitting diode material manufacturing, distribution and sales	51.00	20,287	20,287	20,287
SK REITs Management Co., Ltd.	Korea	Real estate acquisition and rental and development	100.00	7,000	7,000	7,000
Happy Companion Co., Ltd. (*5)	Korea	Cleaning services	-	-	-	487
SK Pharmteco Inc. (*6)	USA	Investment	100.00	1,651,228	1,651,228	1,469,503
Plutus Capital NY, Inc.	USA	Investment	100.00	847,076	847,076	847,076
SK China Company, Ltd. (*7)	Hong Kong	Consulting and investment	27.42	557,117	557,117	557,117
SK South East Asia Investment Pte. Ltd. (*7)	Singapore	Investment	20.00	345,010	345,010	345,010
Golden Pearl EV Solutions Limited	Hong Kong	Investment	100.00	281,360	281,360	281,360
Einstein Cayman Limited	Cayman	Investment	100.00	182,625	182,625	182,625
Tellus Investment Partners, Inc. (*6)	USA	Investment	100.00	132,228	132,228	107,013
Tillandsia, Inc. (*8)	USA	Investment	100.00	124,225	124,225	-
SK Japan Investment	Japan	Investment	50.00	103,012	103,012	103,012
Plutus Fashion NY, Inc.	USA	Fashion	100.00	74,113	74,113	74,113
Saturn Agriculture Investment Co., Ltd.	Hong Kong	Investment	81.00	67,093	67,093	67,093
PLUTUS Capital NY II, Inc.	USA	Investment	100.00	57,049	57,049	57,049
I Cube Capital, Inc. (*6)	USA	Investment	100.00	51,176	51,176	40,289
Energy Solution Holdings Inc. (*6,7)	USA	Investment	39.97	54,752	54,752	36,432
PLUTUS Capital NY III, Inc.	USA	Investment	100.00	31,632	31,632	31,632
Socar Mobility Malaysia, SDN. BHD.	Malaysia	Rental of cars	83.51	29,221	29,221	29,221
SK S.E.Asia Pte. Ltd.	Singapore	Investment	100.00	25,847	25,847	25,847
SK C&C Beijing Co., Ltd.	China	Computer system	100.00	25,481	25,481	25,481
Digital Center Capital Inc. (*6)	USA	Investment	100.00	27,684	27,684	25,178
Castanea Bioscience Inc.	USA	Investment	100.00	23,883	23,883	23,883
SK Investment Management Co., Ltd.	Hong Kong	Investment	80.76	10,099	10,099	10,099
SK GI Management	Cayman	Investment	100.00	9,523	9,523	9,523
Auxo Capital Inc. (*6)	USA	Investment	100.00	21,689	21,689	8,795
Gemini Partners Pte. Ltd. (*7)	Singapore	Consulting	20.00	6,018	2,601	2,601
SK MENA Investment B.V. (*7)	Netherlands	Investment	11.54	5,178	5,178	5,178
SK Latin Americas Investment S.A. (*7)	Spain	Investment	11.54	5,135	5,135	5,135
SK C&C India Pvt. Ltd.	India	Computer system	100.00	3,442	-	-
SK Materials (Shanghai) Co., Ltd. (*5)	China	Special gas sales	-	-	-	2,326

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

8. Investments in subsidiaries (cont'd)

	Domicile	Principal business activity	Equity ownership (%) (*1)	June 30, 2022		December 31, 2021
				Acquisition cost	Book value	Book value
Tellus (Hong Kong) Investment	Hong Kong	Investment	100.00	1,985	1,985	1,985
SK C&C USA, Inc.	USA	IT service	100.00	1,971	1,971	1,971
SK Technology Innovation Company (*7)	Cayman	Research and development	2.12	1,876	1,876	1,876
S&G Technology	Saudi Arabia	Computer system	51.00	74	-	-
				<u>₩ 20,981,784</u>	<u>₩ 20,974,851</u>	<u>₩ 20,523,389</u>

- (*1) Equity ownership is based on ordinary shares.
- (*2) SK Innovation Co., Ltd. and 5 other companies were classified as investments in subsidiaries as the Company is able to exercise de facto control. The remaining voting rights of SK Innovation Co., Ltd. and 5 other companies are widely dispersed, and the Company's voting rights are sufficient to give it power.
- (*3) The Company has acquired convertible preferred stocks with voting rights of the entity and as a result, holds 52.63% of voting rights.
- (*4) During the six-month period ended June 30, 2022, the Company participated in the capital increase of Yespowertech, an associate investment, whereby acquiring control. Accordingly, the entity was transferred from investment in joint venture to investment in subsidiaries.
- (*5) During the six-month period ended June 30, 2022, the Company sold all of its shares to SK Specialty Co., Ltd., a subsidiary.
- (*6) Additional investment was made during the six-month period ended June 30, 2022.
- (*7) When the investment equity ratio of the Company and its subsidiaries is combined, control can be exercised; therefore the investment is classified as an investment in subsidiaries.
- (*8) Newly established during the six-month period ended June 30, 2022.

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

	June 30, 2022
SK Innovation Co., Ltd.	₩ 5,994,914
SK Telecom Co., Ltd.	3,414,757
SK Square Co., Ltd.	1,657,758
SK Networks Co., Ltd.	408,000
SKC Co., Ltd.	2,046,870
SK Biopharmaceuticals Co., Ltd.	3,755,107
SK REITs Co., LTD.	445,684
SK Signet Inc.	361,924

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

9. Investments in associates and joint ventures

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

	Domicile	Principal business activity	June 30, 2022			December 31,
			Equity ownership (%)	Acquisition cost	Book value	2021 Book value
Investments in associates:						
Socar, Inc.	Korea	Rental of cars	20.19	₩ 109,304	₩ 109,304	₩ 109,304
SMCore Inc.	Korea	Manufacturing and sales of automated logistics system	26.60	39,419	39,419	39,419
Yespowertechnix (*1)	Korea	Semiconductor manufacturing	-	-	-	26,977
Standigm Inc. (*2,3)	Korea	Software development	12.14	14,410	14,410	14,410
Cloocus Co., Ltd. (*2,3)	Korea	Information and communication service	16.75	6,500	6,500	6,500
Soft berry Inc.	Korea	Warehouse infra	22.09	5,684	5,684	5,684
Begas Co., Ltd. (*2,3)	Korea	Management consulting	17.86	5,000	5,000	5,000
PUMP Co., Ltd. (*2,3,4)	Korea	Electric kickboard rental	14.87	5,000	5,000	3,000
THIRA-UTECH Co., Ltd. (*3)	Korea	Service manufacturing	13.72	4,200	4,200	4,200
ACRYL Inc. (*2,3)	Korea	Information service	16.12	2,500	2,500	2,500
TWO LINE CODE Inc.	Korea	Software development	23.54	2,300	2,300	2,500
The Wave Talk, Inc. (*3)	Korea	Manufacturing and technical services	4.65	2,038	2,038	2,038
Todo Works Corp. (*3)	Korea	Handicapped aids and medical device sales	10.25	2,037	2,037	2,037
Daehan Kanggun BcN Co., Ltd. (*2,5)	Korea	Wired communication	0.20	58	-	-
ProteoVant Sciences, Inc.	USA	Medicine research and development	40.00	222,370	222,370	222,370
SES Holdings Pte. Ltd. (*6)	Singapore	Investment	-	-	-	69,712
Swift Navigation (*7)	USA	GPS software development	10.10	46,496	46,496	-
Belstar Superfreeze Holdings, LLC (*2)	Cayman	Warehouse business	23.08	36,839	36,839	36,839
9352-7281 Quebec Inc.	Canada	Investment	40.09	31,558	31,558	31,558
Hummingbird Bioscience Holdings, LLC (*2,3)	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. (*2,3)	USA	Manufacturing discolored glass	2.13	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. (*3)	USA	System consulting	19.94	6,767	-	-
DSK EV Investment Limited. (*3)	Cayman	Investment	3.32	1,028	1,028	1,028
				<u>₩ 590,476</u>	<u>₩ 577,959</u>	<u>₩ 626,352</u>

(*1) During the six-month period ended June 30, 2022, the Company acquired control by participating in the capital increase of Yespowertechnix, an associate investment. Accordingly, the entity was transferred from investment in joint venture to investment in subsidiaries.

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

(*3) 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.

(*4) Additional investment was made during the six-month period ended June 30, 2022.

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

(*6) The Company lost significant influence during the six-month period ended June 30, 2022 and reclassified it as long-term investment securities.

(*7) During the six-month period ended June 30, 2022, Swift Navigation's convertible bonds were converted into common stocks, whereby the Company acquired significant influence. Accordingly, the entity was transferred from investment securities to investment in associates.

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

10. Property, plant and equipment

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

	June 30, 2022			December 31, 2021		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 100,179	₩ -	₩ 100,179	₩ 100,179	₩ -	₩ 100,179
Buildings	304,804	(70,400)	234,404	356,558	(77,694)	278,864
Structures	11,646	(2,180)	9,466	11,646	(1,935)	9,711
Machinery	1,323	(86)	1,237	1,267	(12)	1,255
Vehicles	12,468	(4,514)	7,954	12,468	(4,087)	8,381
Furniture and fixtures	449,154	(307,692)	141,462	417,068	(290,339)	126,729
Construction-in-progress	61,926	-	61,926	32,765	-	32,765
	<u>₩ 941,500</u>	<u>₩ (384,872)</u>	<u>₩ 556,628</u>	<u>₩ 931,951</u>	<u>₩ (374,067)</u>	<u>₩ 557,884</u>

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

	For the six-month period ended June 30, 2022					
	Beginning balance	Acquisition	Depreciation	Disposal	Transfer (*1)	Ending balance
Land	₩ 100,179	₩ -	₩ -	₩ -	₩ -	₩ 100,179
Buildings	278,864	-	(4,328)	-	(40,132)	234,404
Structures	9,711	-	(245)	-	-	9,466
Machinery	1,255	-	(74)	-	56	1,237
Vehicles	8,381	-	(427)	-	-	7,954
Furniture and fixtures	126,729	13,575	(19,766)	(3)	20,927	141,462
Construction-in-progress	32,765	65,291	-	-	(36,130)	61,926
	<u>₩ 557,884</u>	<u>₩ 78,866</u>	<u>₩ (24,840)</u>	<u>₩ (3)</u>	<u>₩ (55,279)</u>	<u>₩ 556,628</u>

	For the six-month period ended June 30, 2021					
	Beginning balance	Acquisition	Depreciation	Disposal	Transfer (*1)	Ending balance
Land	₩ 96,251	₩ -	₩ -	₩ -	₩ 1,645	₩ 97,896
Buildings	285,770	-	(5,165)	-	3,054	283,659
Structures	8,210	-	(198)	-	-	8,012
Vehicles	9,245	-	(436)	-	-	8,809
Furniture and fixtures	121,280	18,365	(18,276)	(13)	81	121,437
Construction-in-progress	13,440	11,098	-	-	(4,782)	19,756
	<u>₩ 534,196</u>	<u>₩ 29,463</u>	<u>₩ (24,075)</u>	<u>₩ (13)</u>	<u>₩ (2)</u>	<u>₩ 539,569</u>

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

11. Right-of-use assets and lease liabilities

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

	June 30, 2022			December 31, 2021		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land and buildings	₩ 222,791	₩ (76,427)	₩ 146,364	₩ 177,119	₩ (61,364)	₩ 115,755
Vehicles	8,843	(4,820)	4,023	8,818	(4,491)	4,327
Furniture and fixtures	361	(156)	205	361	(122)	239
	<u>₩ 231,995</u>	<u>₩ (81,403)</u>	<u>₩ 150,592</u>	<u>₩ 186,298</u>	<u>₩ (65,977)</u>	<u>₩ 120,321</u>

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

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

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

	For the six-month period ended June 30, 2022				
	Beginning balance	Increase	Depreciation	Others (*1)	Ending balance
Land and buildings	₩ 115,755	₩ 33,532	₩ (17,276)	₩ 14,353	₩ 146,364
Vehicles	4,327	2,221	(1,708)	(817)	4,023
Furniture and fixtures	239	-	(34)	-	205
	<u>₩ 120,321</u>	<u>₩ 35,753</u>	<u>₩ (19,018)</u>	<u>₩ 13,536</u>	<u>₩ 150,592</u>

	For the six-month period ended June 30, 2021				
	Beginning balance	Increase	Depreciation	Others (*1)	Ending balance
Land and buildings	₩ 88,585	₩ 2,539	₩ (14,010)	₩ 585	₩ 77,699
Vehicles	5,081	2,768	(1,571)	(1,570)	4,708
Furniture and fixtures	315	31	(38)	(32)	276
	<u>₩ 93,981</u>	<u>₩ 5,338</u>	<u>₩ (15,619)</u>	<u>₩ (1,017)</u>	<u>₩ 82,683</u>

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

(3) Changes in lease liabilities for the six-month periods ended June 30, 2022 and 2021 are as follows (Korean won in millions):

	For the six-month period ended June 30, 2022				
	Beginning balance	Increase	Interest expenses	Decrease (payment)	Ending balance
Lease liabilities	₩ 429,144	₩ 35,281	₩ 5,494	₩ (35,047)	₩ 437,424

	For the six-month period ended June 30, 2021				
	Beginning balance	Increase	Interest expenses	Decrease (payment)	Ending balance
Lease liabilities	₩ 128,421	₩ 5,338	₩ 702	₩ (30,888)	₩ 105,242

(*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 ₩1,906 million and ₩2,303 million in relation to short-term lease and ₩478 million and ₩666 million in relation to leases of low-value assets during the six-month periods ended June 30, 2022 and 2021. The total cash outflow of leases during the period ended is ₩37,431 million and ₩33,857 million during the six-month periods ended June 30, 2022 and 2021.

12. Investment properties

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

	June 30, 2022			December 31, 2021		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Buildings	₩ 65,516	₩ (4,315)	₩ 61,201	₩ 10,617	₩ (3,148)	₩ 7,469

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

12. Investment properties (cont'd)

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

	For the six-month period ended June 30, 2022			
	Beginning balance	Increase (decrease)	Depreciation	Ending balance
Buildings	₩ 7,469	₩ 55,279	₩ (1,547)	₩ 61,201

	For the six-month period ended June 30, 2021			
	Beginning balance	Increase (decrease)	Depreciation	Ending balance
Buildings	₩ 7,845	₩ 40	₩ (398)	₩ 7,487

13. Intangible assets

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

	June 30, 2022				December 31, 2021			
	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value
Development costs	₩ 240,334	₩ (110,742)	₩ (3,716)	₩ 125,876	₩ 220,262	₩ (95,969)	₩ (3,716)	₩ 120,577
Memberships	76,171	-	(13,648)	62,523	66,908	-	(13,648)	53,260
Brand-related assets	1,975,000	-	-	1,975,000	1,975,000	-	-	1,975,000
Others	47,421	(22,787)	-	24,634	47,034	(19,780)	-	27,254
	<u>₩ 2,338,926</u>	<u>₩ (133,529)</u>	<u>₩ (17,364)</u>	<u>₩ 2,188,033</u>	<u>₩ 2,309,204</u>	<u>₩ (115,749)</u>	<u>₩ (17,364)</u>	<u>₩ 2,176,091</u>

(2) Changes in intangible assets for the six-month periods ended June 30, 2022 and 2021 are as follows (Korean won in millions):

	For the six-month period ended June 30, 2022				
	Beginning balance	Acquisitions	Amortization	Others	Ending balance
Development costs	₩ 120,577	₩ 20,072	₩ (14,773)	₩ -	₩ 125,876
Memberships (*1)	53,260	10,981	-	(1,718)	62,523
Brand-related assets (*1)	1,975,000	-	-	-	1,975,000
Others	27,254	387	(3,007)	-	24,634
	<u>₩ 2,176,091</u>	<u>₩ 31,440</u>	<u>₩ (17,780)</u>	<u>₩ (1,718)</u>	<u>₩ 2,188,033</u>

	For the six-month period ended June 30, 2021				
	Beginning balance	Acquisitions	Amortization	Disposals	Ending balance
Development costs	₩ 96,556	₩ 25,666	₩ (11,965)	₩ -	₩ 110,257
Memberships (*1)	51,903	5	-	(1,041)	50,867
Brand-related assets (*1)	1,975,000	-	-	-	1,975,000
Others	30,678	1,056	(2,783)	-	28,951
	<u>₩ 2,154,137</u>	<u>₩ 26,727</u>	<u>₩ (14,748)</u>	<u>₩ (1,041)</u>	<u>₩ 2,165,075</u>

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

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

14. Borrowings and bonds payable

(1) Short-term borrowings

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

Description	Financial institution	Interest rate (%)	June 30, 2022		December 31, 2021	
Working capital loan	Woori Bank	2.71	₩	328,580	₩	118,550
Working capital loan	The Export-Import Bank of Korea	1.99		193,935		-
Working capital loan	Credit Agricole Corporate & Investment Bank	1.36		129,290		168,550
Working capital loan	Kookmin Bank	2.73		100,000		-
Working capital loan	NH Bank	2.49		71,000		169,900
Working capital loan	Bank of China	2.61		67,000		80,000
Working capital loan	Hana Bank	1.53 ~ 2.03		50,000		20,000
Working capital loan	Sumitomo Mitsui Banking Corporation	-		-		50,000
Commercial paper	Kiwoom Securities	1.53 ~ 2.03		1,110,000		450,000
Commercial paper	KB Securities	1.90 ~ 2.21		480,000		285,000
Commercial paper	Shinhan bank	1.99 ~ 2.18		240,000		80,000
Commercial paper	Shinyoung Securities	1.99 ~ 2.21		180,000		70,000
Commercial paper	SK Securities	1.90 ~ 2.21		170,000		920,000
Commercial paper	Samsung Securities	1.90 ~ 2.11		30,000		100,000
Commercial paper	Hi Investment & Securities	-		-		50,000
Commercial paper	Daishin Securities	-		-		20,000
Commercial paper	NH Investment & Securities	-		-		20,000
Commercial paper	Hanyang Securities	-		-		20,000
			₩	<u>3,149,805</u>	₩	<u>2,652,000</u>

(2) Bonds payable

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

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

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

14. Borrowings and bonds payable (cont'd)

Issuance number	Interest rate (%)	Maturity	Security	June 30, 2022	December 31, 2021
285-3rd	2.55	2028-09-06	Unsecured	₩ 120,000	₩ 120,000
286-2nd	2.37	2023-11-29	Unsecured	100,000	100,000
287-1st	2.17	2024-02-27	Unsecured	150,000	150,000
287-2nd	2.23	2026-02-27	Unsecured	70,000	70,000
287-3rd	2.35	2029-02-27	Unsecured	80,000	80,000
288-1st	1.81	2024-06-04	Unsecured	170,000	170,000
288-2nd	1.83	2026-06-04	Unsecured	60,000	60,000
288-3rd	1.87	2029-06-04	Unsecured	110,000	110,000
289-1st	1.62	2022-09-20	Unsecured	130,000	130,000
289-2nd	1.76	2024-09-20	Unsecured	120,000	120,000
289-3rd	1.84	2029-09-20	Unsecured	70,000	70,000
290-1st	1.74	2022-11-28	Unsecured	80,000	80,000
290-2nd	1.83	2024-11-28	Unsecured	90,000	90,000
290-3rd	1.89	2029-11-28	Unsecured	70,000	70,000
291-1st	1.52	2023-02-20	Unsecured	70,000	70,000
291-2nd	1.63	2025-02-20	Unsecured	160,000	160,000
291-3rd	1.70	2027-02-20	Unsecured	40,000	40,000
291-4th	1.80	2030-02-20	Unsecured	60,000	60,000
292-1st	1.50	2023-06-03	Unsecured	110,000	110,000
292-2nd	1.69	2025-06-03	Unsecured	120,000	120,000
292-3rd	1.79	2030-06-03	Unsecured	50,000	50,000
293-1st	1.57	2025-09-07	Unsecured	200,000	200,000
293-2nd	1.74	2027-09-07	Unsecured	30,000	30,000
293-3rd	1.83	2030-09-07	Unsecured	120,000	120,000
294-1st	1.61	2025-12-03	Unsecured	150,000	150,000
294-2nd	1.93	2030-12-03	Unsecured	90,000	90,000
295-1st	1.24	2024-02-24	Unsecured	60,000	60,000
295-2nd	1.60	2026-02-24	Unsecured	150,000	150,000
295-3rd	1.75	2028-02-24	Unsecured	30,000	30,000
295-4th	2.03	2031-02-24	Unsecured	80,000	80,000
296-1st	1.53	2024-06-04	Unsecured	40,000	40,000
296-2nd	2.07	2026-06-04	Unsecured	220,000	220,000
296-3rd	2.49	2031-06-04	Unsecured	70,000	70,000
297-1st	1.87	2024-09-13	Unsecured	100,000	100,000
297-2nd	2.09	2026-09-13	Unsecured	200,000	200,000
297-3rd	2.28	2031-09-13	Unsecured	60,000	60,000
298-1st	2.51	2024-11-05	Unsecured	50,000	50,000
298-2nd	2.72	2026-11-05	Unsecured	100,000	100,000
298-3rd	2.83	2031-11-05	Unsecured	40,000	40,000
299	-	2022-04-10	Unsecured	-	50,000
300	2.16	2024-04-26	Unsecured	50,000	50,000
301	1.72	2023-07-03	Unsecured	85,000	85,000
302-1st	3.00	2025-02-22	Unsecured	220,000	-
302-2nd	3.10	2027-02-22	Unsecured	120,000	-
302-3rd	3.19	2032-02-22	Unsecured	50,000	-
303-1st	3.97	2025-06-09	Unsecured	160,000	-
303-2nd	4.14	2027-06-09	Unsecured	160,000	-
303-3rd	4.24	2029-06-09	Unsecured	30,000	-
				6,935,000	6,735,000
				(14,675)	(14,100)
Less: Discount on bonds payable				(1,449,278)	(1,219,426)
Less: current portion					
				₩ 5,471,047	₩ 5,501,474

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

Period ending	Amount of repayment
July 1, 2022 ~ June 30, 2023	₩ 1,450,000
July 1, 2023 ~ June 30, 2024	1,245,000
July 1, 2024 ~ June 30, 2025	1,290,000
July 1, 2025 ~ June 30, 2026	970,000
July 1, 2026 and thereafter	1,980,000
	₩ 6,935,000

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

15. Provisions

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

	For the six-month period ended June 30, 2022					
	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Provision for service warranties	₩ 1,939	₩ 643	₩ (1,403)	₩ 1,179	₩ 1,179	₩ -
Other provisions	3,690	3,176	(968)	5,898	3,112	2,786
	<u>₩ 5,629</u>	<u>₩ 3,819</u>	<u>₩ (2,371)</u>	<u>₩ 7,077</u>	<u>₩ 4,291</u>	<u>₩ 2,786</u>

	For the six-month period ended June 30, 2021					
	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Provision for service warranties	₩ 3,802	₩ 329	₩ (1,500)	₩ 2,631	₩ 2,631	₩ -
Other provisions	4,659	-	(126)	4,533	2,219	2,314
	<u>₩ 8,461</u>	<u>₩ 329</u>	<u>₩ (1,626)</u>	<u>₩ 7,164</u>	<u>₩ 4,850</u>	<u>₩ 2,314</u>

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

16. Defined benefit liabilities

(1) Defined contribution plans

The Company partly operates a defined contribution plan for certain employees. The expenses related to the defined contributions plans recognized for the six-month periods ended June 30, 2022, were ₩243 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 June 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	June 30, 2022	December 31, 2021
Present value of defined benefit obligation	₩ 452,278	₩ 455,119
Fair value of plan assets	(428,243)	(437,310)
	<u>₩ 24,035</u>	<u>₩ 17,809</u>

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

16. Defined benefit liabilities (cont'd)

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

	<u>For the six-month period ended June 30, 2022</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Total</u>
Beginning balance	₩ 455,119	₩ (437,310)	₩ 17,809
Provision for pension benefits:			
Current service cost	28,692	-	28,692
Net interest expense (income)	6,324	(6,846)	(522)
Remeasurement:			
Return on plan assets and others (excluding amounts included in net interest expense)	-	5,052	5,052
Actuarial changes arising from changes in financial assumptions and others	(50,521)	-	(50,521)
Experience adjustments and others	20,828	-	20,828
Benefit paid	(15,461)	15,420	(41)
Others	7,297	(4,559)	2,738
Ending balance	<u>₩ 452,278</u>	<u>₩ (428,243)</u>	<u>₩ 24,035</u>

	<u>For the six-month period ended June 30, 2021</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Total</u>
Beginning balance	₩ 414,384	₩ (371,994)	₩ 42,390
Provision for pension benefits:			
Current service cost	25,729	-	25,729
Net interest expense (income)	4,727	(4,649)	78
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	-	6,146	6,146
Actuarial changes arising from changes in financial assumptions and others	(11,997)	-	(11,997)
Experience adjustments and others	7,723	-	7,723
Benefit paid	(10,161)	10,147	(14)
Others	5,265	(3,735)	1,530
Ending balance	<u>₩ 435,670</u>	<u>₩ (364,085)</u>	<u>₩ 71,585</u>

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

17. Other assets and liabilities

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Current assets:		
Accrued income	₩ 2,803	₩ 1,417
Advanced payments	3,897	5,638
Prepaid expenses	43,307	22,041
Short-term loans	52	460,621
Guarantee deposits	3,551	3,200
Lease receivables	34,730	35,793
Derivative financial assets	224,672	193,727
	<u>₩ 313,012</u>	<u>₩ 722,437</u>
Non-current assets:		
Long-term financial instruments	₩ 3,270	₩ 3,270
Long-term loans	502,622	215
Long-term guarantee deposits	48,211	43,057
Lease receivables	265,628	290,039
Others	127	127
	<u>₩ 819,858</u>	<u>₩ 336,708</u>

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Current liabilities:		
Advances received	₩ 136,771	₩ 68,826
Withholdings	32,734	31,389
Income tax payable	116,982	315,103
Leasehold deposits received	222	222
Dividends payable	171	163
Lease liabilities	73,344	68,070
Derivative financial liabilities	243,985	424,900
	<u>₩ 604,209</u>	<u>₩ 908,673</u>
Non-current liabilities:		
Long-term leasehold deposits received	₩ 23,307	₩ 23,932
Long-term lease liabilities	364,080	361,074
Derivative financial liabilities	219,337	-
Long-term employee benefits	9,760	9,714
	<u>₩ 616,484</u>	<u>₩ 394,720</u>

18. Derivative financial assets and liabilities

The Company has entered into foreign currency forward contracts to manage fluctuations in currency exchange rates relating to its contracts denominated in foreign currencies and has entered total return swap contracts with certain of subsidiaries' common share investors and others. Details of assets and liabilities after valuation as of June 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	<u>June 30, 2022</u>		<u>December 31, 2021</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Forward contract	₩ 31,362	₩ 40,787	₩ 417	₩ 2,365
Total return swap contract (see Note 29)	193,310	422,535	193,310	422,535
	<u>₩ 224,672</u>	<u>₩ 463,322</u>	<u>₩ 193,727</u>	<u>₩ 424,900</u>

19. Equity

19.1 Issued capital

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

	<u>June 30, 2022</u>		<u>December 31, 2021</u>
Number of shares authorized for issue	400,000,000		400,000,000
Par value per share (Korean won)	₩ 200	₩	200
Number of shares issued:			
Ordinary share	74,149,329		74,149,329
Preferred share	566,135		566,135
Issued capital:			
Ordinary share	₩ 16,030	₩	16,030
Preferred share	113		113
	<u>₩ 16,143</u>	<u>₩</u>	<u>16,143</u>

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

19.2 Other paid-in capital

Details of other paid-in capital as of June 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	<u>June 30, 2022</u>		<u>December 31, 2021</u>
Additional paid-in capital (*1)	₩ 6,609,167	₩	6,609,167
Treasury share (*2)	(1,809,318)		(1,812,774)
Stock option	565		6,125
Others (*3)	(1,458,538)		(1,447,807)
	<u>₩ 3,341,876</u>	<u>₩</u>	<u>3,354,711</u>

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

(*2) As of June 30, 2022, treasury share consists of those acquired to increase enterprise value and to stabilize share price (6,999,080 ordinary shares), and those acquired from repurchase of shares from dissenting shareholders on business combination and shares arising from odd lot shares (11,024,731 ordinary shares and 1,787 preferred shares) during the year 2015.

(*3) The Company decided to compensate for the difference in cash for the stock option exercised during the six-month period ended June 30, 2022. Accordingly, the accounting changed to cash settlement, and the difference in valuation was recognized as other capital surplus.

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

19.3 Retained earnings

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Legal reserve (*1)	₩ 8,072	₩ 7,693
Voluntary reserve	62,897	62,897
Unappropriated retained earnings	<u>12,554,568</u>	<u>12,335,610</u>
	<u>₩ 12,625,537</u>	<u>₩ 12,406,200</u>

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

19.4 Other components of equity

Details of other components of equity as of June 30, 2022 and December 31, 2021 are as follows (Korean won in millions):

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Gain on financial assets measured at FVOCI	₩ 5,171	₩ 13,052

19.5 Stock option

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

	<u>1-1(*1)</u>	<u>1-2(*2)</u>	<u>1-3(*2)</u>	<u>2-1(*2)</u>	<u>2-2(*2)</u>
Grant date	2017-03-24	2017-03-24	2017-03-24	2020-03-25	2020-03-25
Type of shares to be issued	Ordinary shares				
Grant method	Reissue of treasury shares, but if the stock option's exercise price is lower than the stock's real price (evaluated based on exercise date), the Company may settle the difference in cash or with treasury share equivalent to the difference amount.				
Number of shares (shares)	41,429	41,430	41,431	142,692	71,346
Exercise price (Korean won) ₩	226,290	244,400	263,950	153,450	153,450
Contractual life of options	2019.03.25	2020.03.25	2021.03.25	2023.03.26	2023.03.26
	~2022.03.24	~2023.03.24	~2024.03.24	~2027.03.25	~2027.03.25
Vesting conditions	2 year service from the grant date	3 year service from the grant date	4 year service from the grant date	2 year service from the grant date	3 year service from the grant date

19.5 Stock option (cont'd)

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

(*1) All were exercised during the period.

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

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

Share compensation expenses recognized during the six-month period ended June 30, 2022 are ₩2,549 million (total : ₩2,921 million), and ₩5,559 million of the accumulated compensation expenses recognized have been derecognized due to the change to cash-settled. The liability recognised in relation to the cash-settled share option for the six-month period ended June 30, 2022 is ₩23,389 million.

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

19.5 Stock option (cont'd)

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

	1-2		1-3		2-1		2-2	
Risk-free interest rate		1.81%		2.37%		2.86%		2.86%
Option life		6 years		7 years		7 years		7 years
Expected price (Closing price on the preceding day in Korean won)	₩	242,000	₩	242,000	₩	242,000	₩	242,000
Expected volatility		25.70%		25.70%		25.70%		25.70%
Rate of returns		3.30%		3.30%		3.30%		3.30%
Exercise price (Korean won)	₩	244,440	₩	263,950	₩	153,450	₩	153,450
Fair value per share (Korean won)	₩	21,499	₩	23,514	₩	92,021	₩	92,021

	1		2		1		2	
Risk-free interest rate		1.81%		2.37%		2.86%		2.86%
Option life		5 years		6 years		7 years		7 years
Expected price (Closing price on the preceding day in Korean won)	₩	242,000	₩	242,000	₩	242,000	₩	242,000
Expected volatility		25.70%		25.70%		25.70%		25.70%
Rate of returns		3.30%		3.30%		3.30%		3.30%
Exercise price (Korean won)	₩	100,884	₩	108,959	₩	89,204	₩	89,204
Fair value per share (Korean won)	₩	141,116	₩	133,041	₩	146,710	₩	146,710

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

	June 30, 2022		June 30, 2021	
	Quantities	Weighted average exercise price	Quantities	Weighted average exercise price
Beginning balance	434,191	₩ 166,785	338,328	₩ 145,743
Granted	-	-	-	-
Exercised	(41,429)	(226,290)	-	-
Ending balance	<u>392,762</u>	<u>₩ 160,508</u>	<u>338,328</u>	<u>₩ 145,743</u>

In addition, the Company has entered into a Stock Grant that pays treasury stocks to employees for free apart from the above stock options. In the case of such Stock Grant, there is no requirement for vesting condition, and may not be transferred during the term of the stock. as of June 30, 2022, the recognized stock compensation costs related to the Stock Grant is ₩ 340 million.

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

20. Operating revenues

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

	June 30, 2022		June 30, 2021	
	Three months	Six months	Three months	Six months
Revenue from contracts with customers:				
IT service (*1)	₩ 478,170	₩ 887,281	₩ 418,458	₩ 809,120
Trademark usage income	85,889	141,961	50,575	111,084
	<u>564,059</u>	<u>1,029,242</u>	<u>469,033</u>	<u>920,204</u>
Revenue from other sources:				
Dividend income	60,045	644,723	-	446,356
Rental income	20,192	20,496	288	465
	<u>80,237</u>	<u>665,219</u>	<u>288</u>	<u>446,821</u>
	<u>₩ 644,296</u>	<u>₩ 1,694,461</u>	<u>₩ 469,321</u>	<u>₩ 1,367,025</u>

(*1) Includes contract revenue of ₩559,571 million and ₩ 502,911 million recognized from the cost-based input method for the six-month periods ended June 30, 2022 and 2021.

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

	June 30, 2022		June 30, 2021	
	Three months	Six months	Three months	Six months
Revenue from contracts with customers:				
IT service	₩ 478,170	₩ 887,281	₩ 418,458	₩ 809,120
Trademark usage income	85,889	141,961	50,575	111,084
	<u>₩ 564,059</u>	<u>₩ 1,029,242</u>	<u>₩ 469,033</u>	<u>₩ 920,204</u>
Geographical location:				
Korea	₩ 546,145	₩ 993,253	₩ 453,783	₩ 889,330
Asia	8,676	19,590	5,811	12,200
Europe	5,164	9,023	5,758	12,038
North America	4,074	7,376	3,681	6,636
	<u>₩ 564,059</u>	<u>₩ 1,029,242</u>	<u>₩ 469,033</u>	<u>₩ 920,204</u>
Timing of revenue recognition:				
Recognized at a point in time	₩ 34,108	₩ 52,751	₩ 23,395	₩ 43,897
Recognized over a period	529,951	976,491	445,638	876,307
	<u>₩ 564,059</u>	<u>₩ 1,029,242</u>	<u>₩ 469,033</u>	<u>₩ 920,204</u>

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

20. Operating revenues (cont'd)

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

	June 30, 2022		December 31, 2021	
Contract assets from IT service contract	₩	216,571	₩	150,859
Contract liabilities from IT service contract (*1)		107,770		68,826

(*1) The amount recognized as revenue in the six-month period ended June 30, 2022 in relation to the contract liabilities as of December 31, 2021 is ₩56,930 million (Previous period: ₩48,895 million).

(4) Details of profit variation by changes in accounting estimates related to the cost-based input method contracts as of June 30, 2022 are as follows (Korean won in millions):

	Change in estimated construction revenue		Change in estimated cost		Impact on current period profit		Impact on future period profit	
IT Service contracts	₩	14,865	₩	33,560	₩	(19,588)	₩	893

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 the IT service contract to the current reporting period and the estimated revenue as of the 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 and six-month periods ended June 30, 2022 and 2021 are as follows (Korean won in millions):

	June 30, 2022		June 30, 2021	
	Three months	Six months	Three months	Six months
Material costs	₩ 32,441	₩ 51,681	₩ 22,249	₩ 37,481
Outsourcing costs	226,795	431,277	186,282	368,002
Salaries	117,951	217,992	106,682	198,808
Provision for pension benefits	9,181	27,872	10,040	25,632
Depreciation	23,209	44,995	20,196	39,656
Amortization	5,283	9,023	5,257	9,229
Rents	858	1,571	705	1,815
Communications	5,220	10,585	5,200	10,109
Employee welfare benefits	25,849	50,107	20,620	36,923
Commissions	50,070	75,119	25,716	45,058
Education and training	7,946	13,719	6,347	12,113
Research and development	13,794	26,285	6,921	17,239
Office management	10,481	22,283	8,824	18,282
Travel	3,970	6,597	2,675	5,069
Others	21,709	35,164	19,909	30,861
	<u>₩ 554,757</u>	<u>₩ 1,024,270</u>	<u>₩ 447,623</u>	<u>₩ 856,277</u>

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

22. Expenses classified based on nature of expense

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

	June 30, 2022		June 30, 2021	
	Three months	Six months	Three months	Six months
Material costs	₩ 32,460	₩ 51,701	₩ 22,269	₩ 37,501
Outsourcing costs	226,551	431,597	186,514	368,234
Salaries	125,831	230,892	109,365	207,654
Provision for pension benefits	9,595	28,653	10,414	26,481
Depreciation and amortization	32,598	63,185	28,255	54,788
Rents	894	1,607	705	1,815
Communications	5,222	10,589	5,201	10,110
Employee welfare benefits	26,620	51,610	21,118	37,905
Commissions	50,382	75,866	25,975	45,361
Education and training	7,989	13,830	6,393	12,206
Office management	10,546	22,348	8,824	18,282
Travel	4,048	6,746	2,681	5,077
Others	22,021	35,646	19,909	30,863
	<u>₩ 554,757</u>	<u>₩ 1,024,270</u>	<u>₩ 447,623</u>	<u>₩ 856,277</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 and six-month periods ended June 30, 2022 and 2021 are as follows (Korean won in millions):

	June 30, 2022		June 30, 2021	
	Three months	Six months	Three months	Six months
Financial income:				
Interest income	₩ 6,411	₩ 11,954	₩ 3,820	₩ 5,952
Gain on foreign currency transactions	733	2,408	1,768	6,089
Gain on foreign currency translation	27,350	42,524	(200)	10,447
Gain on valuation of financial assets measured at FVTPL	-	11,173	-	49
Gain on valuation of derivative instruments	27,895	31,255	(85)	130
Gain on transactions of derivative instruments	92	379	830	2,616
	<u>₩ 62,481</u>	<u>₩ 99,693</u>	<u>₩ 6,133</u>	<u>₩ 25,283</u>
Financial costs:				
Interest expenses	₩ 59,789	₩ 115,780	₩ 39,437	₩ 80,149
Loss on foreign currency transactions	560	3,515	1,154	3,910
Loss on foreign currency translation	31,642	36,741	1,131	1,432
Loss on valuation of financial assets measured at FVTPL	268,229	407,991	(18,413)	15,780
Loss on valuation of derivative instruments	25,951	38,960	(5,462)	6,630
Loss on transactions of derivative instruments	939	1,207	5,141	5,811
	<u>₩ 387,110</u>	<u>₩ 604,194</u>	<u>₩ 22,988</u>	<u>₩ 113,712</u>

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

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 the three-month periods and six-month periods ended June 30, 2022 and 2021 are as follows (Korean won in millions):

	June 30, 2022		June 30, 2021	
	Three months	Six months	Three months	Six months
Other non-operating income:				
Gain on disposal of investments in subsidiaries and associates	₩ 473	₩ 391,808	₩ -	₩ 1,066,744
Gain on disposal of property, plant and equipment	-	1	23	23
Gain on disposal of intangible assets	-	118	-	967
Others	237	6,212	255	2,540
	<u>₩ 710</u>	<u>₩ 398,139</u>	<u>₩ 278</u>	<u>₩ 1,070,274</u>
Other non-operating expenses:				
Loss on disposal of property, plant and equipment	₩ 1	₩ 1	₩ -	₩ 3
Loss on disposal of intangible assets	11	35	-	12
Donations	1,492	1,625	7,435	7,497
Others	1,429	3,210	643	2,947
	<u>₩ 2,933</u>	<u>₩ 4,871</u>	<u>₩ 8,078</u>	<u>₩ 10,459</u>

24. Income taxes

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

The average effective tax rate for the six-month period ended June 30, 2022 is not calculated due to income tax benefits, and the average effective tax rate for the six-month period ended June 30, 2021, was 20.44%.

25. Earnings (losses) per share

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

	June 30, 2022		June 30, 2021	
	Three months	Six months	Three months	Six months
Profit (loss) for the period	₩ (179,142)	₩ 569,758	₩ (5,430)	₩ 1,179,225
Less: Preferred share dividends	(1,771)	(2,695)	(1,700)	(2,554)
Profit (loss) for the period attributable to ordinary share owners of the Company	₩ (180,913)	₩ 567,063	₩ (7,130)	₩ 1,176,671
Weighted-average number of issued shares outstanding (*1)	<u>56,134,549</u>	<u>56,113,388</u>	<u>52,307,317</u>	<u>52,307,106</u>
Basic earnings (losses) per share (Korean Won)	<u>₩ (3,223)</u>	<u>₩ 10,106</u>	<u>₩ (136)</u>	<u>₩ 22,495</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.

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

25. Earnings per share (cont'd)

The weighted-average number of issued shares outstanding for the three-month periods and six-month periods ended June 30, 2022 and 2021 are as follows:

	June 30, 2022		June 30, 2021	
	Three months	Six months	Three months	Six months
Weighted-average number of shares outstanding	74,149,329	74,149,329	70,360,297	70,360,297
Weighted-average number of treasury shares	(18,014,780)	(18,035,941)	(18,052,980)	(18,053,191)
Weighted-average number of issued shares outstanding	<u>56,134,549</u>	<u>56,113,388</u>	<u>52,307,317</u>	<u>52,307,106</u>

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

	June 30, 2022		June 30, 2021	
	Three months	Six months	Three months	Six months
Profit (loss) for the period attributable to ordinary shares	₩ (180,913)	₩ 567,063	₩ (7,130)	₩ 1,176,671
Weighted-average number of diluted common shares outstanding	56,134,549	56,219,558	52,307,317	52,418,416
Diluted earnings (losses) per common share (Korean Won) (*1)	<u>₩ (3,223)</u>	<u>₩ 10,087</u>	<u>₩ (136)</u>	<u>₩ 22,448</u>

(*1) As there is no dilution effect on stock options for the three months preceding the six-month period ended June 30, 2022 and 2021, diluted earnings (losses) per share is the same as basic earnings (losses) per share.

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

	June 30, 2022		June 30, 2021	
	Three months	Six months	Three months	Six months
Weighted-average number of shares outstanding	56,134,549	56,113,388	52,307,317	52,307,106
Effect of exercise of stock option (*1)	-	106,170	-	111,310
Weighted-average number of issued shares outstanding	<u>56,134,549</u>	<u>56,219,558</u>	<u>52,307,317</u>	<u>52,418,416</u>

(*1) As there is no dilution effect on stock options for the three months preceding the six-month period ended June 30, 2022 and 2021, diluted earnings (losses) per share is the same as basic earnings (losses) per share.

26. Transactions with related parties

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

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

	Subsidiary
Ultimate controlling party	Tae-won, Chey and related parties
Subsidiary (total 556)	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.,

26. Transactions with related parties (cont'd)

Subsidiary (total 556)	Subsidiary
	<p>Ltd., SK Energy Road Investment Co., Ltd., SK Energy Road Investment (HK) Co., Ltd., SK Asphalt (Shanghai) Co., Ltd., GoodsFLOW Co., Ltd., Goods Core, Goods Post Co., Ltd., SK Geo Centric Co., Ltd., SK Geo Centric (Beijing) Holding Co., Ltd.(formerly, SK Global Chemical (China) Holding Co., Ltd.), SK Geo Centric China, Ltd., Sino-Korea Green New Material (JiangSu) Ltd., SK Geo Centric International Trading (Shanghai) Co., Ltd.(formerly, SK Global Chemical International Trading (Shanghai) Co., Ltd.), SK Global Chemical International Trading (Guangzhou) Co., Ltd., SK GC Americas, Inc., SK Primacor Americas LLC, SK Primacor Europe, S.L.U., SK Saran Americas LLC, SK Geo Centric Brazil LTDA, SK Geo Centric Japan Co., Ltd., SK Geo Centric Singapore Pte. Ltd., SK Geo Centric Investment Hong Kong Ltd., Ningbo SK Performance Rubber Co., Ltd., Happymoeum Co., Ltd., SK Functional Polymer, S.A.S, Green & Connect Capital, Inc., ONEPOL Co., Ltd., SK Incheon Petrochem Co., Ltd., SK Trading International Co., Ltd., SK Energy International Pte. Ltd., SK Energy Europe, Ltd., SK Energy Americas, Inc., SK Terminal B.V., SK Lubricants Co., Ltd., Yubase Manufacturing Asia Corporation, SK Energy Lubricants (Tianjin) Co., Ltd., SK Lubricants Americas, Inc., SK Lubricants Europe B.V., SK Lubricants Japan Co., Ltd., SK Lubricants & Oils India Pvt. Ltd., Iberian Lube Base Oils S.A., SK Lubricants Russia LLC, SK ie technology Co., Ltd., SK Hi-tech Battery Materials(Jiang Su) Co., Ltd., SK Hi-tech Battery Materials Poland Sp. Zo.o.,SK Innovation Insurance (Bermuda), Ltd., SK USA, Inc., Blue Dragon Energy Co., Limited, Happy Kium Co., Ltd., SK E&P Company, Ltd., SK On Co., Ltd., SK On Hungary Kft., SK On(Jiangsu) Co., Ltd., SK Battery America, Inc., SK Battery Manufacturing Kft., SK Future Energy (Shanghai) Co., Ltd., SK Mobile Energy Co., Ltd., Yancheng Yandu District M Energy Consulting Limited Company, Mobile Energy Battery America, LLC, Happy Midum Co., Ltd., SK on Certification Center (Jiangsu) Co., Ltd.(formerly, Jiangsu SK Battery Certification Center), SK Earth On Co., Ltd., SK Telecom Co., Ltd., SK Telink Co., Ltd., SK Broadband Co. Ltd., Home&Service Co., Ltd., Media S Co., Ltd., Broadband Nowon Broadcasting Corporation, SK Stoa Co., Ltd., PS&Marketing Corp., SK M&Service Co., Ltd., Serviceace Co., Ltd., Service Top Co., Ltd., SK O&S Co., Ltd., SK Communications Co., Ltd., Quantum Innovation Private Equity Joint Venture, Panasia Semiconductor Materials LLC, SK Telecom China Holdings Co., Ltd., SK Global Healthcare Business Group, Ltd., SKT Americas, Inc., YTK Investment, Ltd., Atlas Investment, Ltd., SK Telecom Innovation Fund, L.P., SK Telecom China Fund I L.P., SK Telecom Japan Inc., SK Planet Japan, K.K., Happy Hanool Co., Ltd., SK MENA Investment B.V., SK Latin Americas Investment S.A., Freedom Circle Capital Inc., Montague ESG Capital, LLC, SK Technology Innovation Company, Sapeon Korea Inc., Sapeon Inc., SK Square Co., Ltd., One store Co., Ltd. Rock Media, Onestore Global Pte. Ltd., Eleven Street Co., Ltd., SK Shieldus Co., Ltd., Capstec Co., Ltd., Infosec Information Technology (Wuxi) Co., Ltd.(formerly, SK infosec Information Technology (Wuxi) Co., Ltd.), SK Shieldus America Inc.(formerly, CAPS America Inc.), SK Planet Co., Ltd., SK Planet Global Holdings Pte. Ltd.,SKP America, LLC, SK Planet, Inc., SCODYS Pte. Ltd., K-Net Culture & Contents Venture Fund, Ltd., SK Square Americas Inc., Dreamus Company Co., Ltd., Iriver Enterprise Ltd., Iriver China Co., Ltd., Dongguan Iriver Electronics Co., Ltd., Life Design Company Japan Inc., Studio Dolphin Co., Ltd., Id Quantique SA, id Quantique Ltd., ID Quantique Limited, UK, ID Quantique Inc, USA, FSK L&S Co., Ltd., FSK L&S(Shanghai) Co., Ltd., FSK L&S(Hungary) Co., Ltd., FSK L&S Vietnam Co., Ltd., FSK L&S(Jiangsu) Co., Ltd., Incross Co., Ltd., Infracommunications Co., Ltd., Mindknock Co.,Ltd., Tmap Mobility Co., Ltd., YLP Co., Ltd., Good Service Co., Ltd., Seoul Airbus Co., Ltd., SK Networks Co., Ltd., SK Networks Service Co., Ltd., SK Magic Co., Ltd., SK Magic Service Co., Ltd., SK Magic Vietnam Company Limited, SK Magic Retails Malaysia Sdn. Bhd. (formerly, SK Networks Retails Malaysia Sdn. Bhd.), SK Rent-a-Car Co., Ltd., SK Rent-A-car Service Co., Ltd., SK Networks (Shanghai) Co., Ltd., POSK (Pinghu) Steel Processing Center Co., Ltd., SK Networks Japan Co., Ltd., SK Networks Deutschland GmbH, SK BRASIL LTDA, SK Networks Trading Malaysia Sdn. Bhd., SK Networks America, Inc., Networks Tejarat Pars, MINTIT Co., Ltd., MINTIT VINA, Hico Capital LLC(formerly, TenX Capital), SK Networks Hong Kong Ltd., SK Networks (Xiamen) Steel Processing Center Co., Ltd., SK Networks Resources Australia (Wyong) Pty. Ltd., SK Networks Resources Pty Ltd., SK Networks (China) Holdings Co., Ltd.,Shenyang SK Bus Terminal Co., Ltd., SK Networks (Dandong) Energy Co., Ltd., Cartini Co., Ltd., SKC Co., Ltd., Woori Fine Chem Co., Ltd., SK Telesys Co., Ltd., Techdream Co., Ltd., SKC Solmics Co., Ltd., Solmics Taiwan Co., Ltd., Solmics Shanghai Co., Ltd., SKC Solmics Hong Kong Co., Ltd., SKC Semiconductor Materials</p>

26. Transactions with related parties (cont'd)

Subsidiary (total 556)	Subsidiary
	(Wuxi) Co., Ltd., SKC-ENF Electronic Materials Ltd., SKC (Nantong) Semiconductor Materials Technology Co., Ltd., SE (JIANGSU) Electronic Materials Co., Ltd., SKC (Jiangsu) High Tech Plastics Co., Ltd., SKC, Inc., SKC Europe GmbH, SKC Hi-Tech&Marketing Co., Ltd., SKC Hi-Tech&Marketing (Suzhou) Co., Ltd., SKC Hi-Tech&Marketing Polska SP.Z.O.O, SKC Hi-Tech&Marketing USA LLC, SKC Hi-Tech&Marketing Vina Co., Ltd., SKC PU Specialty Co., Ltd., SKC (Nantong) PU Specialty Co., Ltd., SK PIC Global Co., Ltd., SKCFTH Co., Ltd., SK Nexilis Co., Ltd., Nexilis Management Malaysia Sdn. Bhd., SK Nexilis Malaysia Sdn. Bhd., SK Nexilis Poland sp.z o.o., SK TBMGEOSTONE Co., Ltd., Allnewone Co., Ltd., Ecovance Co.Ltd., SK ucure Co., Ltd. (formerly, Mitsui Chemicals & SKC Polyurethanes Inc.), Beijing SK pucore Inc. (formerly, Beijing Mitsui Chemicals & SKC Polyurethanes Co., Ltd.), SK pucore Europe sp. zo.o. (formerly, MCNS Polyurethanes Europe Sp. zo.o.), SK pucore USA Inc. (formerly, MCNS Polyurethanes USA Inc.), SK pucore Mexico, S. de R.L. de C.V. (formerly, MCNS Polyurethanes Mexico, S. de R.L. de C.V.), SK pucore India Pvt. Ltd. (formerly, MCNS Polyurethanes India Private Limited), SK pucore RUS LLC (formerly, MCNS Polyurethanes RUS Limited Liability Company), NEX Investment Limited, NEX UK Holdings Limited, SK E&S Co., Ltd., Kangwon City Gas Co., Ltd., Yeongnam Energy Service Co., Ltd., Ko-one Energy Service Co., Ltd., Narae Energy Service Co., Ltd., Busan City Gas Co., Ltd., Jeonbuk Energy Service Co., Ltd., Chonnam City Gas Co., Ltd., Chungcheong Energy Service Co., Ltd., Paju Energy Service Co., Ltd., Yeosu Energy Service Co., Ltd., Shinanjeungdo Sunlight Co., Ltd., SK E&S Hong Kong Co., Ltd., SK E&S Australia Pty. Ltd., SK E&S Americas, Inc., DewBlaine Energy, LLC, CALIP Gas Marketing, LLC, Passkey, Inc., Mobility Solution I Inc., Mobility Solution II Inc., EverCharge, Inc., EverCharge Services, LLC, LNG Americas, Inc., LAI LNG, LLC (formerly, SK E&S LNG, LLC), LAI CCS, LLC, Rnes Holdings, LLC, , LLC, Grid Solution II, Pnes Investments, LLC, Prism Energy International China Limited, Prism Energy International Zhoushan Limited, Prism Energy International Pte. Ltd., Fajar Energy International Pte. Ltd., Prism Energy International Hong Kong, Ltd., Prism Darwin Pipeline Pte. Ltd., PT Prism Nusantara International, SK E&S Dominicana S.R.L, Hae-Ssal Solar Power Co., Ltd., Prism DLNG Pte. Ltd., BU12 Australia Pty. Ltd., BU13 Australia Pty. Ltd., Energy Solution Holdings Inc., Ariul Solar Power Co., Ltd., Busan Jungkwan Energy Co., Ltd., IGE Co., Ltd., New&Company Two Pte. Ltd., Dangjin Haengbok Solar Co., Ltd., Grid Solution, LLC., Key Capture Energy, LLC, KCE Global Holdings, LLC, KCE PF Holdings 2021, LLC, KCE LAND Holdings, LLC, KCE NY 1, LLC, KCE NY 2, LLC, KCE NY 3, LLC, KCE NY 5, LLC, KCE NY 6, LLC, KCE NY 8, LLC, KCE NY 10, LLC, KCE NY 11, LLC, KCE NY 12, LLC, KCE NY 14, LLC, KCE NY 18, LLC, KCE NY 19, LLC, KCE NY 21, LLC, KCE NY 22, LLC, KCE NY 25, LLC, KCE NY 26, LLC, KCE NY 27, LLC, KCE NY 28, LLC, KCE NY 29, LLC, KCE NY 32, LLC, KCE NY 33, LLC, KCE TX 2, LLC, KCE TX 7, LLC, KCE TX 8, LLC, KCE TX 9, 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 17, LLC, KCE TX 19, LLC, KCE TX 20, LLC, KCE TX 21, LLC, KCE TX 22, LLC, KCE TX 24, LLC, KCE TX 25, LLC, KCE TX 26, LLC, KCE TX 27, LLC, KCE TX 28, LLC, KCE CT 1, LLC, KCE CT 2, LLC, KCE CT 4, LLC, KCE CT 5, LLC, KCE CT 6, LLC, KCE CT 7, LLC, KCE CT 9, LLC, KCE CT 10, LLC, KCE MD 1, LLC, KCE MI 1, LLC, KCE MI 2, LLC, KCE MI 3, LLC, KCE ME 1, LLC, KCE IL 1, LLC, KCE IL 2, LLC, KCE IN 1, LLC, KCE IN 2, LLC, KCE IN 3, LLC, KCE OK 1, LLC, KCE OK 2, LLC, KCE OK 3, LLC, KCE OK 4, LLC, KCE Brushy Creek Holdings, LLC, KCE Texas Holdings 2020, LLC, Roughneck Storage LLC D/B/A KCE TX 23, LLC, KCE Market Operations, LLC, KCE PF Holdings 2022, LLC, Grid Solution II, LLC, Pnes Investments, LLC, Prism Energy International China Limited, Prism Energy International Zhoushan Limited, Prism Energy International Pte. Ltd., Fajar Energy International Pte. Ltd., Prism Energy International Hong Kong, Ltd., Prism Darwin Pipeline Pty. Ltd., PT Prism Nusantara International, SK E&S Dominicana S.R.L, Hae-ssal Solar Power Co., Ltd., Prism DLNG Pte. Ltd., BU12 Australia Pty. Ltd., BU13 Australia Pty. Ltd., Energy Solution Holdings Inc., Ariulhaengbok Solar Co., Ltd., Busan Jungkwan Energy Co., Ltd., IGE Co., Ltd., Dangjin Haengbok Solar Co., Ltd., Busa Solar Power Co., Ltd., SK Ecoplant Co., Ltd., Seosuwon Development Company, SKEC Nanjing Co., Ltd., Changzhou SKY New Energy Co., Ltd., SKEC (Thai), Ltd., Thai Woo Ree Engineering Co., Ltd., SKEC Anadolu, LLC, SK E&C Betek Corporation, Mesa Verde RE Ventures, LLC, BT FC LLC, SKEC Consultores Ecuador, S.A., Sunlake Co., Ltd., SK HOLDCO PTE. LTD., Silvertown Investco Limited, SEONGJU TECH Co., Ltd., DDS Co., Ltd.,

26. Transactions with related parties (cont'd)

Subsidiary (total 556)	Subsidiary
	<p>SAMWON ENT Co., Ltd., Environment Management Corporation Co., Ltd., YS TEC Co., YS TEC Co., Ltd., Seonam Environment Energy Co., Ltd., Honam Environmental Energy Co., Ltd., Green Hwasun Inc., Green Sunchang Co., Ltd., Gyeongsan Clear Mulgil Co., Ltd., Dalseong Maleunmulgil Co., Ltd., Goksung Environment Co., Ltd., Chungcheong Environment Energy Co., Ltd., Gyeonggi Environment Energy Co., Ltd., Gyeongbuk Environment Energy Co., Ltd., Gyeongin Environment Energy Company, Saehan Environment Co., Ltd., Daewon Green Energy Co., Ltd., Daewon Hitech Co., Ltd., KS Investment B.V., Emedione Co., Ltd., EmedioneLogis Co., Ltd., City Environment Co., Ltd., Green Environment Technology Co., Ltd., Dongnam Offshore Windfarm Co., Ltd., Gangdong Green Complex Co., Ltd., JA GREEN CO.,LTD, Eco Frontier (Singapore) Pte. Ltd, Tes-Envirocorp Pte. Ltd., Tes-Amm (H.K.) Limited, Tes-Amm (Singapore) Pte. Ltd., Tes-Amm Europe Holdings Ltd, Tes Total Environmental Solution Ab, Tes-Amm Italia Srl , Tes-Amm UK Ltd, Tes-Amm Espana Asset Recovery Andrecycling, S.L., Tes-Amm SAS, Tes Recupyl, Tes-Amm Central Europe GmbH, Vsl Support Limited, Technology Supplies International Ltd., Goldberg Enterprises Ltd, Tes Consumer Solutions Ltd, Integrations Et Services, Tes-Amm (Europe) Ltd, Redeem UK Limited, Redeem Holdings Limited, Custom Controllers UK Limited, Envirofone Limited, Cash For Tech Ltd, Stock Must Go Limited, Tes China Holdings Pte. Ltd., Tes-Amm Corporation (China) Ltd, Tes-Amm (Beijing) Co., Ltd, Tes-Amm (Suzhou) E-Waste Solutions Co. Ltd , Tes-Amm (Guangzhou) Co., Ltd, Shanghai Tes-Amm Waste Products Recycle Co., Ltd, Shanghai Taixiang Network Technology Co.,Ltd, Tes-Amm Australia Pty Ltd, Tes-Amm New Zealand Limited, Sustainable Product Stewards Pty Ltd, Tes-Amm Japan K.K., Advanced Datacom (Australia) Pty Ltd, Green Technology Management Pty Ltd, Tes-Amm (Malaysia) Sdn. Bhd., Tes-Amm Korea Inc., Tes-Amm (Taiwan) Co., Ltd, Tes-Amm (Vietnam) Co., Ltd, Total Environmental Solutions Co., Ltd., Tes-Amm (Cambodia) Co., Ltd, Pt. Tes-Amm Indonesia, Tes-Amm Middle East Fze, Pc Off Corporation, Tes USA, Inc., Genplus Pte. Ltd, Tes Sustainability Products Pte. Ltd, Tes Energy Solutions Pte. Ltd., Tes Ess Pte. Ltd., Tes B Pte. Ltd., Tes Sustainable Battery Solutions B.V., Tes Sustainable Battery Solutions GmbH, SK Specialty Co., Ltd. (formerly, SK Materials Co., Ltd.), SK Specialty Japan Co., Ltd. (formerly, SK Materials Japan Co., Ltd.), SK Specialty Taiwan Co., Ltd. (formerly, SK Materials Taiwan Co., Ltd.), SK Specialty Jiangsu Co., Ltd. (formerly, SK Materials Jiangsu Co., Ltd.), SK Specialty (Xian) Co., Ltd. (formerly, SK Materials (Xian) Co., Ltd.), SK Specialty(Shanghai) Co., Ltd. (formerly, SK Materials (Shanghai) Co., Ltd.), Happy Companion Co., Ltd., SK Tri Chem Co., Ltd., SK Showa Denko Co., Ltd., SK Materials airplus Inc., SK Meters Ri New Tech Co., Ltd. (formerly, Hanyu chemical Co., Ltd.), SK Materials Performance Co., Ltd., SK Materials JNC Co., Ltd., SK JNC Japan Co., Ltd., SK Materials G14 Co., Ltd.,SK Siltron Co., Ltd., SK Siltron America, Inc., SK Siltron Japan, Inc., SK Siltron Shanghai Co., Ltd., SK Siltron USA, Inc., SK Siltron CSS, LLC, Happyfilling Co., Ltd., SK Siltron CSS Korea Co., Ltd., Teraon Co., Ltd., SK Biopharmaceuticals Co., Ltd., SK Life Science, Inc. SK Bio Pharma Tech(Shanghai) Co.,Ltd., SK S.E.Asia Pte. Ltd., Essencore Limited, Essencore (Shenzhen) Limited, SK China Company, Ltd., SK Bio Energy HongKong Co., Ltd., SK Property Investment Management Co., Ltd., SK Industrial Development China Co., Ltd., Shanghai SKY Real Estate Development Co., Ltd., Beijing Lizhi Weixin Technology Co., Ltd., SK China Investment Management Co., Ltd., SK International Agro-Products Logistics Development Co., Ltd., SK International Agro-Sideline Products Park Co., Ltd., SK Auto Service Hong Kong Co., Ltd., Skyline Auto Financial Leasing Co., Ltd., SK Financial Leasing Co., Ltd., SK China (Beijing) Co., Ltd., SKY Property Management Ltd., SK China Real Estate Co., Ltd., SKY Investment Co., Ltd., SKY (Zhuhai Hengqin) Technology Co., Ltd., SK Networks (Liaoning) Logistics Co., Ltd., SK C&C Beijing Co., Ltd., SK C&C Chengdu Co., Ltd., SK C&C India Pvt. Ltd., SK C&C USA, Inc., S&G Technology, Saturn Agriculture Investment Co., Ltd., SK Investment Management Co., Ltd., SK Mobility Investments Company Limited, SK Semiconductor Investments Co., Ltd., Gemini Partners Pte. Ltd., Solaris Partners Pte. Ltd., Solaris GEIF Investment, SK GI Management, Plutus Capital NY, Inc., Hudson Energy NY, LLC, Hudson Energy NY II, LLC, Hudson Energy NY III, LLC, Grove Energy Capital LLC, Plutus Capital NY II, Inc., Grove Energy Capital II, LLC, Plutus Capital NY III, Inc., Grove Energy Capital III, LLC, Plutus Fashion NY, Inc., Wonderland NY, LLC, Atlas NY LLC, SK South East Asia Investment Pte. Ltd., SK Investment Vina I Pte. Ltd., SK Investment Vina II Pte. Ltd., SK Investment Vina III Pte. Ltd., MSN Investment Pte. Ltd., Imexpharm Corporation, Linh Nam Ventures JSC, Lien Khuong Internatonal JSC, Dong Kinh Capital JSC, Lac Son</p>

26. Transactions with related parties (cont'd)

	<u>Subsidiary</u>
Subsidiary (total 556)	Investment JSC, KBA Investment Joint Stock Company, Cong Thang Alpha JSC, Eastern Vision Investment JSC, Truong Luu Chi Invest JSC, An Nam Phu Investment JSC, Zion Son Kim JSC, Sunrise Kim Investment Joint Stock Company, SK Investment Vina V Pte. Ltd., SK Investment Vina VI Pte. Ltd., SK Investment Vina IV Pte. Ltd., SK Malaysia Investment I Pte. Ltd., Lotus Fund, L.P., SK Pharmteco Inc., SK Biotek Co., Ltd., SK BIOTEK IRELAND LIMITED, SK BIOTEK USA, Inc., Crest Acquisition LLC, Yposkesi, SAS, Abrasax Investment Inc., Fine Chemicals Holdings Corp., AMPAC Fine Chemicals, LLC, AMPAC Fine Chemicals Texas, LLC, AMPAC Fine Chemicals Virginia, LLC, Golden Pearl EV Solutions Limited, Socar Mobility Malaysia, Sdn. Bhd., Future Mobility Solutions Sdn. Bhd., PT Future Mobility Solutions, Einstein Cayman Limited, I Cube Capital Inc., I Cube Capital Hong Kong 1. LP Limited, Tellus Investment Partners, Inc., Primero Protein LLC, Terra LLC, Castanea Bioscience Inc., SK Forest Co., Ltd., Hweechan Co., Ltd., SK Pinx Co., Ltd., SK REITs Co., Ltd., Clean Energy REITs Co., Ltd., SK REITs Management Co., Ltd., SK Japan Investment Inc., SK Signet(formerly, Signet EV Inc.), Signet Energy Inc., SIGNET EV America Inc., Auxo Capital Inc., SK Global Development Advisors LLC, Auxo Capital Managers LLC, SK Growth Opportunities Corporation, Tellus (HONG KONG) Investment Co., Ltd., Digital Center Capital Inc., Martis Capital, LLC, Tillandsia, Inc. YesPowerTechnix

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

26. Transactions with related parties (cont'd)

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

Company name		June 30, 2022			
		Sales and others (*1)		Purchase and others (*2)	
		Three months	Six months	Three months	Six months
Subsidiary	SK Innovation Co., Ltd.	₩ 19,364	₩ 38,298	₩ 2,030	₩ 4,521
	SK Energy Co., Ltd.	26,737	44,689	-	-
	SK Geo Centric Co., Ltd.	9,762	19,070	-	-
	SK Incheon Petrochem Co., Ltd.	5,890	9,624	-	-
	SK Lubricants Co., Ltd.	3,539	5,853	-	-
	SK ecoplant Co., Ltd.	6,015	24,140	39	39
	SKC Co., Ltd.	2,031	20,526	-	-
	SK E&S Co., Ltd.	7,054	274,201	-	-
	SK Pinx Co., Ltd.	537	1,810	331	3,940
	SK REITs Co., Ltd.	5,560	10,995	9,814	19,627
	SK Shieldus Co., Ltd.	5,716	10,017	5,044	8,599
	SK C&C Beijing Co., Ltd.	342	3,554	2,254	4,188
	SK S.E.ASIA Pte. Ltd.	-	75,270	-	-
	SK Networks Co., Ltd.	8,170	27,700	1,032	39,893
	SK Magic Co., Ltd.	7,360	11,329	47	92
	SK Telecom Co., Ltd.	138,410	324,171	3,000	5,693
	SK Broadband Co., Ltd.	26,843	50,844	2,037	4,071
	SK Planet Co., Ltd.	4,104	7,392	-	-
	SK Specialty Co., Ltd. (formerly, SK Martials Co., Ltd.)	1,457	4,986	114	149
	SK Tri Chem Co., Ltd.	138	71,845	-	-
	SK Siltron Co., Ltd.	7,059	13,108	-	-
	Others	61,810	132,508	2,757	7,441
Other related parties	SK hynix Inc.	121,723	219,970	3,634	7,254
	THiRA-UTECH Co., Ltd	-	-	1,804	4,096
	Others	5,989	12,117	2,265	3,202
Others (*3)	SK Gas Co., Ltd.	5,240	8,462	-	-
	SK Chemicals Co., Ltd.	1,892	3,512	-	-
	Others	2,500	4,122	117	234
		<u>₩ 485,242</u>	<u>₩ 1,430,113</u>	<u>₩ 36,319</u>	<u>₩ 113,039</u>

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

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

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

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

26. Transactions with related parties (cont'd)

		June 30, 2021			
		Sales and others (*1)		Purchase and others (*2)	
		Three months	Six months	Three months	Six months
Subsidiary	Company name	₩	₩	₩	₩
	SK Innovation Co., Ltd.	31,035	56,193	2,993	4,204
	SK Energy Co., Ltd.	15,714	45,220	-	-
	SK Geo Centric Co., Ltd.	7,760	17,149	-	-
	SK Incheon Petrochem Co., Ltd.	2,537	7,663	-	-
	SK Lubricants Co., Ltd.	2,480	6,085	-	-
	SK Ecoplant Co., Ltd.	8,474	27,226	-	-
	SKC Co., Ltd.	4,039	25,270	-	-
	SK E&S Co., Ltd.	4,908	144,629	-	-
	SK Pinx Co., Ltd.	26	25	2,098	1,086
	SK Shieldus Co., Ltd.	7,955	9,690	4,602	7,243
	SK C&C Beijing Co., Ltd.	1,034	5,576	2,200	3,401
	SK S.E.ASIA Pte. Ltd.	-	51,580	-	-
	SK Networks Co., Ltd.	10,390	34,087	419	2,722
	SK Magic Co., Ltd.	-	-	-	-
	SK Telecom Co., Ltd.	81,925	351,503	4,704	6,371
	SK Broadband Co., Ltd.	23,389	42,461	3,280	3,938
	SK Planet Co., Ltd.	3,755	7,164	113	114
	SK Matrics Co., Ltd. (*3)	2,677	24,996	-	-
	SK Tri Chem Co., Ltd.	-	758	-	-
	SK Siltron Co., Ltd.	7,215	14,743	-	-
	Others	44,267	87,327	1,511	14,322
Other related parties	SK hynix Inc.	111,868	219,894	6,078	7,292
	THIRA-UTECH Co., Ltd	-	-	4,221	5,216
	Others	2,385	5,072	6,039	6,918
Others (*4)	SK Gas Co., Ltd.	4,068	8,710	-	-
	SK Chemicals Co., Ltd.	1,364	2,396	-	-
	Others	4,038	5,978	238	318
		<u>₩ 383,303</u>	<u>₩ 1,201,395</u>	<u>₩ 38,496</u>	<u>₩ 63,145</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) During the six-month period ended June 30, 2021, SK Materials Co., Ltd. physically split all of its business divisions, including special gas, into SK Specialty Co., Ltd., and the surviving corporation, SK Materials Co., Ltd., was absorbed and merged with the Company.

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

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

26. Transactions with related parties (cont'd)

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

		June 30, 2022					
		Receivables			Payables		
		Trade	Other	Total	Trade	Other	Total
Company name		receivables	receivables		payables	payables	
Subsidiaries	SK Innovation Co., Ltd.	₩ 10,983	₩ 300,383	₩ 311,366	₩ -	₩ 29,576	₩ 29,576
	SK Energy Co., Ltd.	9,501	-	9,501	-	15	15
	SK Geo Centric Co., Ltd.	5,577	-	5,577	-	9	9
	SK Incheon Petrochem Co., Ltd.	1,239	-	1,239	-	2	2
	SK Lubricants Co., Ltd.	780	-	780	-	1	1
	Plutus Capital NY, Inc.	-	502,292	502,292	-	-	-
	SK Ecoplant Co., Ltd.	4,018	-	4,018	-	18	18
	SKC Co., Ltd.	1,108	-	1,108	-	2	2
	SK E&S Co., Ltd.	2,051	-	2,051	-	3	3
	SK Pinx Co., Ltd.	732	-	732	-	151	151
	SK REITs Co., Ltd.	-	25,790	25,790	-	339,236	339,236
	SK Shieldus Co., Ltd.	17,434	-	17,434	1,201	2,519	3,720
	SK C&C Beijing Co., Ltd.	666	-	666	81	77	158
	SK Networks Co., Ltd.	4,579	-	4,579	-	402	402
	SK Magic Co., Ltd.	27,852	-	27,852	-	3,733	3,733
	SK Telecom Co., Ltd.	47,309	367	47,676	54	4,501	4,555
	SK Broadband Co., Ltd.	25,011	-	25,011	-	722	722
	SK Planet Co., Ltd.	2,135	-	2,135	-	1	1
	SK Specialty Co., Ltd. (formerly, SK Matrics Co., Ltd.)	513	1	514	-	942	942
	SK Tri Chem Co., Ltd.	151	-	151	-	69	69
	SK Siltron Co., Ltd.	3,780	-	3,780	-	119	119
	Others	69,804	505	70,309	235	17,717	17,952
Other related parties	SK hynix Inc.	176,852	8,783	185,635	-	69,010	69,010
	THIRA-UTECH Co., Ltd.	-	-	-	488	101	589
	Others	8,304	-	8,304	153	3,084	3,237
Others (*1)	SK Gas Co., Ltd.	1,034	-	1,034	-	10	10
	SK Chemicals Co., Ltd.	2,494	189	2,683	-	20	20
	Others	717	-	717	43	351	394
		<u>₩ 424,624</u>	<u>₩ 838,310</u>	<u>₩1,262,934</u>	<u>₩ 2,255</u>	<u>₩ 472,391</u>	<u>₩474,646</u>

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

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

26. Transactions with related parties (cont'd)

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

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

(4) Compensation for key management personnel of the Company for the three-month periods and six-month periods ended June 30, 2022 and 2021 are as follows (Korean won in millions):

	June 30, 2022		June 30, 2021	
	Three months	Six months	Three months	Six months
Salaries	₩ 6,261	₩ 10,430	₩ 4,189	₩ 8,245
Provision for pension benefits	741	8,441	973	7,152
Share compensation expense	<u>2,356</u>	<u>2,889</u>	<u>147</u>	<u>487</u>
	<u>₩ 9,358</u>	<u>₩ 21,760</u>	<u>₩ 5,309</u>	<u>₩ 15,884</u>

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

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

26. Transactions with related parties (cont'd)

(5) Details of significant transactions with related parties in relation to the for the six-month period ended June 30, 2022 are as follows (Korean won in millions, USD in thousands):

	<u>Currency</u>	<u>Amount</u>	<u>Transactions</u>
SK Pharmteco Inc.	USD	150,000	Share capital increase
I Cube Capital, Inc.	USD	9,099	Share capital increase
Tellus Investment Partners, Inc.	USD	20,950	Share capital increase
Energy Solution Holdings Inc.	USD	15,000	Share capital increase
Digital Center Capital Inc.	USD	2,023	Share capital increase
Auxo Capital Inc.	USD	10,350	Share capital increase
PUMP Co., Ltd.	KRW	2,000	Share capital increase
YesPowerTechnix	KRW	15,000	Share capital increase

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

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

	<u>Currency</u>	<u>For the six-month period ended</u>			
		<u>June 30, 2022</u>		<u>June 30, 2021</u>	
		<u>Loan</u>	<u>Withdraw</u>	<u>Loan</u>	<u>Withdraw</u>
Plutus Capital NY, Inc.	USD	-	-	388,500	-

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

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

27. Assets held for sale

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

		<u>June 30, 2022</u>	<u>December 31, 2021</u>
Investment securities	ESR Cayman Limited (*1)	₩ 342,377	₩ 392,645

(*1) The Company sold some of the shares in ESR-Kayman Limited, and is considering selling the remaining shares. as of June 30, 2022, the carrying amounts include the valuation loss of ₩50,268 million on investment securities.

28. Cash flow information

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

	<u>For the six-month period ended</u>	
	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Provision for pension benefits	₩ 28,170	₩ 25,807
Depreciation	45,405	40,092
Amortization	17,780	14,748
Bad debt expenses (return)	(2,450)	(97)
Provisions transferred in	3,348	329
Interest expenses	115,780	80,149
Loss on foreign currency translation	36,741	1,432
Loss on valuation of financial assets measured at FVTPL	407,991	15,780
Loss on valuation of derivative instruments	38,960	6,630
Loss on disposal of property, plant and equipment	1	3
Loss on disposal of intangible assets	35	12
Share-based payment expenses	2,889	487
Income tax expense (income)	(10,800)	302,909
Dividends expense	(644,723)	(446,356)
Interest income	(11,954)	(5,952)
Gain on foreign currency translation	(42,524)	(10,447)
Gain on valuation of financial assets measured at FVTPL	(11,173)	(49)
Gain on valuation of derivative instruments	(31,255)	(130)
Gain on disposal of investments in subsidiaries, associates and joint ventures	(391,808)	(1,066,744)
Gain on disposal of property, plant and equipment	(1)	(23)
Gain on disposal of intangible assets	(118)	(967)
Others	1,036	(42)
	<u>₩ (448,670)</u>	<u>₩ (1,042,429)</u>

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

28. Cash flow information (cont'd)

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

	For the six-month period ended	
	June 30, 2022	June 30, 2021
Trade receivables	₩ (7,596)	₩ 7,554
Other receivables	2,941	2,457
Inventories	(32)	(31)
Advanced payments	1,906	(1,032)
Lease receivables	18,311	17,518
Prepaid expenses	(21,039)	(13,568)
Trade payables	24,952	21,804
Advances received	67,945	34,262
Withholdings	1,344	(5,177)
Other payables	(60,369)	(52,105)
Accrued expenses	(30,294)	(28,109)
Leasehold deposits received	-	2
Provision	(2,372)	(1,626)
Defined benefit obligation	(8,164)	(4,896)
Plan assets	10,861	6,412
Others	(433)	972
	<u>₩ (2,039)</u>	<u>₩ (15,563)</u>

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

	For the six-month period ended	
	June 30, 2022	June 30, 2021
Transfer of long-term bonds payable to current-portion ₩	769,282	₩ 489,672
Transfer of loans to non-current portion	460,546	-
Transfer of investments in associates to investments securities	460,321	-
Transfer of investments in associates and joint ventures to subsidiaries	26,977	40,000
Transfer to investments in associates by exercising of convertible bonds 46,496		22,500
Decrease in other payables regarding the acquisition of property, plant and equipment	(1,071)	6,811
Increase in other payables regarding the acquisition of investments in associates, and joint ventures	-	113,130

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

29. Commitments and contingencies

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

	Currency	June 30, 2022	December 31, 2021
Seoul Guarantee Insurance	KRW	8,865	15,515
Korea Software Financial Cooperative	KRW	521,523	443,717

(2) Pending litigation

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

(3) Significant commitments

- 1) SK Innovation Co., Ltd., SK Energy Co., Ltd., SK Geo Centric Co., Ltd., SK Lubricants Co., Ltd., SK Incheon Petrochem Co., Ltd., SK Trading International Co., Ltd., SK ie technology Co., Ltd., SK On Co., Ltd. and SK Earth On Co., Ltd. are collectively responsible for any obligations arising before the spin-off on July 1, 2007. The Company and SK Biopharmaceuticals Co., Ltd. are collectively responsible for any obligations that occurred before the spin-off on April 1, 2011. The former SK Materials Co., Ltd. is jointly responsible for any obligations before the division, with SK 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%)), which will be used for the construction of urban infrastructure facilities ("designated purpose" of the land). On the other hand, the building was completed and registered to preserve ownership in August, 2014, and the transfer of destination land and buildings to third parties is limited for 10 years from the time of registration of preservation of ownership.

29. Commitments and contingencies (cont'd)

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

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

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

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

29. Commitments and contingencies (cont'd)

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

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

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

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

- 8) SK E&S LNG, LLC, one of the subsidiaries, is scheduled to be provided with liquefaction service for 20 years from FLNG Liquefaction 3, LLC, Which plans to operate natural gas liquefaction plants in Texas starting from 2019. as of June 30, 2022, SK E&S Co., Ltd., one of the subsidiaries, is responsible for performance guarantee in case of SK E&S LNG, LLC's inability to make payments for service or for claims against breach of obligation. In regard to this, the Company provides performance guarantee for SK E&S Co., Ltd.'s guarantee.

29. Commitments and contingencies (cont'd)

- 9) The Company entered into a cash deficiency support agreement with Hudson Energy NY, LLC, a subsidiary of Plutus Capital NY, Inc., to lend funds for the shortfall of payment for loans and credit limit of USD 226,000 thousand.
 - 10) The Company entered into a cash deficiency support agreement with Abrasax Investment Inc., a subsidiary of subsidiary SK Pharmteco Inc., which is a subsidiary of the Company, to lend funds for the shortfall of payment for loans and credit of up to USD 315,000 thousand.
 - 11) The Company signed a contract with Showa Denko K.K. in relation to the investment in subsidiary SK Showa Denko Co., Ltd., and Showa Denko K.K. has the right to sell 630,000 shares (15%) of SK Showa Denko Co., Ltd. at ₩5,000 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 June 30, 2022.

30. Financial risk management

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

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

30.1 Market risk

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

30.1.1 Interest rate risk

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

30.1.2 Foreign currency risk

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

Significant monetary assets and liabilities denominated in foreign currencies as of June 30, 2022 and December 31, 2021 are as follows (Korean won in millions, and USD, EUR and Others in thousands):

	Currency	June 30, 2022		December 31, 2021	
		Foreign currencies	Korea won equivalent	Foreign currencies	Korea won equivalent
Assets	USD	401,658	₩ 519,304	407,447	₩ 483,030
	EUR	972	1,313	2,802	3,762
	Others		7,089		9,796
			₩ 527,706		₩ 496,588
Liabilities	USD	450,039	₩ 581,856	206,106	₩ 244,339
	EUR	81	109	-	-
	Others		82		944
			₩ 582,047		₩ 245,283

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

	June 30, 2022		December 31, 2021	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Increase (decrease) in income before tax expense	₩ (7,590)	₩ 7,590	₩ 25,131	₩ (25,131)

30.1.3 Other price risk

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

30.2 Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of June 30, 2022 and December 31, 2021 is as follows and for cash and cash equivalents, credit risk exposure is low (Korean won in millions):

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Short-term and long-term financial instruments	₩ 264,449	₩ 218,841
Trade receivables	323,293	380,842
Other receivables	1,356	2,090
Accrued income	2,803	1,417
Short-term and long-term investment securities	420,793	452,773
Short-term and long-term guarantee deposits	51,762	46,257
Short-term and long-term lease receivables	300,358	325,832
Short-term and long-term loans	502,674	460,836
Financial derivatives asset	224,672	193,727
	<u>₩ 2,092,160</u>	<u>₩ 2,082,615</u>

30.2.1 Trade and other receivables

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

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

30.2.2 Other financial assets

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

SK Inc.
Notes to the interim condensed separate financial statements
June 30, 2022 and 2021 (Unaudited)

30.2.3 Liquidity risk

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

The contractual maturity of financial liabilities as of June 30, 2022 is as follows. Amounts include interests paid and presented at gross amounts (Korean won in millions):

	<u>Book value</u>	<u>Contractual cash flow</u>	<u>Less than 3 months</u>	<u>3-12 months</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Short-term borrowings	₩ 3,149,805	₩ 3,171,417	₩ 1,770,206	₩ 1,401,211	₩ -	₩ -
Bonds payable	6,920,325	7,464,738	379,957	1,217,665	4,432,972	1,434,144
Financial derivatives liabilities	463,322	463,322	1,005	242,980	219,337	-
Trade accounts payables	136,208	136,208	136,208	-	-	-
Lease liabilities	437,424	486,277	19,758	55,695	234,666	176,158
Other liabilities	<u>185,667</u>	<u>185,667</u>	<u>119,900</u>	<u>42,460</u>	<u>23,307</u>	<u>-</u>
	<u>₩ 11,292,751</u>	<u>₩ 11,907,629</u>	<u>₩ 2,427,034</u>	<u>₩ 2,960,011</u>	<u>₩ 4,910,282</u>	<u>₩ 1,610,302</u>

30.2.4 Capital management

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

The Company maintains a debt ratio of 74.44% as of June 30, 2022. The maturity of the debt is dispersed in the long-term and the borrowings mainly consist of long-term bonds, which do not present significant risks for unexpected payment for debts.

The Company's debt ratio as of June 30, 2022 and December 31, 2021 is as follows (Korean won in millions):

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Total liabilities	₩ 11,901,498	₩ 11,426,869
Total equity	15,988,727	15,790,106
Debt ratio	74.44%	72.37%

31. Subsequent events

31.1 Interim dividend

The Company declared to pay interim dividend in accordance with the board's resolution on July 21, 2022 as follows:

	<u>Details</u>
Amount of interim dividend	₩1,500 per share (total amount of dividend: ₩85,035 million)
Ratio of dividend to market value	ordinary shares: 0.7%, preferred shares: 0.8%
Basic date for dividend	June 30, 2022
Date of dividend payment	Within 1 month from the resolution date by Commercial Act Article 464-2 (1)

31.2 Contract for changes in total return swap contract

The board meeting has been held on July 21, 2022 to sign a contract to change the total return swap contract, including an extension of the maturity date for the total return swap contract with the common stock investors of SK Siltron Co., Ltd., the subsidiary.

31.3 Additional investment in SK REITS Co., Ltd.

The board meeting has been held on June 27, 2022 to resolve an additional investment of ₩ 40,000 million in the subsidiary, SK REITS Co., Ltd., and the investment was completed on August 12, 2022.

31.4 Establishment and investment of Energy Solution Group

On August 2, 2022, the Company jointly acquired Energy Solution Group (acquisition amount of USD 161 million) with its subsidiary, SK Energy Co., Ltd.