



SK Inc.

Condensed Separate Interim Financial Statements
September 30, 2023
(with Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

To the Shareholders and Board of Directors of
SK Inc.

Reviewed Financial Statements

We have reviewed the accompanying condensed separate interim financial statements of SK Inc. (the "Company"), expressed in Korean won, which comprise the condensed separate interim statement of financial position as of September 30, 2023, the related condensed separate interim statement of comprehensive income for the three-month and nine-month periods ended September 30, 2023, and the related condensed separate interim statements of changes in equity and cash flows for the nine-month period ended September 30, 2023, and notes comprising a summary of material accounting policy information and other explanatory information.

Responsibilities of Management for the Interim Financial Statements

Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with Korean International Financial Reporting Standard ("K-IFRS") No. 1034 "Interim Financial Reporting", and for such internal control as management determines is necessary to enable the preparation of condensed separate interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities

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

We conducted our review in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial 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 condensed separate interim financial statements referred to above are not presented fairly, in all material respects, in accordance with the K-IFRS No. 1034, "Interim Financial Reporting".

Other matters

The condensed separate interim statement of comprehensive income for the three-month and nine-month periods ended September 30, 2022, and the condensed separate interim statements of changes in equity and cash flows for the nine-month period ended September 30, 2022, presented for comparative purposes, were reviewed by another auditor whose report dated November 14, 2022, stated that nothing has come to their attention that causes them to believe that the condensed separate interim financial information as of September 30, 2022 was not prepared, in all material respects, in accordance with the K-IFRS No. 1034, "Interim Financial Reporting".

Moreover, the separate statement of financial position as of December 31, 2022, the related statement of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by another auditor in accordance with KSAs, whose report thereon dated March 14, 2023, expressed an unqualified opinion. The accompanying separate statement of financial position as of December 31, 2022, presented for comparative purposes, is not different from that audited by another auditor from which it was derived in all material respects.



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

The accompanying condensed separate interim financial statements as of September 30, 2023, for the three-month and nine-month periods ended September 30, 2023 and 2022, and the separate statement of financial position as of December 31, 2022 have been translated into United States dollars solely for the convenience of the reader and such translation does not comply with K-IFRS. We have reviewed the translation and nothing came to our attention that cause us to believe that the condensed separate interim financial statements expressed in Korean won have not been translated into dollars on the basis set forth in note 2.1 to the condensed separate interim financial statements.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.
Seoul, Korea
November 14, 2023

This review report is effective as of November 14, 2023, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this review report, could have a material impact on the accompanying condensed separate interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

SK Inc.

Condensed separate interim statements of financial position
as of September 30, 2023 and December 31, 2022

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

	Notes	Translation into U.S. dollar (Note 2)			
		Korean won		September 30,	December 31,
		September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Assets					
Current assets:					
Cash and cash equivalents	4,28	₩ 236,199	₩ 115,840	\$ 175,639	\$ 86,139
Short-term financial instruments	4,30	99,837	137,146	74,239	101,982
Trade receivables, net	4,5,26,30	639,905	702,463	475,837	522,355
Other receivables, net	4,26,30	7,610	1,391	5,659	1,034
Inventories, net	6	230	172	171	128
Short-term investment securities	4,7,30	10,433	12,846	7,758	9,552
Other current assets	4,17,18,30	469,004	186,618	348,754	138,770
Assets held for sales	27	256,564	260,970	190,782	194,059
Total current assets		<u>1,719,782</u>	<u>1,417,446</u>	<u>1,278,839</u>	<u>1,054,019</u>
Non-current assets:					
Long-term other receivables, net	4,26,30	441	-	328	-
Long-term investment securities	4,7,30	981,240	1,047,646	729,655	779,035
Investments in subsidiaries	8	22,227,569	21,396,544	16,528,531	15,910,577
Investments in associates	9	262,596	586,561	195,268	436,170
Property, plant and equipment, net	10	593,172	564,464	441,086	419,738
Right-of-use asset, net	11	120,091	141,625	89,300	105,313
Investment properties, net	12	62,345	60,385	46,360	44,903
Intangible assets, net	13	2,146,712	2,170,102	1,596,306	1,613,699
Defined benefit assets	16	26,157	64,200	19,450	47,739
Other non-current assets	4,17,18,30	1,022,214	1,002,275	760,123	745,297
Total non-current assets		<u>27,442,537</u>	<u>27,033,802</u>	<u>20,406,407</u>	<u>20,102,471</u>
Total assets		<u>₩ 29,162,319</u>	<u>₩ 28,451,248</u>	<u>\$ 21,685,246</u>	<u>\$ 21,156,490</u>
Liabilities and equity					
Liabilities					
Current liabilities:					
Short-term borrowings	4,14,30	₩ 3,338,440	₩ 3,774,050	\$ 2,482,481	\$ 2,806,402
Trade payables	4,26,30	85,573	127,074	63,633	94,493
Other payables	4,26,30	58,902	119,295	43,800	88,708
Accrued expenses	4,30	183,937	130,863	136,776	97,310
Provisions	15	4,807	3,894	3,575	2,896
Current portion of long-term debt	4,14,30	1,254,258	1,214,551	932,673	903,146
Other current liabilities	4,11,17,18,26,30	412,044	269,996	306,398	200,770
Total current liabilities		<u>5,337,961</u>	<u>5,639,723</u>	<u>3,969,336</u>	<u>4,193,725</u>
Non-current liabilities:					
Bonds and long-term borrowings	4,14,30	6,429,486	5,885,469	4,780,998	4,376,464
Deferred tax liabilities	24	211,579	266,466	157,331	198,145
Provisions	15	30,026	30,026	22,327	22,327
Other non-current liabilities	4,11,17,18,26,30	702,846	741,765	522,639	551,580
Total non-current liabilities		<u>7,373,937</u>	<u>6,923,726</u>	<u>5,483,295</u>	<u>5,148,516</u>
Total liabilities		<u>12,711,898</u>	<u>12,563,449</u>	<u>9,452,631</u>	<u>9,342,241</u>
Equity					
Share capital	1,19	16,143	16,143	12,004	12,004
Other paid-in capital	19	3,256,868	3,151,633	2,421,823	2,343,570
Retained earnings	19	12,947,139	12,514,748	9,627,557	9,306,031
Other components of equity	19	230,271	205,275	171,231	152,644
Total equity		<u>16,450,421</u>	<u>15,887,799</u>	<u>12,232,615</u>	<u>11,814,249</u>
Total liabilities and equity		<u>₩ 29,162,319</u>	<u>₩ 28,451,248</u>	<u>\$ 21,685,246</u>	<u>\$ 21,156,490</u>

See accompanying notes to the condensed separate interim financial statements.

SK Inc.

Condensed separate interim statements of comprehensive income
for the three-month and nine-month periods ended September 30, 2023 and 2022

(Korean won in millions, except earnings per share)

	Notes	Korean won			
		September 30, 2023		September 30, 2022	
		Three-month	Nine-month	Three-month	Nine-month
Operating revenue	20,26	₩ 765,710	₩ 3,197,574	₩ 643,561	₩ 2,338,022
Operating expenses	21,22,26	<u>573,320</u>	<u>1,775,016</u>	<u>559,750</u>	<u>1,584,021</u>
Operating profit		192,390	1,422,558	83,811	754,001
Finance income	23	101,248	178,804	131,111	230,804
Finance costs	23	220,820	542,934	111,525	715,720
Other non-operating income	23	3,953	21,751	219	398,359
Other non-operating expenses	23	<u>41,109</u>	<u>288,479</u>	<u>7,368</u>	<u>12,238</u>
Profit before income tax expense		35,662	791,700	96,248	655,206
Income tax expense (benefit)	24	<u>(2,066)</u>	<u>(27,224)</u>	<u>12,469</u>	<u>1,669</u>
Profit for the period		<u>₩ 37,728</u>	<u>₩ 818,924</u>	<u>₩ 83,779</u>	<u>₩ 653,537</u>
Other comprehensive income (loss):					
Items that will not be reclassified subsequently to profit or loss (net of tax):					
Remeasurements of the net defined benefit plans	16	10,674	(7,088)	15,643	33,506
Gain (loss) on valuation of financial assets measured at FVOCI	4	<u>(4,333)</u>	<u>24,996</u>	<u>(2,837)</u>	<u>(10,716)</u>
		6,341	17,908	12,806	22,790
Total comprehensive income for the period		<u>₩ 44,069</u>	<u>₩ 836,832</u>	<u>₩ 96,585</u>	<u>₩ 676,327</u>
Earnings per share (Korean won):	25				
Basic earnings per ordinary share		₩ 665	₩ 14,524	₩ 1,478	₩ 11,531
Basic earnings per preferred share		715	14,574	1,528	11,581
Diluted earnings per ordinary share		652	14,397	1,342	11,411

(Continued)

SK Inc.

Condensed separate interim statements of comprehensive income

for the three-month and nine-month periods ended September 30, 2023 and 2022 (cont'd)

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

	Notes	Translation into U.S. dollar (Note 2)			
		September 30, 2023		September 30, 2022	
		Three-month	Nine-month	Three-month	Nine-month
Operating revenue	20,26	\$ 569,386	\$ 2,377,732	\$ 478,555	\$ 1,738,565
Operating expenses	21,22,26	<u>426,324</u>	<u>1,319,911</u>	<u>416,233</u>	<u>1,177,886</u>
Operating profit		143,062	1,057,821	62,322	560,679
Finance income	23	75,289	132,960	97,495	171,627
Finance costs	23	164,203	403,728	82,931	532,213
Other non-operating income	23	2,939	16,174	163	296,222
Other non-operating expenses	23	<u>30,569</u>	<u>214,514</u>	<u>5,480</u>	<u>9,099</u>
Profit before income tax expense		26,518	588,713	71,569	487,216
Income tax expense (benefit)	24	<u>(1,536)</u>	<u>(20,244)</u>	<u>9,272</u>	<u>1,241</u>
Profit for the period		<u>\$ 28,054</u>	<u>\$ 608,957</u>	<u>\$ 62,297</u>	<u>\$ 485,975</u>
Other comprehensive income (loss):					
Items that will not be reclassified subsequently to profit or loss (net of tax):					
Remeasurements of the net defined benefit plans	16	7,937	(5,271)	11,632	24,915
Gain (loss) on valuation of financial assets measured at FVOCI	4	<u>(3,222)</u>	<u>18,587</u>	<u>(2,109)</u>	<u>(7,968)</u>
		4,715	13,316	9,523	16,947
Total comprehensive income for the period		<u>\$ 32,769</u>	<u>\$ 622,273</u>	<u>\$ 71,820</u>	<u>\$ 502,922</u>
Earnings per share (U.S. dollar):	25				
Basic earnings per ordinary share		\$ 0.49	\$ 10.80	\$ 1.10	\$ 8.57
Basic earnings per preferred share		0.53	10.84	1.14	8.61
Diluted earnings per ordinary share		0.48	10.71	1.00	8.49

See accompanying notes to the condensed separate interim financial statements.

SK Inc.

Condensed separate interim statements of changes in equity
for the nine-month periods ended September 30, 2023 and 2022

(Korean won in millions)

	Share capital	Other paid-in capital	Retained earnings	Other components of equity	Total equity
As of January 1, 2022	₩ 16,143	₩ 3,354,711	₩ 12,406,200	₩ 13,052	₩ 15,790,106
Total comprehensive income for the period:					
Profit for the period	-	-	653,537	-	653,537
Remeasurements of the net defined benefit plans	-	-	33,506	-	33,506
Loss on valuation of financial assets measured at FVOCI	-	-	-	(10,716)	(10,716)
Transactions with owners:					
Dividends	-	-	(453,321)	-	(453,321)
Granting of stock options	-	193	-	-	193
Exercising of stock options and change of settlement	-	(26,247)	-	-	(26,247)
Acquisition and disposal of treasury stocks	-	(18,810)	-	-	(18,810)
As of September 30, 2022	₩ 16,143	₩ 3,309,847	₩ 12,639,922	₩ 2,336	₩ 15,968,248
As of January 1, 2023	₩ 16,143	₩ 3,151,633	₩ 12,514,748	₩ 205,275	₩ 15,887,799
Total comprehensive income for the period:					
Profit for the period	-	-	818,924	-	818,924
Remeasurements of the net defined benefit plans	-	-	(7,088)	-	(7,088)
Gain on valuation of financial assets measured at FVOCI	-	-	-	24,996	24,996
Transactions with owners:					
Dividends	-	-	(278,764)	-	(278,764)
Disposal of treasury stocks	-	4,554	-	-	4,554
Retirement of treasury stocks	-	100,681	(100,681)	-	-
As of September 30, 2023	₩ 16,143	₩ 3,256,868	₩ 12,947,139	₩ 230,271	₩ 16,450,421

SK Inc.

Condensed separate interim statements of changes in equity
for the nine-month periods ended September 30, 2023 and 2022 (cont'd)

(U.S. dollar in thousands)

	Share capital	Other paid-in capital	Retained earnings	Other components of equity	Total equity
As of January 1, 2022	\$ 12,004	\$ 2,494,580	\$ 9,225,312	\$ 9,706	\$ 11,741,602
Total comprehensive income for the period:					
Profit for the period	-	-	485,975	-	485,975
Remeasurements of the net defined benefit plans	-	-	24,915	-	24,915
Loss on valuation of financial assets measured at FVOCI	-	-	-	(7,968)	(7,968)
Transactions with owners:					
Dividends	-	-	(337,092)	-	(337,092)
Granting of stock options	-	144	-	-	144
Exercising of stock options and change of settlement	-	(19,518)	-	-	(19,518)
Acquisition and disposal of treasury stocks	-	(13,987)	-	-	(13,987)
As of September 30, 2022	\$ 12,004	\$ 2,461,219	\$ 9,399,110	\$ 1,738	\$ 11,874,071
As of January 1, 2023	\$ 12,004	\$ 2,343,570	\$ 9,306,031	\$ 152,644	\$ 11,814,249
Total comprehensive income for the period:					
Profit for the period	-	-	608,957	-	608,957
Remeasurements of the net defined benefit plans	-	-	(5,271)	-	(5,271)
Gain on valuation of financial assets measured at FVOCI	-	-	-	18,587	18,587
Transactions with owners:					
Dividends	-	-	(207,291)	-	(207,291)
Disposal of treasury stocks	-	3,386	-	-	3,386
Retirement of treasury stocks	-	74,867	(74,867)	-	-
As of September 30, 2023	\$ 12,004	\$ 2,421,823	\$ 9,627,557	\$ 171,231	\$ 12,232,615

SK Inc.

**Condensed separate interim statements of cash flows
for the nine-month periods ended September 30, 2023 and 2022**

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

	Notes	For the nine-month periods ended September 30			
		Korean won		Translation into U.S. dollar (Note 2)	
		2023	2022	2023	2022
Cash flows from operating activities:					
Profit for the period		₩ 818,924	₩ 653,537	\$ 608,957	\$ 485,975
Non-cash adjustments	28	(604,732)	(487,844)	(449,682)	(362,763)
Working capital adjustments	28	99,182	(39,552)	73,752	(29,411)
Interest received		10,121	7,847	7,526	5,835
Interest paid		(245,233)	(185,407)	(182,356)	(137,870)
Dividends received		1,234,317	704,703	917,844	524,021
Income taxes paid		(9,541)	(400,926)	(7,095)	(298,131)
Net cash provided by operating activities		1,303,038	252,358	968,946	187,656
Cash flows from investing activities:					
Decrease (increase) in short-term financial instruments, net		37,309	(7,090)	27,743	(5,272)
Decrease (increase) in short-term loans, net		(158,990)	(261)	(118,226)	(194)
Increase in long-term financial instruments		(916)	-	(681)	-
Decrease (increase) in long-term loans, net		(23)	-	(17)	-
Proceeds from disposal of long-term investment securities		89,747	-	66,736	-
Proceeds from disposal of investments in subsidiaries		23,065	3,537	17,151	2,630
Proceeds from disposal of investments in associates		14,158	673	10,528	500
Proceeds from disposal of property, plant and equipment		392	4	291	3
Proceeds from disposal of intangible assets		486	1,801	361	1,339
Acquisition of long-term investment securities		(13,652)	(55,919)	(10,152)	(41,582)
Acquisition of investments in subsidiaries		(855,378)	(788,669)	(636,063)	(586,458)
Acquisition of investments in associates		(10,711)	(12,712)	(7,965)	(9,453)
Acquisition of property, plant and equipment		(79,763)	(97,497)	(59,312)	(72,499)
Acquisition of intangible assets		(22,364)	(44,090)	(16,630)	(32,786)
Increase in guarantee deposits		(1,110)	(8,269)	(825)	(6,149)
Decrease in guarantee deposits		2,600	1,346	1,933	1,001
Net cash used in investing activities		(975,150)	(1,007,146)	(725,128)	(748,920)
Cash flows from financing activities:					
Increase (decrease) in short-term borrowings, net		(458,860)	1,236,080	(341,211)	919,155
Increase in bonds and long-term borrowings		1,694,481	1,105,558	1,260,025	822,098
Payment of dividends		(278,764)	(453,321)	(207,290)	(337,092)
Repayment of current portion of long-term debt		(1,115,000)	(880,000)	(829,120)	(654,372)
Decrease in lease liabilities		(51,487)	(46,984)	(38,286)	(34,938)
Acquisition and disposal of treasury stocks		2,263	(19,542)	1,683	(14,532)
Net cash provided by (used in) financing activities		(207,367)	941,791	(154,199)	700,319
Net increase in cash and cash equivalents		120,521	187,003	89,619	139,055
Net foreign exchange effects		(162)	904	(119)	672
Cash and cash equivalents at the beginning of the period		115,840	70,011	86,139	52,061
Cash and cash equivalents at the end of the period		₩ 236,199	₩ 257,918	\$ 175,639	\$ 191,788

See accompanying notes to the condensed separate interim financial statements.

1. Corporate information

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

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

As of September 30, 2023, the share capital of the Company amounts to ₩16,143 million (including ₩113 million of preferred shares). Major shareholders and their equity ownership are Tae-won Chey, National Pension Service and Ki-won Choi, each holding 17.73%, 6.78% and 6.58% respectively, as of September 30, 2023.

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

2.1 Basis of preparation

The Company prepares statutory condensed separate interim financial statements in the Korean language in accordance with Korean International Financial Reporting Standards (“K-IFRS”), No. 1034 *Interim Financial Reporting* enacted by the Act on External Audit of Stock Companies. The accompanying condensed separate interim financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s review report thereon, the Korean version, which used for regulatory reporting purposes, shall prevail.

The condensed separate interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements as of December 31, 2022.

The accompanying condensed separate interim financial statements are stated in Korean won, the currency of the country in which the Company is incorporated and operates. The translation of Korean won amounts into U.S. dollar amounts is included solely for the convenience of readers of the condensed separate interim financial statements and has been made at the rate of ₩1,344.80 to USD 1.00, the basic exchange rate in the Seoul Money Brokerage Service for cable transfers in Korean won on the last business day of the nine-month period ended September, 30, 2023. Such translations into U.S. dollar should not be construed as representations that the Korean won amounts could be converted into U.S. dollar at that or any other rate.

Pursuant to K-IFRS No. 1027, the condensed separate interim financial statements are accounted for, by parent, investor in an associate or a joint venture on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

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

2.2 Material accounting policy information

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

2.2.1 New and amended standards and interpretations

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

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

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policy information and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments do not have any significant impact on the Company's financial position or management performance.

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

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

Amendments to K-IFRS No. 1008 *Accounting Policies, Changes in Accounting Estimates and Errors*

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments do not have any significant impact on the Company's financial position or management performance.

Amendments to K-IFRS No. 1012 *Income Taxes*

The amendments require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary Paragraphs 15 and 24 of K-IFRS No. 1012 were amended to include an additional condition where the initial recognition exemption is not applied. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences. The amendments do not have any significant impact on the Company's financial position or management performance.

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

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

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

The amendments affect only the presentation of liabilities in the statement of financial position and clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments explain that the right exists if the borrowing arrangement is complied with at the end of the reporting period and clarify that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty. The Company plans to apply the standard for annual reporting period beginning on or after January 1, 2024, with early application permitted.

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

3. Significant accounting judgements, estimates and assumptions

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

Those accounting judgments made by management in the preparation of the condensed separate interim financial statements for the nine-month period ended September 30, 2023 are consistent with those followed in the preparation of the separate financial statements for the year ended December 31, 2022.

SK Inc.
Notes to the condensed separate interim financial statements
September 30, 2023 and 2022

4. Financial instruments

4.1 Financial assets

Details of financial assets as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	September 30, 2023			Total
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	
Current assets:				
Cash and cash equivalents	₩ 203,358	₩ -	₩ 32,841	₩ 236,199
Short-term financial instruments	64,937	-	34,900	99,837
Trade receivables (*1)	-	-	343,385	343,385
Short-term investment securities	10,433	-	-	10,433
Other receivables	-	-	7,610	7,610
Short-term loans	-	-	161,412	161,412
Accrued income	-	-	7,180	7,180
Guarantee deposits	-	-	2,436	2,436
Lease receivables	-	-	35,508	35,508
Derivative financial assets	82,879	-	-	82,879
	<u>361,607</u>	<u>-</u>	<u>625,272</u>	<u>986,879</u>
Non-current assets:				
Long-term financial instruments	-	-	1,186	1,186
Long-term investment securities	401,498	579,369	373	981,240
Long-term receivables	-	-	441	441
Long-term loans	-	-	522,670	522,670
Long-term guarantee deposits	-	-	49,660	49,660
Long-term lease receivables	-	-	239,981	239,981
Derivative financial assets	208,590	-	-	208,590
	<u>610,088</u>	<u>579,369</u>	<u>814,311</u>	<u>2,003,768</u>
	<u>₩ 971,695</u>	<u>₩ 579,369</u>	<u>₩ 1,439,583</u>	<u>₩ 2,990,647</u>

(*1) Contract assets (unbilled receivables) amounting to ₩296,520 million as of September 30, 2023 are not included in the financial instruments.

SK Inc.
Notes to the condensed separate interim financial statements
September 30, 2023 and 2022

4. Financial instruments (cont'd)

4.1 Financial assets (cont'd)

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

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

SK Inc.
Notes to the condensed separate interim financial statements
September 30, 2023 and 2022

4. Financial instruments (cont'd)

4.2 Financial liabilities

Details of financial liabilities as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	September 30, 2023		
	Financial liabilities measured at FVTPL	Other financial liabilities	Total
Current liabilities:			
Short-term borrowings	₩ -	₩ 3,338,440	₩ 3,338,440
Trade payables	-	85,573	85,573
Other payables (*1)	-	57,172	57,172
Accrued expenses (*1)	-	59,477	59,477
Dividends payable	-	178	178
Current portion of long-term debt	-	1,254,258	1,254,258
Leasehold deposits received	-	544	544
Lease liabilities	-	88,215	88,215
Derivative financial liabilities	37,661	-	37,661
	<u>37,661</u>	<u>4,883,857</u>	<u>4,921,518</u>
Non-current liabilities:			
Bonds and long-term borrowings	-	6,429,486	6,429,486
Long-term Leasehold deposits received	-	24,038	24,038
Long-term lease liabilities	-	296,797	296,797
Derivative financial liabilities	372,807	-	372,807
	<u>372,807</u>	<u>6,750,321</u>	<u>7,123,128</u>
	<u>₩ 410,468</u>	<u>₩ 11,634,178</u>	<u>₩ 12,044,646</u>

(*1) The amount of accrued liabilities under the employee benefit system was excluded as it is not subject to financial product disclosure.

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

4. Financial instruments (cont'd)

4.3 Fair values of financial instruments by hierarchy level

1) 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

2) Details of fair value of financial instruments by hierarchy level as of September 30, 2023 and December 31, 2022 are as follows (Korean Won in millions):

	September 30, 2023				
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:					
Financial assets measured at FVTPL	₩ 680,226	₩ 200,514	₩ 268,295	₩ 211,417	₩ 680,226
Financial assets measured at FVOCI	579,369	10,613	-	568,756	579,369
Derivative financial assets	291,469	-	82,879	208,590	291,469
	<u>₩ 1,551,064</u>	<u>₩ 211,127</u>	<u>₩ 351,174</u>	<u>₩ 988,763</u>	<u>₩ 1,551,064</u>
Financial liabilities measured at fair value:					
Derivative financial liabilities	₩ 410,468	-	₩ 37,661	₩ 372,807	₩ 410,468
	December 31, 2022				
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:					
Financial assets measured at FVTPL	₩ 610,118	₩ 224,384	₩ 184,242	₩ 201,492	₩ 610,118
Financial assets measured at FVOCI	634,270	3,314	-	630,956	634,270
Derivative financial assets	218,211	-	9,621	208,590	218,211
	<u>₩ 1,462,599</u>	<u>₩ 227,698</u>	<u>₩ 193,863</u>	<u>₩ 1,041,038</u>	<u>₩ 1,462,599</u>
Financial liabilities measured at fair value:					
Derivative financial liabilities	₩ 378,900	-	₩ 6,093	₩ 372,807	₩ 378,900

The Company recognizes the movement between hierarchy levels at the end of the reporting period where changes in events and situations result in movement between the hierarchy levels. No significant change between hierarchy levels 1 and 2 occurred during the period ended September 30, 2023.

SK Inc.
Notes to the condensed separate interim financial statements
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4. Financial instruments (cont'd)

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

Changes in Level 3 financial assets for the nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2023					
	Beginning balance	Acquisition	Disposal	Valuation	Transfer(*1)	Ending balance
Financial assets measured at FVTPL	₩ 201,492	₩ 13,619	₩ (1,314)	₩ (382)	₩ (1,998)	₩ 211,417
Financial assets measured at FVOCI	630,956	33	-	32,956	(95,189)	568,756
Derivative financial assets	208,590	-	-	-	-	208,590
	<u>₩ 1,041,038</u>	<u>₩ 13,652</u>	<u>₩ (1,314)</u>	<u>₩ 32,574</u>	<u>₩ (97,187)</u>	<u>₩ 988,763</u>

(*1) During the nine-month period ended September 30, 2023, Turo Inc. ₩88,880 million was transferred to assets held for sales, and Team Blackbird. Inc was transferred to investments in Associates, and GI Innovation Inc. ₩5,672 million was listed, and KG Mobility Inc. ₩637 million was decided to remain listed and transferred to Level 1.

	For the nine-month period ended September 30, 2022				
	Beginning balance	Acquisition	Valuation	Transfer	Ending balance
Financial assets measured at FVTPL	₩ 452,395	₩ 45,414	₩ 11,173	₩ (46,498)	₩ 462,484
Financial assets measured at FVOCI	315,433	10,506	-	-	325,939
Derivative financial assets	193,310	-	(6,522)	-	186,788
	<u>₩ 961,138</u>	<u>₩ 55,920</u>	<u>₩ 4,651</u>	<u>₩ (46,498)</u>	<u>₩ 975,211</u>

SK Inc.
Notes to the condensed separate interim financial statements
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5. Trade receivables

Details of trade receivables as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	September 30, 2023		December 31, 2022	
Trade receivables:				
Trade receivables	₩	343,985	₩	527,850
Contract assets (unbilled receivables)		296,520		175,213
		640,505		703,063
Allowance for doubtful accounts:				
Trade receivables		(600)		(600)
	₩	639,905	₩	702,463

6. Inventories

Details of inventories as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	September 30, 2023			December 31, 2022		
	Cost	Valuation		Cost	Valuation	
		allowance	Book value		allowance	Book value
Raw materials	₩ 230	₩ -	₩ 230	₩ 172	₩ -	₩ 172

7. Investment securities

(1) Details of investment securities as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	September 30, 2023		December 31, 2022	
	Acquisition cost	Book value	Acquisition cost	Book value
Financial assets measured at FVTPL:				
Equity instruments (*1)	₩ 637,882	₩ 205,491	₩ 632,462	₩ 224,384
Debt securities	336,995	126,265	336,995	126,265
Money invested and others	66,104	80,175	61,218	75,227
	1,040,981	411,931	1,030,675	425,876
Financial assets measured at FVOCI:				
Equity instruments (*2)	320,733	579,369	355,148	634,270
Financial assets measured at amortized cost:				
Debt securities	250	373	250	346
	₩ 1,361,964	₩ 991,673	₩ 1,386,073	₩ 1,060,492

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

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

SK Inc.
Notes to the condensed separate interim financial statements
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7. Investment securities (cont'd)

(2) Details of investment securities as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	September 30, 2023		December 31, 2022	
	Acquisition cost	Book value	Acquisition cost	Book value
Marketable equity instruments	₩ 570,078	₩ 211,127	₩ 559,354	₩ 227,697
Non-marketable equity instruments	388,537	573,733	428,256	630,957
Debt securities	337,245	126,638	337,245	126,611
Money invested and others	66,104	80,175	61,218	75,227
	<u>₩ 1,361,964</u>	<u>₩ 991,673</u>	<u>₩ 1,386,073</u>	<u>₩ 1,060,492</u>

(3) Changes in investment securities for the nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	For the nine-month period ended	
	September 30, 2023	September 30, 2022
Beginning balance	₩ 1,060,492	₩ 934,091
Acquisitions	13,652	55,919
Valuation and amortization	9,722	(278,616)
Disposals	(1,314)	-
Transfer (*1)	(90,879)	413,824
Ending balance	<u>₩ 991,673</u>	<u>₩ 1,125,218</u>

(*1) During the nine-month period ended September 30, 2023, Turo Inc. was transferred to assets held for sales and disposed of in all, and Team Blackbird. Inc was transferred to investments in associates.

SK Inc.
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September 30, 2023 and 2022

8. Investments in subsidiaries

(1) Details of investments in subsidiaries as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	Domicile	Principal business activity	September 30, 2023			December 31, 2022
			Equity ownership (%) (*1)	Acquisition cost	Book value	Book value
SK Innovation Co., Ltd. (*2, 7)	Korea	Resource development	34.45	₩ 3,466,879	₩ 3,466,879	₩ 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	41.20	706,229	706,229	706,229
SKC Co., Ltd. (*2)	Korea	Manufacture of other chemical products	40.64	548,654	548,654	548,654
SK E&S Co., Ltd.	Korea	City gas business	90.00	2,600,000	2,600,000	2,600,000
SK Ecoplant Co., Ltd. (*2)	Korea	Construction	44.48	545,300	545,300	545,300
SK Siltron Co., Ltd.	Korea	Manufacturing and sales of silicon thin sheet	51.00	622,606	622,606	622,606
SK Specialty Co., Ltd.	Korea	Special-gas manufacturing and sales	100.00	600,467	600,467	600,467
SK REIT Co., Ltd. (*2)	Korea	Real estate development and trading	42.99	423,691	423,691	423,691
SK Biopharmaceuticals Co., Ltd.	Korea	Medicine and life science	64.02	369,226	369,226	369,226
Hweechan Co., Ltd.	Korea	Condominiums/resort business	100.00	335,912	335,912	335,912
SK Signet Inc. (*3)	Korea	Manufacturing of motors generators, and electrical conversion devices	-	293,236	293,236	293,236
SK Materials Airplus Incorporated. (*4)	Korea	Manufacture and sale of industrial gas	100.00	339,588	339,588	265,573
SK powertech Co., Ltd.	Korea	Semiconductor manufacturing	98.59	150,919	150,919	150,919
SK Tri Chem Co., Ltd.	Korea	Development of precursor products	65.00	102,505	102,505	102,505
SK Materials Renewtech Co., Ltd. (*4)	Korea	Acetylene and other Industries gas production and sales	-	-	-	74,015
SK materials G14 Co., Ltd.	Korea	Semiconductor distribution and sales	75.00	62,692	62,692	62,692
SK Forest Co., Ltd.	Korea	Landscape construction	100.00	61,387	61,387	61,387
SK Materials Performance Co., Ltd.	Korea	Semiconductor industrial photosensitive agent manufacturing and sales	100.00	57,070	57,070	57,070
SK Resonac Co., Ltd.	Korea	Semiconductor distribution and sales	51.00	23,150	23,150	23,150
SK Materials JNC Co., Ltd.	Korea	Organic light emitting diode material manufacturing, distribution and sales	51.00	20,287	20,287	20,287
Evertech Enterprise Co., Ltd. (*6, 7)	Korea	Manufacturing of other chemical products	98.20	20,579	20,579	-
SK REITs Management Co., Ltd.	Korea	Real estate acquisition and rental and development	100.00	7,000	7,000	7,000
Ackerton Partners (*6, 7)	Korea	Consulting	100.00	6,300	6,300	-
SK Pharmteco Inc.	USA	Investment	100.00	1,651,228	1,651,228	1,651,228
Plutus Capital NY, Inc. (*7)	USA	Investment	100.00	1,141,794	1,141,794	1,076,108
SK China Company, Ltd. (*5)	Hong Kong	Consulting and investment	27.42	557,117	557,117	557,117
SK South East Asia Investment Pte. Ltd. (*5)	Singapore	Investment	20.00	345,010	345,010	345,010
Golden Pearl EV Solutions Limited.	Hong Kong	Investment	100.00	281,360	281,360	281,360
SK Life Science Labs, Inc. (*5, 8, 9, 10) (formerly, ProteoVant Sciences, Inc.)	USA	Medicine research and development	40.00	214,527	41,303	-
SK Japan Investment (*5)	Japan	Investment	50.00	200,573	200,573	200,573
Einstein Cayman Limited.	Cayman	Investment	100.00	182,625	182,625	182,625
Areca, Inc. (*6)	USA	Investment	100.00	155,155	155,155	-
Tellus Investment Partners, Inc. (*8)	USA	Investment	100.00	149,691	107,869	149,691
Tillandsia, Inc. (*7)	USA	Investment	100.00	190,260	190,260	124,225
Chamaedorea, Inc. (*6)	USA	Investment	100.00	117,377	117,377	-
Energy Solution Group, Inc. (*7)	USA	Energy solution and electric car charger	62.11	130,109	130,109	104,538
Saturn Agriculture Investment Co., Ltd.	Hong Kong	Investment	81.00	67,093	67,093	67,093
Energy Solution Holdings Inc. (*5)	USA	Investment	30.05	54,752	54,752	54,752
I Cube Capital, Inc. (*7)	USA	Investment	100.00	51,432	51,432	51,176
Socar Mobility Malaysia, SDN. BHD.	Malaysia	Rental of cars	66.27	29,221	29,221	29,221
Digital Center Capital Inc.	USA	Investment	100.00	27,684	27,684	27,684
Auxo Capital Inc. (*7)	USA	Investment	100.00	26,167	26,167	21,689
SK S.E.Asia Pte. Ltd.	Singapore	Investment	100.00	25,847	25,847	25,847
SK C&C Beijing Co., Ltd.	China	Computer system integration advisory	100.00	25,481	25,481	25,481

SK Inc.

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8. Investments in subsidiaries (cont'd)

	Domicile	Principal business activity	September 30, 2023			December 31, 2022
			Equity ownership (%) (*1)	Acquisition cost	Book value	Book value
Castanea Biosciences Inc. (*9)	USA	Investment	100.00	48	48	23,883
SK Investment Management Co., Ltd	Hong Kong	Investment	82.24	10,099	10,099	10,099
SK GI Management	Cayman	Investment	100.00	9,523	9,523	9,523
Gemini Partners Pte. Ltd. (*5)	Singapore	Consulting	20.00	6,018	2,601	2,601
SK MENA Investment B.V. (*5)	Netherland	Investment	11.54	5,178	5,178	5,178
SK Latin Americas Investment S.A. (*5)	Spain	Investment	11.54	5,135	5,135	5,135
SK C&C India Pvt. Ltd.	India	Computer system integration advisory	100.00	3,442	-	-
Tellus (Hong Kong) Investment	Hong Kong	Investment	100.00	1,985	1,985	1,985
SK C&C USA, Inc.	USA	Computer system integration advisory	100.00	1,971	1,971	1,971
SK Technology Innovation Company (*5)	Cayman	Research and development	2.12	1,876	1,876	1,876
S&G Technology	Saudi Arabia	Computer system integration advisory and others	51.00	74	-	-
				<u>₩ 22,449,548</u>	<u>₩ 22,227,569</u>	<u>₩ 21,396,544</u>

(*1) Equity ownership is based on ordinary shares.

(*2) SK Innovation Co., Ltd. and 6 other companies were classified as investments in subsidiaries as the Company is able to exercise de facto control. The remaining voting rights of SK Innovation Co., Ltd. and 6 other companies are widely dispersed, and the Company's voting rights are sufficient to give it power.

(*3) The Company has acquired convertible preferred stocks with voting rights of the entity and as a result, holds 51.49% of voting rights.

(*4) During the nine-month period ended September 30, 2023, SK Materials Renewtech Co., Ltd. was merged with SK Materials Airplus Incorporated and excluded from its subsidiary.

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

(*6) Newly acquired during the nine-month period ended September 30, 2023.

(*7) Additional investment was made during the nine-month period ended September 30, 2023.

(*8) During the nine-month period ended September 30, 2023, there were signs of impairment, so the loss of investment impairment to subsidiaries was recognized.

(*9) Share capital decrease with consideration was made during the nine-month period ended September 30, 2023.

(*10) It is transferred from investments in associates to investments in subsidiaries during the nine-month period ended September 30, 2023

(2) Fair value of marketable investments in subsidiaries as of September 30, 2023 is as follows (Korean won in millions):

	September 30, 2023	
SK Innovation Co., Ltd.	₩	5,160,370
SK Telecom Co., Ltd.		3,414,757
SK Square Co., Ltd.		1,802,096
SK Networks Co., Ltd.		592,571
SKC Co., Ltd.		1,168,101
SK Biopharmaceuticals Co., Ltd.		4,321,632
SK REIT Co., Ltd.		354,914

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9. Investments in associates

Details of investments in associates as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	Domicile	Principal business activity	September 30, 2023			December 31, 2022
			Equity ownership (%)	Acquisition cost	Book value	Book value
SOCAR Inc. (*1,9)	Korea	Rental of cars	-	₩ -	₩ -	₩ 109,304
SMCore Inc.	Korea	Manufacturing and sales of automated logistics system	26.60	39,419	39,419	39,419
Standigm Inc. (*1,2)	Korea	Medical and pharmaceutical research and development industries	12.14	14,410	14,410	14,410
Cloocus Co., Ltd. (*1,2)	Korea	Information and communication service	16.19	6,500	6,500	6,500
TBU Inc. (*2)	Korea	Electric vehicle charging	31.59	5,700	5,700	5,700
Soft berry Inc. (*2)	Korea	Logistics infra	22.09	5,684	5,684	5,684
A4x Inc. (*1)	Korea	Block chain validator	8.33	5,078	5,078	5,078
Begas Co., Ltd. (*3)	Korea	Management consulting	-	-	-	5,000
PUMP Co., Ltd. (*1,2)	Korea	Electric kickboard rental	12.02	5,000	5,000	5,000
THIRA-UTECH Co., Ltd. (*1,2)	Korea	Service manufacturing	12.87	4,200	4,200	4,200
Superblock Co., Ltd. (*1,4)	Korea	Block chain mainnet	3.33	3,109	3,109	-
ACRYL Inc. (*1,2)	Korea	Information service	16.12	2,500	312	312
TWO LINE CODE Inc.	Korea	Software development	23.54	2,300	2,300	2,300
The Wave Talk, Inc. (*1,2)	Korea	Manufacturing and technical services	3.88	2,038	2,038	2,038
Todo Works Corp. (*1,2)	Korea	Handicapped aids and medical device sales	10.25	2,037	2,037	2,037
Daehan Kanggun BcN Co., Ltd. (*1,2)	Korea	Wired communication	0.20	58	-	-
SK Life Science Labs, Inc. (*5,6) (formerly Proteovant Sciences, Inc.)	USA	Medicine research and development	-	-	-	222,370
Swift Navigation (*1,2)	USA	GPS software development	9.53	46,496	46,496	46,496
Belstar Superfreeze Holdings, LLC (*2)	Cayman	Warehouse business	20.98	36,839	36,839	36,839
9352-7281 Quebec Inc.	Canada	Investment	40.09	31,558	31,558	31,558
Hummingbird Bioscience Holdings Pte. Ltd. (*1,2)	Singapore	Antibody drugs and development	8.97	19,026	19,026	19,026
FSK Holdings Co., Ltd.	Hong Kong	IT service	30.00	11,937	6,245	6,245
Halio, Inc. (*1,2)	USA	Manufacturing discolored glass	4.45	8,498	8,498	8,498
VantAI (*4)	USA	Medicine research and development	40.00	7,594	7,594	-
Visible Patient S.A.S. (*2)	France	Manufacturing related to medicine	22.14	7,507	7,507	7,507
Mozido Corfire, Inc. (*8)	USA	System consulting	-	-	-	-
DSK EV Investment Limited. (*1,7)	Cayman	Investment	3.32	1,048	1,048	1,040
Team Blackbird, Inc. (*1,2,4,10)	Korea	Software development	3.22	1,998	1,998	-
				₩ 270,534	₩ 262,596	₩ 586,561

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

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

(*3) Redeemed during the nine-month period ended September 30, 2023.

(*4) Newly acquired during the nine-month period ended September 30, 2023.

(*5) During the nine-month period ended September 30, 2023, there were signs of impairment, so the loss of investment impairment to associates was recognized.

(*6) When the investment equity ratio of the Company and its subsidiaries are combined, control can be exercised. Therefore, the investments are classified as investment in subsidiaries.

(*7) Additionally acquired was made during the nine-month period ended September 30, 2023.

(*8) Liquidated during the nine-month period ended September 30, 2023.

(*9) During the nine-month period ended September 30, 2023, the Company decided to sell all of its shares in SOCAR Inc., which had been classified as investments in associates.(See note 27)

(*10) It is transferred from investment securities to investments in associates during the nine-month period ended September 30, 2023.

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10. Property, plant and equipment

(1) Details of property, plant and equipment as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	September 30, 2023			December 31, 2022		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 100,224	₩ -	₩ 100,224	₩ 100,090	₩ -	₩ 100,090
Buildings	314,026	(80,400)	233,626	303,783	(74,406)	229,377
Structures	11,646	(2,794)	8,852	11,646	(2,426)	9,220
Machinery	14,098	(802)	13,296	8,382	(211)	8,171
Vehicles	12,552	(5,506)	7,046	12,581	(4,948)	7,633
Furniture and fixtures	448,658	(314,576)	134,082	453,247	(310,776)	142,471
Construction-in-progress	96,046	-	96,046	67,502	-	67,502
	<u>₩ 997,250</u>	<u>₩ (404,078)</u>	<u>₩ 593,172</u>	<u>₩ 957,231</u>	<u>₩ (392,767)</u>	<u>₩ 564,464</u>

(2) Details of changes in property, plant and equipment for the nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2023					
	Beginning balance	Acquisition	Depreciation	Disposal	Transfer(*1)	Ending balance
Land	₩ 100,090	₩ -	₩ -	₩ -	₩ 134	₩ 100,224
Buildings	229,377	4,565	(6,659)	-	6,343	233,626
Structures	9,220	-	(368)	-	-	8,852
Machinery	8,171	-	(592)	-	5,717	13,296
Vehicles	7,633	52	(639)	-	-	7,046
Furniture and fixtures	142,471	16,544	(31,759)	(177)	7,003	134,082
Construction-in-progress	67,502	52,434	-	-	(23,890)	96,046
	<u>₩ 564,464</u>	<u>₩ 73,595</u>	<u>₩ (40,017)</u>	<u>₩ (177)</u>	<u>₩ (4,693)</u>	<u>₩ 593,172</u>

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

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

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

11. Right-of-use assets and lease liabilities

(1) Details of right-of-use assets as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	September 30, 2023			December 31, 2022		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land and buildings	₩ 233,388	₩ (118,215)	₩ 115,173	₩ 230,267	₩ (92,398)	₩ 137,869
Vehicles	9,925	(5,122)	4,803	9,048	(5,461)	3,587
Furniture and fixtures	361	(246)	115	361	(192)	169
	<u>₩ 243,674</u>	<u>₩ (123,583)</u>	<u>₩ 120,091</u>	<u>₩ 239,676</u>	<u>₩ (98,051)</u>	<u>₩ 141,625</u>

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

(2) Changes in right-of-use assets for the nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2023					Ending balance
	Beginning balance	Increase	Depreciation	Decrease	Others (*1)	
Land and buildings	₩ 137,869	₩ 5,364	₩ (29,903)	₩ (854)	₩ 2,697	₩ 115,173
Vehicles	3,587	4,560	(2,446)	(1,057)	159	4,803
Furniture and fixtures	169	-	(54)	-	-	115
	<u>₩ 141,625</u>	<u>₩ 9,924</u>	<u>₩ (32,403)</u>	<u>₩ (1,911)</u>	<u>₩ 2,856</u>	<u>₩ 120,091</u>

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

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

(3) Changes in lease liabilities for the nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2023					Ending balance
	Beginning balance	Increase	Interest expenses	Decrease (payment)	Others (*1)	
Lease liabilities	₩ 415,360	₩ 9,924	₩ 7,956	₩ (59,443)	₩ 11,215	₩ 385,012

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

(*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 ₩3,077 million and ₩4,074 million in relation to short-term lease and ₩963 million and ₩824 million in relation to leases of low-value assets as operating costs during the nine-month periods ended September 30, 2023 and 2022. The total cash outflow of leases is ₩63,483 million and ₩60,250 million during the nine-month periods ended September 30, 2023 and 2022.

12. Investment properties

(1) Details of investment properties as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	September 30, 2023			December 31, 2022		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 89	₩ -	₩ 89	₩ 89	₩ -	₩ 89
Buildings	69,931	(7,675)	62,256	65,836	(5,540)	60,296
	<u>₩ 70,020</u>	<u>₩ (7,675)</u>	<u>₩ 62,345</u>	<u>₩ 65,925</u>	<u>₩ (5,540)</u>	<u>₩ 60,385</u>

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12. Investment properties (cont'd)

(2) Changes in investment properties for the nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2023			
	Beginning balance	Increase(*1) (decrease)	Depreciation	Ending balance
Land	₩ 89	₩ -	₩ -	₩ 89
Buildings	60,296	4,308	(2,348)	62,256
	<u>₩ 60,385</u>	<u>₩ 4,308</u>	<u>₩ (2,348)</u>	<u>₩ 62,345</u>

(*1) This includes transfer from investment property to buildings, and transfer from buildings and right-of-use asset to investment property.

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

13. Intangible assets

(1) Details of intangible assets as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	September 30, 2023				December 31, 2022			
	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value
Development costs	₩ 281,745	₩ (149,507)	₩ (27,423)	₩ 104,815	₩ 263,444	₩ (126,875)	₩ (9,847)	₩ 126,722
Memberships	79,352	-	(13,647)	65,705	76,260	-	(13,647)	62,613
Brand-related assets	1,975,000	-	-	1,975,000	1,975,000	-	-	1,975,000
Others	31,985	(10,076)	(20,717)	1,192	31,261	(8,887)	(16,607)	5,767
	<u>₩ 2,368,082</u>	<u>₩ (159,583)</u>	<u>₩ (61,787)</u>	<u>₩ 2,146,712</u>	<u>₩ 2,345,965</u>	<u>₩ (135,762)</u>	<u>₩ (40,101)</u>	<u>₩ 2,170,102</u>

(2) Changes in intangible assets for the nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2023						
	Beginning balance	Acquisitions	Amortization	Disposal	Impairment	Transfer(*2)	Ending balance
Development costs	₩ 126,722	₩ 18,787	₩ (22,632)	₩ (486)	₩ (17,576)	₩ -	₩ 104,815
Memberships (*1)	62,613	3,577	-	(485)	-	-	65,705
Brand-related assets (*1)	1,975,000	-	-	-	-	-	1,975,000
Others	5,767	90	(1,189)	(3)	(4,110)	637	1,192
	<u>₩ 2,170,102</u>	<u>₩ 22,454</u>	<u>₩ (23,821)</u>	<u>₩ (974)</u>	<u>₩ (21,686)</u>	<u>₩ 637</u>	<u>₩ 2,146,712</u>

	For the nine-month period ended September 30, 2022					
	Beginning balance	Acquisitions	Amortization	Disposal	Others	Ending balance
Development costs	₩ 120,577	₩ 32,458	₩ (22,893)	₩ -	₩ (135)	₩ 130,007
Memberships (*1)	53,260	11,071	-	(1,719)	-	62,613
Brand-related assets (*1)	1,975,000	-	-	-	-	1,975,000
Others	27,254	618	(4,511)	-	16	23,377
	<u>₩ 2,176,091</u>	<u>₩ 44,147</u>	<u>₩ (27,404)</u>	<u>₩ (1,719)</u>	<u>₩ (119)</u>	<u>₩ 2,190,996</u>

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

(*2) This includes transfer from property, plant and equipment to intangible assets.

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14. Borrowings and bonds

(1) Short-term borrowings

Details of short-term borrowings as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

Description	Financial institution	Interest rate (%)	September 30, 2023	December 31, 2022	
Working capital loan and others	Woori Bank	4.92 ~ 7.16	₩ 588,960	₩ 253,460	
	Kookmin Bank	4.73 ~ 5.21	260,000	100,000	
	NH Bank	5.03 ~ 5.17	210,000	116,000	
	Standardchartered Bank	6.02	200,000	200,000	
	Hana Bank	5.42 ~ 5.80	200,000	100,000	
	Credit Agricole Corporate & Investment Bank	6.30	134,480	193,730	
	Bank of China	5.13	50,000	65,000	
	Shinhan bank	4.57	50,000	-	
	China Everbright Bank	4.75	40,000	40,000	
	The Export-Import Bank of Korea	-	-	190,095	
	Commercial paper	Hi Investment & Securities	4.05 ~ 6.02	400,000	210,000
		Daol Investment & Securities	4.04 ~ 6.05	385,000	550,000
		Shinhan bank	4.05 ~ 4.87	250,000	70,000
Bookook Securities		4.05 ~ 6.10	195,000	450,000	
Hyundai Motor Group		4.46 ~ 4.51	125,000	-	
IBK Investment & Securities		5.61 ~ 5.99	80,000	140,000	
KB Securities		4.05 ~ 5.61	65,000	170,000	
SK Securities		4.05 ~ 4.51	55,000	245,000	
Kiwoom Securities		6.02	20,000	105,000	
Ebest Investment & Securities		4.06	20,000	50,000	
Samsung Securities		6.02	10,000	30,000	
BNK Investment & Securities		-	-	215,000	
Hana Securities		-	-	120,765	
Korea Development Bank		-	-	70,000	
Korea Investment & Securities		-	-	50,000	
Hanyang Securities	-	-	30,000		
Mirae Asset Securities	-	-	10,000		
			<u>₩ 3,338,440</u>	<u>₩ 3,774,050</u>	

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14. Borrowings and bonds (cont'd)

(2) Bonds

Details of bonds as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

Issuance number	Interest rate (%)	Maturity	Security	September 30, 2023	December 31, 2022
273-3rd	4.26	2024-03-25	Unsecured	₩ 100,000	₩ 100,000
276-3rd	-	2023-03-07	Unsecured	-	150,000
277-3rd	-	2023-06-01	Unsecured	-	120,000
277-4th	2.43	2026-06-01	Unsecured	60,000	60,000
278-3rd	-	2023-09-07	Unsecured	-	110,000
279-3rd	2.58	2024-03-06	Unsecured	120,000	120,000
280-3rd	2.67	2024-06-01	Unsecured	110,000	110,000
281-3rd	2.62	2024-08-04	Unsecured	70,000	70,000
282-3rd	2.86	2024-10-25	Unsecured	80,000	80,000
283-1st	-	2023-02-27	Unsecured	-	150,000
283-2nd	2.99	2025-02-27	Unsecured	60,000	60,000
283-3rd	3.26	2028-02-27	Unsecured	100,000	100,000
284-1st	-	2023-06-08	Unsecured	-	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	-	2023-09-06	Unsecured	-	150,000
285-2nd	2.47	2025-09-06	Unsecured	60,000	60,000
285-3rd	2.55	2028-09-06	Unsecured	120,000	120,000
286-2nd	2.37	2023-11-29	Unsecured	100,000	100,000
287-1st	2.17	2024-02-27	Unsecured	150,000	150,000
287-2nd	2.23	2026-02-27	Unsecured	70,000	70,000
287-3rd	2.35	2029-02-27	Unsecured	80,000	80,000
288-1st	1.81	2024-06-04	Unsecured	170,000	170,000
288-2nd	1.83	2026-06-04	Unsecured	60,000	60,000
288-3rd	1.87	2029-06-04	Unsecured	110,000	110,000
289-2nd	1.76	2024-09-20	Unsecured	120,000	120,000
289-3rd	1.84	2029-09-20	Unsecured	70,000	70,000
290-2nd	1.83	2024-11-28	Unsecured	90,000	90,000
290-3rd	1.89	2029-11-28	Unsecured	70,000	70,000
291-1st	-	2023-02-20	Unsecured	-	70,000
291-2nd	1.63	2025-02-20	Unsecured	160,000	160,000
291-3rd	1.70	2027-02-20	Unsecured	40,000	40,000
291-4th	1.80	2030-02-20	Unsecured	60,000	60,000
292-1st	-	2023-06-03	Unsecured	-	110,000
292-2nd	1.69	2025-06-03	Unsecured	120,000	120,000
292-3rd	1.79	2030-06-03	Unsecured	50,000	50,000
293-1st	1.57	2025-09-07	Unsecured	200,000	200,000
293-2nd	1.74	2027-09-07	Unsecured	30,000	30,000
293-3rd	1.83	2030-09-07	Unsecured	120,000	120,000
294-1st	1.61	2025-12-03	Unsecured	150,000	150,000
294-2nd	1.93	2030-12-03	Unsecured	90,000	90,000
295-1st	1.24	2024-02-24	Unsecured	60,000	60,000
295-2nd	1.60	2026-02-24	Unsecured	150,000	150,000
295-3rd	1.75	2028-02-24	Unsecured	30,000	30,000
295-4th	2.03	2031-02-24	Unsecured	80,000	80,000
296-1st	1.53	2024-06-04	Unsecured	40,000	40,000
296-2nd	2.07	2026-06-04	Unsecured	220,000	220,000
296-3rd	2.49	2031-06-04	Unsecured	70,000	70,000
297-1st	1.87	2024-09-13	Unsecured	100,000	100,000
297-2nd	2.09	2026-09-13	Unsecured	200,000	200,000
297-3rd	2.28	2031-09-13	Unsecured	60,000	60,000
298-1st	2.51	2024-11-05	Unsecured	50,000	50,000
298-2nd	2.72	2026-11-05	Unsecured	100,000	100,000
298-3rd	2.83	2031-11-05	Unsecured	40,000	40,000
300	2.16	2024-04-26	Unsecured	50,000	50,000
301	-	2023-07-03	Unsecured	-	85,000
302-1st	3.00	2025-02-22	Unsecured	220,000	220,000
302-2nd	3.10	2027-02-22	Unsecured	120,000	120,000
302-3rd	3.19	2032-02-22	Unsecured	50,000	50,000
303-1st	3.97	2025-06-09	Unsecured	160,000	160,000
303-2nd	4.14	2027-06-09	Unsecured	160,000	160,000

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14. Borrowings and bonds (cont'd)

Issuance number	Interest rate (%)	Maturity	Security	September 30, 2023	December 31, 2022
303-3 rd	4.24	2029-06-09	Unsecured	30,000	30,000
304-1 st	4.64	2024-09-13	Unsecured	65,000	65,000
304-2 nd	4.71	2025-09-16	Unsecured	145,000	145,000
304-3 rd	4.85	2027-09-16	Unsecured	160,000	160,000
305-1 st	5.45	2024-12-06	Unsecured	120,000	120,000
305-2 nd	5.49	2025-12-08	Unsecured	130,000	130,000
305-3 rd	5.45	2027-12-08	Unsecured	40,000	40,000
306-1 st	4.07	2026-02-27	Unsecured	160,000	-
306-2 nd	4.20	2028-02-27	Unsecured	230,000	-
307-1 st	4.19	2026-05-30	Unsecured	150,000	-
307-2 nd	4.38	2028-05-30	Unsecured	290,000	-
307-3 rd	4.60	2030-05-30	Unsecured	110,000	-
307-4 th	4.67	2033-05-30	Unsecured	50,000	-
308-1 st	4.40	2026-09-11	Unsecured	150,000	-
308-2 nd	4.50	2028-09-11	Unsecured	140,000	-
308-3 rd	4.65	2030-09-11	Unsecured	50,000	-
308-4 th	4.81	2033-09-11	Unsecured	70,000	-
				7,200,000	6,915,000
				(15,873)	(14,494)
Less: Discount on bonds				(1,254,258)	(1,214,551)
Less: current portion					
				<u>₩ 5,929,869</u>	<u>₩ 5,685,955</u>

(3) The Company's bonds repayment schedule as of September 30, 2023 is as follows (Korean won in millions):

Period ending	Amount of repayment
October 1, 2023 ~ September 30, 2024	₩ 1,255,000
October 1, 2024 ~ September 30, 2025	1,525,000
October 1, 2025 ~ September 30, 2026	1,500,000
October 1, 2026 ~ September 30, 2027	610,000
October 1, 2027 and thereafter	2,310,000
	<u>₩ 7,200,000</u>

(4) Details of long-term borrowings as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

Description	Financial institution	Interest rate (%)	September 30, 2023	December 31, 2022
Commercial paper	SK Securities	5.65 ~ 5.75	₩ 200,000	₩ 200,000
Working capital loan	Woori Bank	4.99 ~ 5.34	300,000	-
			500,000	200,000
Less: discount			(383)	(486)
			<u>₩ 499,617</u>	<u>₩ 199,514</u>

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15. Provisions

Changes in provisions for the nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2023					
	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Provision for service warranties	₩ 1,717	₩ 1,763	₩ (949)	₩ 2,531	₩ 2,531	₩ -
Other provisions	32,203	2,683	(2,584)	32,302	2,276	30,026
	<u>₩ 33,920</u>	<u>₩ 4,446</u>	<u>₩ (3,533)</u>	<u>₩ 34,833</u>	<u>₩ 4,807</u>	<u>₩ 30,026</u>

	For the nine-month period ended September 30, 2022					
	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Provision for service warranties	₩ 1,939	₩ 998	₩ (1,556)	₩ 1,381	₩ 1,381	₩ -
Other provisions	3,690	1,980	(1,015)	4,655	1,869	2,786
	<u>₩ 5,629</u>	<u>₩ 2,978</u>	<u>₩ (2,571)</u>	<u>₩ 6,036</u>	<u>₩ 3,250</u>	<u>₩ 2,786</u>

The Company estimates a provision for service warranties for revenue from projects based on historical claim rates and past experiences. Meanwhile, other provisions consist of provision for restoration liabilities and provision for losses, provision for emissions. If the underlying asset must be restored to its original value after the expiration of the contract period based on the lease contract, the restoration obligation is recognized as the present value of the estimated cost of removing, dismantling, and repairing the facility. In the event that future losses are expected to be incurred with respect to an ongoing project, the Company recognized the expected loss as provision for losses immediately. The Company estimate the expected cost to be borne in the future for emissions exceeding the relevant performance year emission rights held by the company in relation to greenhouse gas and emissions and account them as emission rights provisions.

16. Defined benefit liabilities (assets)

(1) Defined contribution plans

The Company partly operates a defined contribution plan for certain employees. The expenses related to the defined contributions plans recognized for the nine-month periods ended September 30, 2023, were ₩500 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 September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	September 30, 2023 (*1)	December 31, 2022
Present value of defined benefit obligation	₩ 488,504	₩ 458,961
Fair value of plan assets	(514,661)	(523,161)
	<u>₩ (26,157)</u>	<u>₩ (64,200)</u>

(*1) ₩26,157 million is accounted for as a defined benefit asset as of September 30, 2023.

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

(4) Changes in the defined benefit liabilities (assets) for the nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	<u>For the nine-month period ended September 30, 2023</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Total</u>
Beginning balance	₩ 458,961	₩ (523,161)	₩ (64,200)
Provision for pension benefits:			
Current service cost	31,327	-	31,327
Net interest expense (income)	<u>17,415</u>	<u>(19,782)</u>	<u>(2,367)</u>
	48,742	(19,782)	28,960
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	-	9,906	9,906
Actuarial changes arising from changes in financial assumptions	(2,058)	-	(2,058)
Experience adjustments and others	<u>1,776</u>	<u>-</u>	<u>1,776</u>
	(282)	9,906	9,624
Benefit paid	(38,918)	37,374	(1,544)
Others	<u>20,001</u>	<u>(18,998)</u>	<u>1,003</u>
Ending balance	<u>₩ 488,504</u>	<u>₩ (514,661)</u>	<u>₩ (26,157)</u>
	<u>For the nine-month period ended September 30, 2022</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Total</u>
Beginning balance	₩ 455,119	₩ (437,310)	₩ 17,809
Provision for pension benefits:			
Current service cost	38,970	-	38,970
Net interest expense (income)	<u>10,353</u>	<u>(11,218)</u>	<u>(865)</u>
	49,323	(11,218)	38,105
Remeasurement:			
Return on plan assets and others (excluding amounts included in net interest expense)	-	7,538	7,538
Actuarial changes arising from changes in financial assumptions	(73,107)	-	(73,107)
Experience adjustments and others	<u>19,354</u>	<u>-</u>	<u>19,354</u>
	(53,753)	7,538	(46,215)
Benefit paid	(20,364)	20,308	(56)
Others	<u>8,182</u>	<u>(5,134)</u>	<u>3,048</u>
Ending balance	<u>₩ 438,507</u>	<u>₩ (425,816)</u>	<u>₩ 12,691</u>

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17. Other assets and liabilities

(1) Details of other assets as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Current assets:		
Accrued income	₩ 7,180	₩ 244
Advanced payments	54,984	7,363
Income tax receivable	-	16,620
Prepaid expenses	124,605	113,336
Short-term loans	161,412	52
Guarantee deposits	2,436	3,992
Lease receivables	35,508	35,390
Derivative financial assets	82,879	9,621
	<u>₩ 469,004</u>	<u>₩ 186,618</u>
Non-current assets:		
Long-term financial instruments	₩ 1,186	₩ 270
Long-term loans	522,670	492,643
Long-term guarantee deposits	49,660	49,077
Long-term lease receivables	239,981	251,568
Derivative financial assets	208,590	208,590
Others	127	127
	<u>₩ 1,022,214</u>	<u>₩ 1,002,275</u>

(2) Details of other liabilities as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Current liabilities:		
Advances received	₩ 243,181	₩ 151,516
Withholdings	23,837	34,222
Income tax liabilities	18,428	-
Dividends payable	178	171
Leasehold deposits received	544	244
Lease liabilities	88,215	77,750
Derivative financial liabilities	37,661	6,093
	<u>₩ 412,044</u>	<u>₩ 269,996</u>
Non-current liabilities:		
Long-term leasehold deposits received	₩ 24,038	₩ 23,609
Long-term lease liabilities	296,797	337,610
Derivative financial liabilities	372,807	372,807
Long-term employee benefits	9,204	7,739
	<u>₩ 702,846</u>	<u>₩ 741,765</u>

18. Derivative financial assets and liabilities

The Company has entered into foreign currency forward contracts to manage fluctuations in currency exchange rates relating to its loans and has entered total return swap contracts with certain of subsidiaries' common share investors and others. Details of assets and liabilities after valuation as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	September 30, 2023		December 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Forward contract	₩ 82,879	₩ 37,661	₩ 9,621	₩ 6,093
Total return swap contract (see Note 29)	208,590	372,807	208,590	372,807
	<u>₩ 291,469</u>	<u>₩ 410,468</u>	<u>₩ 218,211</u>	<u>₩ 378,900</u>

19. Equity

19.1 Share capital

Details of share capital as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions, except for number of shares):

	September 30, 2023	December 31, 2022
Number of shares authorized for issue	400,000,000	400,000,000
Par value per share (Korean won)	₩ 200	₩ 200
Number of issued shares:		
Ordinary share	73,198,329	74,149,329
Preferred share	566,135	566,135
Share capital:		
Ordinary share	₩ 16,030	₩ 16,030
Preferred share	113	113
	<u>₩ 16,143</u>	<u>₩ 16,143</u>

The Company retired 6,000,000 shares of its treasury share (par value: ₩1,200 million) in 2015 and 951,000 shares of its treasury share (par value: ₩190 million) in the nine-month periods ended September 30, 2023 by reducing retained earnings, which resulted in a difference between total par value of ordinary shares and share capital.

19.2 Other paid-in capital

Details of other paid-in capital as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	September 30, 2023	December 31, 2022
Additional paid-in capital (*1)	₩ 6,609,167	₩ 6,609,167
Treasury share (*2)	(1,905,497)	(2,009,083)
Others	(1,446,802)	(1,448,451)
	<u>₩ 3,256,868</u>	<u>₩ 3,151,633</u>

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

(*2) As of September 30, 2023, treasury share consists of those acquired to increase the enterprise value and to stabilize share price (6,973,149 ordinary shares), and those acquired from repurchase of shares from dissenting shareholders on business combination and shares arising from odd lot shares (11,023,237 ordinary shares and 1,787 preferred shares) during the year 2015.

19. Equity (cont'd)

19.3 Retained earnings

Details of retained earnings as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Legal reserve (*1)	₩ 8,072	₩ 8,072
Voluntary reserve	62,897	62,897
Unappropriated retained earnings	<u>12,876,170</u>	<u>12,443,779</u>
	<u>₩ 12,947,139</u>	<u>₩ 12,514,748</u>

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

19.4 Other components of equity

Details of other components of equity as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Gain on financial assets measured at FVOCI	₩ 230,271	₩ 205,275

19.5 Stock option

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

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

19. Equity (cont'd)

19.5 Stock option (cont'd)

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

(*1) All were extinguished during the nine-month period ended September 30, 2023.

(*2) All were exercised during the nine-month period ended September 30, 2023.

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

The Company reversed ₩8,590 million of share-option compensation cost upon the grant of share options above the nine-month period ended September 30, 2023 (accumulated compensation costs for share options: ₩(-)15,961 million), and recognized the contra account to cash-settled share option liability as stock compensation cost as the fair value of cash-settled liabilities is remeasured at the end of each reporting period. The liability recognized in relation to the cash-settled share option for the nine-month period ended September 30, 2023 is ₩8,946 million.

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

	1-3	2-1	2-2
Risk-free interest rate	3.64%	3.89%	3.89%
Option life	7 years	7 years	7 years
Expected price (Closing price on the preceding day in Korean won)	₩ 146,200	₩ 146,200	₩ 146,200
Expected volatility	25.20%	25.20%	25.20%
Rate of returns	3.42%	3.42%	3.42%
Exercise price (Korean won)	₩ 263,950	₩ 153,450	₩ 153,450
Fair value per share (Korean won)	₩ 3	₩ 22,587	₩ 22,587
	2	1	2
Risk-free interest rate	3.64%	3.89%	3.89%
Option life	6 years	7 years	7 years
Expected price (Closing price on the preceding day in Korean won)	₩ 146,200	₩ 146,200	₩ 146,200
Expected volatility	25.20%	25.20%	25.20%
Rate of returns	3.42%	3.42%	3.42%
Exercise price (Korean won)	₩ 108,959	₩ 89,204	₩ 89,204
Fair value per share (Korean won)	₩ 37,462	₩ 58,225	₩ 58,225

19. Equity (cont'd)

19.5 Stock option (cont'd)

Changes in stock option granted by Company for the nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions and in shares):

	For the nine-month period ended			
	September 30, 2023		September 30, 2022	
	Quantities	Weighted average exercise price	Quantities	Weighted average exercise price
Beginning balance	392,762	₩ 160,508	434,191	₩ 166,785
Exercised	(18,607)	(100,884)	(41,429)	(226,290)
Extinguished	(41,430)	(244,400)	-	-
Ending balance	<u>332,725</u>	<u>₩ 153,397</u>	<u>392,762</u>	<u>₩ 160,508</u>

In addition, the Company has entered into a Stock Grant that pays treasury stocks to employees for free apart from the above stock options. In the case of such Stock Grant, there is no requirement for vesting condition, and may not be transferred during the term of the stock. As of September 30, 2023, the recognized stock compensation costs related to the Stock Grant are ₩275 million.

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20. Operating revenues

(1) Details of operating revenues for the three-month periods and nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	September 30, 2023		September 30, 2022	
	Three-month	Nine-month	Three-month	Nine-month
Revenue from contracts with customers:				
IT service (*1)	₩ 503,734	₩ 1,562,942	₩ 497,752	₩ 1,385,033
Trademark usage income	<u>78,692</u>	<u>250,690</u>	<u>70,530</u>	<u>212,491</u>
	<u>₩ 582,426</u>	<u>₩ 1,813,632</u>	<u>₩ 568,282</u>	<u>₩ 1,597,524</u>
Revenue from other sources:				
Dividend income	₩ 166,437	₩ 1,337,242	₩ 62,223	₩ 706,946
Rental income	<u>16,847</u>	<u>46,700</u>	<u>13,056</u>	<u>33,552</u>
	<u>183,284</u>	<u>1,383,942</u>	<u>75,279</u>	<u>740,498</u>
	<u>₩ 765,710</u>	<u>₩ 3,197,574</u>	<u>₩ 643,561</u>	<u>₩ 2,338,022</u>

(*1) Includes contract revenue of ₩1,028,464 million and ₩893,235 million recognized from the cost-based input method for the nine-month period ended September 30, 2023 and 2022.

(2) Details of revenue from contracts with customers for the three-month periods and nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	September 30, 2023		September 30, 2022	
	Three-month	Nine-month	Three-month	Nine-month
Revenue from contracts with customers:				
IT service	₩ 503,734	₩ 1,562,942	₩ 497,752	₩ 1,385,033
Trademark usage income	<u>78,692</u>	<u>250,690</u>	<u>70,530</u>	<u>212,491</u>
	<u>₩ 582,426</u>	<u>₩ 1,813,632</u>	<u>₩ 568,282</u>	<u>₩ 1,597,524</u>
Geographical location:				
Korea	₩ 501,451	₩ 1,525,250	₩ 530,817	₩ 1,524,070
Asia	49,584	116,801	26,307	45,897
Europe	10,374	81,999	7,313	16,336
North America	<u>21,017</u>	<u>89,582</u>	<u>3,845</u>	<u>11,221</u>
	<u>₩ 582,426</u>	<u>₩ 1,813,632</u>	<u>₩ 568,282</u>	<u>₩ 1,597,524</u>
Timing of revenue recognition:				
Recognized at a point in time	₩ 66,438	₩ 298,105	₩ 46,347	₩ 99,098
Recognized over a period	<u>515,988</u>	<u>1,515,527</u>	<u>521,935</u>	<u>1,498,426</u>
	<u>₩ 582,426</u>	<u>₩ 1,813,632</u>	<u>₩ 568,282</u>	<u>₩ 1,597,524</u>

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20. Operating revenues (cont'd)

(3) Details of contract assets, contract liabilities related to revenue from contracts with customers as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	<u>September 30, 2023</u>		<u>December 31, 2022</u>	
Contract assets from IT service contract	₩	296,520	₩	175,213
Contract liabilities from IT service contract (*1)		183,781		151,434

(*1) The amount recognized as revenue is ₩133,547 million and ₩48,195 million in the nine-month period ended September 30, 2023 and 2022 in relation to the contract liabilities as of December 31, 2022 and 2021.

(4) Details of profit variation by changes in accounting estimates related to the cost-based input method contracts as of September 30, 2023 are as follows (Korean won in millions):

	<u>Change in estimated construction revenue</u>		<u>Change in estimated cost</u>		<u>Impact on current period profit</u>		<u>Impact on future period profit</u>	
IT Service contracts	₩	2,716	₩	13,645	₩	(11,094)	₩	165

The impact on profit for current and future periods has been calculated by the estimated costs considering the initiation of the IT service contract to the current reporting period and the estimated revenues as of the current reporting period. Estimated costs and revenues can be changed in the future periods.

21. Operating expenses

Details of operating expenses for the three-month periods and nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	<u>September 30, 2023</u>		<u>September 30, 2022</u>	
	<u>Three-month</u>	<u>Nine-month</u>	<u>Three-month</u>	<u>Nine-month</u>
Material costs	₩ 62,360	₩ 282,916	₩ 40,359	₩ 92,040
Outsourcing costs	209,640	604,212	243,682	674,959
Salaries	133,277	378,780	126,350	344,342
Provision for pension benefits	9,705	28,758	9,563	37,435
Depreciation	22,554	71,109	24,673	69,668
Amortization	2,637	10,699	6,513	15,536
Rents	2,181	3,910	2,276	3,847
Communications	4,940	15,110	5,402	15,987
Employee welfare benefits	23,012	77,519	23,532	73,639
Commissions	46,645	129,934	33,276	108,395
Education and training	6,365	21,024	9,310	23,029
Research and development	10,516	39,001	11,285	37,570
Office management	17,876	47,868	14,390	36,673
Travel	7,384	18,791	4,673	11,270
Others	14,228	45,385	4,466	39,631
	<u>₩ 573,320</u>	<u>₩ 1,775,016</u>	<u>₩ 559,750</u>	<u>₩ 1,584,021</u>

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22. The classification of expenses by nature

Details of the classification of expenses by nature for the three-month periods and nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	September 30, 2023		September 30, 2022	
	Three-month	Nine-month	Three-month	Nine-month
Material costs	₩ 62,360	₩ 282,975	₩ 40,366	₩ 92,067
Outsourcing costs	209,640	604,604	244,170	675,767
Salaries	136,583	395,675	131,431	362,323
Provision for pension benefits	10,023	29,695	9,962	38,615
Depreciation and amortization	29,975	96,241	34,507	97,692
Rents	2,202	3,985	2,277	3,884
Communications	4,940	15,126	5,407	15,996
Employee welfare benefits	23,844	80,153	24,291	75,901
Commissions	46,727	130,701	33,873	109,739
Education and training	6,450	21,295	9,361	23,191
Office management	18,150	48,512	14,510	36,858
Travel	7,488	19,178	4,779	11,525
Others	14,938	46,876	4,816	40,463
	<u>₩ 573,320</u>	<u>₩ 1,775,016</u>	<u>₩ 559,750</u>	<u>₩ 1,584,021</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 nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	September 30, 2023		September 30, 2022	
	Three-month	Nine-month	Three-month	Nine-month
Financial income:				
Interest income	₩ 6,802	₩ 23,580	₩ 6,988	₩ 18,942
Gain on foreign currency transactions	1,783	10,549	2,097	4,505
Gain on foreign currency translation	15,092	33,751	55,677	98,201
Gain on valuation of financial assets measured at FVTPL	4,544	12,053	-	11,173
Gain on valuation of derivative instruments	72,967	88,928	66,322	97,577
Gain on transactions of derivative instruments	60	9,943	27	406
	<u>₩ 101,248</u>	<u>₩ 178,804</u>	<u>₩ 131,111</u>	<u>₩ 230,804</u>
Financial costs:				
Interest expenses	₩ 102,927	₩ 301,615	₩ 72,759	₩ 188,540
Loss on foreign currency transactions	900	11,538	3,359	6,874
Loss on foreign currency translation	9,442	23,564	63,882	100,623
Loss on valuation of financial assets measured at FVTPL	41,426	111,884	(94,536)	313,455
Loss on valuation of derivative instruments	65,225	87,089	63,860	102,820
Loss on transactions of derivative instruments	900	7,244	2,201	3,408
	<u>₩ 220,820</u>	<u>₩ 542,934</u>	<u>₩ 111,525</u>	<u>₩ 715,720</u>

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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 nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	September 30, 2023		September 30, 2022	
	Three-month	Nine-month	Three-month	Nine-month
Other non-operating income:				
Gain on disposal of investments in subsidiaries and associates	₩ -	₩ -	₩ (3)	₩ 391,808
Gain on disposal of property, plant and equipment	1	217	-	1
Gain on disposal of intangible assets	16	16	-	118
Others	3,936	21,518	222	6,212
	<u>₩ 3,953</u>	<u>₩ 21,751</u>	<u>₩ 219</u>	<u>₩ 398,139</u>
Other non-operating expenses:				
Loss on disposal of investments in subsidiaries and associates	₩ -	₩ 769	₩ -	₩ -
Loss on impairment of investments in subsidiaries and associates	38,131	253,176	-	-
Loss on disposal of property, plant and equipment	-	2	-	1
Loss on disposal of intangible assets	63	63	-	35
Loss on impairment of intangible assets	-	21,686	135	135
Donations	127	7,689	6,832	8,457
Others	2,788	5,094	401	3,610
	<u>₩ 41,109</u>	<u>₩ 288,479</u>	<u>₩ 7,368</u>	<u>₩ 12,238</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 nine-month period ended September 30, 2023 is not calculated due to income tax benefits, and the average effective tax rate for the nine-month period ended September 30, 2022 is 0.25%

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25. Earnings per share

(1) Basic earnings per share for the three-month periods and nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions, except per share and weighted-average number of ordinary shares outstanding):

	September 30, 2023		September 30, 2022	
	Three-month	Nine-month	Three-month	Nine-month
Profit for the period	₩ 37,728	₩ 818,924	₩ 83,779	₩ 653,537
Preferred share dividends and residual profit (*1)	403	8,225	863	6,536
Profit used in basic earnings per ordinary share	₩ 37,325	₩ 810,699	₩ 82,916	₩ 647,001
Weighted-average number of issued shares outstanding (*2)	<u>56,152,943</u>	<u>55,819,770</u>	<u>56,107,467</u>	<u>56,111,393</u>
Basic earnings per share (Korean Won)	<u>₩ 665</u>	<u>₩ 14,524</u>	<u>₩ 1,478</u>	<u>₩ 11,531</u>

(*1) These are considered the rights to get 25% more than the ordinary share dividend rate.

(*2) These are the weighted-average number of shares taking into account the number of issued shares due to the change in the number of treasury shares.

The weighted-average number of issued shares outstanding for the three-month periods and nine-month periods ended September 30, 2023 and 2022 are as follows:

	September 30, 2023		September 30, 2022	
	Three-month	Nine-month	Three-month	Nine-month
Weighted-average number of shares outstanding	74,149,329	74,149,329	74,149,329	74,149,329
Weighted-average number of treasury shares	<u>(17,996,386)</u>	<u>(18,329,559)</u>	<u>(18,041,862)</u>	<u>(18,037,936)</u>
Weighted-average number of issued shares outstanding	<u>56,152,943</u>	<u>55,819,770</u>	<u>56,107,467</u>	<u>56,111,393</u>

(2) Basic earnings per preferred share for the three-month periods and nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions, except per share and weighted-average number of ordinary shares outstanding):

	September 30, 2023		September 30, 2022	
	Three-month	Nine-month	Three-month	Nine-month
Preferred share dividends and residual income	₩ 403	₩ 8,225	₩ 863	₩ 6,536
Weighted-average number of shares outstanding	<u>564,348</u>	<u>564,348</u>	<u>564,348</u>	<u>564,348</u>
Basic earnings per preferred share preferred share (*1) (Korean Won)	<u>₩ 715</u>	<u>₩ 14,574</u>	<u>₩ 1,528</u>	<u>₩ 11,581</u>

(*1) Earnings per share were calculated for preferred stocks that meet the definition of common stocks in K-IFRS No. 1033, such as no preferential rights to dividends and distribution of residual property.

Diluted earnings per share for common stock are calculated by assuming that all potentially dilutive common stock has been transferred to common stock, adjusted by using the weighted average diluted shares outstanding.

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25. Earnings per share (cont'd)

(3) The weighted-average number of common shares outstanding for the three-month periods and nine-month periods ended September 30, 2023 and 2022 are as follows:

	September 30, 2023		September 30, 2022	
	Three-month	Nine-month	Three-month	Nine-month
Weighted-average number of shares outstanding	56,152,943	55,819,770	56,107,467	56,111,393
Adjustment : stock options	<u>28,159</u>	<u>52,882</u>	<u>105,038</u>	<u>117,162</u>
Adjusted weighted-average diluted shares outstanding	<u>56,181,102</u>	<u>55,872,652</u>	<u>56,212,505</u>	<u>56,228,555</u>

(4) Diluted earnings per common share for the three-month periods and nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions, except per share and weighted-average number of diluted shares outstanding):

	September 30, 2023		September 30, 2022	
	Three-month	Nine-month	Three-month	Nine-month
Profit for the period	₩ 37,728	₩ 818,924	₩ 83,779	₩ 653,537
Preferred share dividends and residual income (*1)	₩ 403	₩ 8,225	₩ 863	₩ 6,536
Cash-settled stock option profit for the period to calculate diluted common shares outstanding	₩ 690	₩ 6,321	₩ 7,502	₩ 5,378
Adjusted weighted-average number of common stocks	56,181,102	55,872,652	56,212,505	56,228,555
Diluted earnings per common share (Korean Won)	<u>₩ 652</u>	<u>₩ 14,397</u>	<u>₩ 1,342</u>	<u>₩ 11,411</u>

(*1) These are considered the rights to get 25% more than the ordinary share dividend rate.

As there is no dilution effect on stock options for the three-months preceding the nine-month period ended September 30, 2023 and 2022, diluted earnings per share is the same as basic earnings per share.

26. Transactions with related parties

Details of significant transactions with related parties for the nine-month periods ended September 30, 2023 and 2022, and significant balances with related parties as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

(1) The subsidiaries of the Company as of September 30, 2023, are as follows:

Ultimate controlling party	Related parties
Subsidiaries (total 694)	Tae-won Chey and related parties SK Innovation Co., Ltd., SK Energy Co., Ltd., Netruck Co., Ltd., Jeju United FC Corporation, SK Energy Europe, Ltd., HAPPYDIDIM Co., Ltd., goodsFLOW co., Ltd., SK Energy Road Investment Co., Ltd., SK Energy Hong Kong Co.,Ltd., SK Energy International Pte. Ltd., Green & Co. Asia Ltd., SK Energy Americas, Inc., SK Energy Road Investment (HK) Co., Ltd., SK Asphalt (Shanghai) Co., Ltd., SK Terminal B.V., SK Geo Centric Co., Ltd., Happymoeum Co., Ltd., ONEPOL Co., Ltd., SK Geo Centric International Trading (Shanghai) Co., Ltd., SK Innovation America, Inc., Blueoval SK LLC, SK Geo Centric (Beijing) Holding Co., Ltd., SK Geo Centric China Limited, SK Geo Centric Japan Co., Ltd., SK Geo Centric Singapore Pte., Ltd., SK Geo Centric Investment Hong Kong Ltd., SK GC Americas, Inc., Green & Connect Capital, Inc., SK Functional Polymer, S.A.S, SK Geo Centric International Trading (Guangzhou) Co., Ltd., Sino-Korea Green New Material (JiangSu) Ltd., Ningbo SK Performance Rubber Co., Ltd., SK Primacor Americas LLC, SK Saran Americas LLC, SK Geo Centric Brazil LTDA, Grove Envergy Capital III, LLC, SK Primacor Europe, S.L.U., SK Enmove Co., Ltd. Yubase Manufacturing Asia Corporation, SK Enmove (Tianjin) Co., Ltd., SK Enmove Japan Co., Ltd., SK Enmove India Pvt. Ltd., SK Enmove Americas Inc., SK Enmove Europe B.V., Iberian LUBE BASE OILS S.A., SK Enmove 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 On Co., Ltd., SK Mobile Energy Co., Ltd., Happy Midum Co., Ltd., SK ON(Jiangsu) CO., Ltd., SK ON(YANCHENG) CO., LTD, SK Battery America, Inc., SK ON Hungary Kft., SK Battery Manufacturing Kft., Yancheng Yandu District M Energy Consulting Limited Company, Mobile Energy Battery America, LLC., SK Earth On Co., Ltd., SK Incheon Petrochem Co., Ltd., SK Trading International Co., Ltd., Happy Kium Co., Ltd., SK On Certification Center (Jiangsu) Co., Ltd., SK On (Shanghai) CO., Ltd., IPC First Securitization Specialty Company, SK Innovation Insurance (Bermuda), Ltd., SK USA, Inc., AUXO CAPITAL INC., AUXO CAPITAL MANAGERS LLC, SK GLOBAL DEVELOPMENT ADVISORS LLC, Tellus (HONG KONG) Investment Co., Ltd., SKY (Zhuhai Hengqin) Technology Co., Ltd., SK Ecoplant Co., Ltd., Changwon SG Energy Co., Ltd., Clenko Co., Ltd., Seosuwon Development Company, SEONGJU TECH Co., Ltd., SAMWON ENT Co., Ltd., RenewOne Co., Ltd., Daewon Hitech Co., Ltd., SK Ecoengineering Co., Ltd., EmedioneLogis Co., Ltd., Dongnam Offshore Windfarm Co., Ltd., Gangdong Green Complex Co., Ltd., BT FC LLC, Topsun Co., Ltd., Windenergy Co., Ltd., Gold Co., Ltd., TS Energy No.18 Co., Ltd., Neujinmoksolar Co., Ltd., Jangamsolar Co., Ltd., Goisolar Co., Ltd., Chopo Solar Power Co., Ltd., Top Operation Co., Ltd., TS Energy No.24 Co., Ltd., TS Energy No.3 Co., Ltd., TS Energy No.9 Co., Ltd., Hamgumi Solar Power Co., Ltd., Gombawisolar Co., Ltd., Nikel Co., Ltd., Keumoh Energy Co., Ltd., Solar Ocean Co., Ltd., Munkyoung Solar Palm Co., Ltd., TS Energy No.5 Co., Ltd., Topsun Solar Power No.2 Co., Ltd., TS Energy No.15 Co., Ltd., Eodeumi Solar Co., Ltd., Whitenight Energy Co., Ltd., Duryu Energy Co., Ltd., Seongsosolar Co., Ltd., Shinchu Energy Co., Ltd., Soaksolar Co., Ltd., Sangjeongsolar Co., Ltd., Juseok Co., Ltd., Silver Co., Ltd., Eneman Energy Co., Ltd., Jucheol Co., Ltd., CBK Energy Co., Ltd., Shinhosolar Co., Ltd., TS Energy Co., Ltd., TS Energy No.2 Co., Ltd., TS Energy No.6 Co., Ltd., TS Energy No.10 Co., Ltd., Seosan Topsun Solar Power Co., Ltd., TS Energy No.17 Co., Ltd., TS Energy No.20 Co., Ltd., TS Energy No.21 Co., Ltd., TS Energy No.29 Co., Ltd., TS Energy No.30 Co., Ltd., Topsun Keumoh Energy Co., Ltd., Sodu Energy Co., Ltd., Gaehwa Energy Co., Ltd., Dongmaesolar Co., Ltd., Gaedo Energy Co., Ltd., Yangjipolesolar Co., Ltd., Bongri Energy Co., Ltd., Bunmugol Energy Co., Ltd., Future Energy Taecheon Co., Ltd., Naru Solar Power Co., Ltd., Nari Solar Power Co., Ltd., Chopo Energy Co., Ltd., Econovation, LLC, JIANGSU SKY NEW ENERGY CO., Ltd., TES Sustainable Battery Solutions Nordics AB, SKEC Nanjing Co., Ltd.,

26. Transactions with related parties (cont'd)

	<u>Related parties</u>
Subsidiaries (total 694)	<p>SKEC(Thai), Ltd., Thai Woo Ree Engineering Company Ltd., SKEC Anadolu, LLC, SK HOLDCO PTE. LTD., KS Investment B.V., Environment Management Corporation Co., Ltd., Seonam Environment Energy Co., Ltd., Honam Environmental Energy Co., Ltd., Chungcheong Environment Energy Co., Ltd., Gyeonggi Environment Energy Co., Ltd., Gyeongbuk Environment Energy Co., Ltd., Gyeongin Environment Energy Company, YS TEC Co., Ltd., Green Hwasun Inc., Green Sunchang Co., Ltd., Gyeongsan Clear Mulgil Co., Ltd., Dalseong Maleunmulgil Co., Ltd., Goksung Environment Co., Ltd., SK Ecoplant Americas Corporation, Mesa Verde RE Ventures, LLC., Sunlake Co., Ltd, ECOENGINEERING CANADA LTD., SKEC Consultores Ecuador, S.A., ECO FRONTIER (SINGAPORE) PTE. LTD., TES-ENVIROCORP PTE. LTD., TES CHINA HOLDINGS PTE. Ltd., TES-AMM (SINGAPORE) PTE. LTD., Total Environmental Solutions Co., Ltd., TES-AMM (H.K.) LIMITED, TES-AMM (MALAYSIA) SDN. BHD., TES-AMM (Europe) Ltd, TES-AMM AUSTRALIA PTY LTD, TES-AMM CORPORATION (CHINA) LTD, TES-AMM (BEIJING) CO., LTD, TES-AMM NEW ZEALAND LIMITED, TES-AMM (TAIWAN) CO., LTD, SHANGHAI TES-AMM WASTE PRODUCTS RECYCLE CO., LTD, TES-AMM JAPAN K.K., TES-AMM (SUZHOU) E-WASTE SOLUTIONS CO. LTD, PT. TES-AMM INDONESIA, TES-AMM (CAMBODIA) CO., Ltd., TES-AMM (GUANGZHOU) CO., LTD, Shanghai Taixiang Network Technology Co., Ltd., Advanced Datacom (Australia) Pty Ltd, Green Technology Management Pty Ltd, TES-AMM EUROPE HOLDINGS LTD, TES-AMM UK Ltd, TES-AMM Central Europe GmbH, TES-AMM SAS, TES Total Environmental Solution AB, TES-AMM ESPANA ASSET RECOVERY AND RECYCLING, S.L., TES-AMM ITALIA SRL, TES USA, INC., VSL SUPPORT LIMITED, Technology Supplies International Ltd., Goldberg Enterprises Ltd., TES CONSUMER SOLUTIONS LTD, Integrations Et Services, TES SUSTAINABLE BATTERY SOLUTIONS France, GENPLUS PTE. LTD., Redeem UK Limited, REDEEM HOLDINGS LIMITED, TES ENERGY SOLUTIONS PTE. LTD., TES SUSTAINABILITY PRODUCTS PTE. LTD., CUSTOM CONTROLLERS UK LIMITED, TES B PTE. LTD., TES ESS PTE. LTD., Envirofone Limited, TES Sustainable Battery Solutions B.V., TES Sustainable Battery Solutions GmbH, Sustainable Product Stewards Pty Ltd, CASH FOR TECH LTD, Stock Must Go Limited, TES C PTE. LTD., TES Sustainable Battery Solutions (Australia) Pty Ltd., TES Sustainable Battery Solutions Limited Liability Company, Shanghai TES-AMM Xin New Materials Co., Ltd., TES Netherlands B.V., AP Development Co., Ltd., DY Indus Co., Ltd., DY Polymer Co., Ltd., SK oceanplant Co., Ltd., SAM KANG S&C Co., Ltd., ECOPLANT HOLDING MALAYSIA SDN. BHD., Silvertown Investco Limited, Changzhou SKY New Energy Co., Ltd., SKC Co., Ltd., SK enpulse Co., Ltd., SK Pucore Co., Ltd., Woori Fine Chem Co., Ltd., SK TBMGEOSTONE Co.,Ltd, Allnewone Co., Ltd., Ecovance Co.Ltd., Ultimus Co. Ltd., NEXILIS MANAGEMENT MALAYSIA SDN. BHD., SK Nexilis Poland sp.z o.o., Solmics Shanghai Co., Ltd., TECHDREAM CO. LIMITED, SE (JIANGSU) Electronic Materials Co., Ltd., SKC PU Specialty Limited, SKC-ENF Electronics Materials Ltd., SKC (Nantong) Semiconductor Materials Technology Co., Ltd., SKC (Nantong) PU Specialty Co., Ltd, SKCFTH Co., Ltd., SK Nexilis Co., Ltd., SK PIC Global Co., Ltd., SKC solmics Hong Kong Co., Ltd., SKC Semiconductor Materials (Wuxi) Co., Ltd., Solmics Taiwan Co., Ltd., SK NEXILIS MALAYSIA SDN. BHD., Absolics inc., SK Telesys Corporation, NEX INVESTMENT LIMITED, NEX UK HOLDINGS LIMITED, SK Pucore Europe sp. zo.o., SK Pucore USA Inc., SK Pucore Mexico, S. de R.L. de C.V., SK Pucore India Pvt. Ltd., SK Pucore RUS LLC, NEXILIS MANAGEMENT EUROPE B.V., SK E&S Co., Ltd., Kangwon City Gas Co., Ltd., Yeongnam Energy Service Co., Ltd., Ko-one 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., Narae Energy Service Co., Ltd., Yeosu Energy Service Co., Ltd., Shinanjeungdo Sunlight Co., Ltd., Hae-ssal Solar Power Co., Ltd., Boryeong BlueHy Co.,Ltd., NEW RENEWABLE ENERGY NO.1 JSC, KCE ME 2, LLC, KCE CT 8, LLC, KCE MI 4, LLC, KCE IN 4, LLC, KCE IN 5, LLC, KCE IA 1, LLC, KCE IL 3, LLC, KCE WI 1, LLC, Ariulhaengbok Solar Co., Ltd., Busan Jungkwon Energy Co., Ltd., IGE Co., Ltd., Dangjin Haengbok Solar Co., Ltd., Busa Solar Power Co., Ltd., Prism Energy International China Limited, SK E&S Hong Kong Co., Ltd., PRISM ENERGY INTERNATIONAL PTE. LTD., PT Prism Nusantara International, PRISM ENERGY INTERNATIONAL HONG KONG LTD., Fajar Energy International Pte. Ltd, Prism Energy International Zhoushan Limited, PRISM DLNG PTE. LTD., SK E&S Australia Pty Ltd., SK E&S AMERICAS, INC., DewBlaine Energy, LLC, SK E&S Dominicana S.R.L, RNES HOLDINGS, LLC,</p>

26. Transactions with related parties (cont'd)

Subsidiaries (total 694)	Related parties
	<p>BU12 AUSTRALIA PTY. LTD., BU13 AUSTRALIA PTY. LTD., Pnes Investments, LLC, Grid Solution, LLC, Grid Solution II, LLC, Prism Darwin Pipeline Pty. Ltd., Passkey, Inc., LNG Americas, Inc., Key Capture Energy, LLC, KCE GLOBAL HOLDINGS, LLC, KCE PF HOLDINGS 2021, LLC, KCE LAND HOLDINGS, LLC, KCE NY 1, LLC, KCE NY 2, LLC, KCE NY 3, LLC, KCE NY 5, LLC, KCE NY 6, LLC, KCE NY 8, LLC, KCE NY 10, LLC, KCE NY 11, LLC, KCE NY 12, LLC, KCE NY 14, LLC, KCE NY 18, LLC, KCE NY 19, LLC, KCE NY 21, LLC, KCE NY 22, LLC, KCE NY 26, LLC, KCE IL 1, LLC, KCE BRUSHY CREEK HOLDINGS, LLC, KCE ME 1, LLC, KCE NY 33, LLC, KCE NY 28, LLC, KCE TX 15, LLC, KCE NY 27, LLC, KCE NY 29, LLC, KCE NY 32, LLC, KCE TX 9, LLC, KCE TX 10, LLC, KCE TX 13, LLC, KCE TX 14, LLC, KCE TX16, LLC, KCE TX 19, LLC, KCE TX 21, LLC, KCE TX 22, LLC, KCE TX 24, LLC, KCE TX 25, LLC, KCE TX 26, LLC, KCE TX 27, LLC, KCE TX 28, LLC, KCE CT 1, LLC, KCE CT 2, LLC, KCE CT 4, LLC, KCE MD 1, LLC, KCE MI 1, LLC, KCE MI 2, LLC, KCE MI 3, LLC, KCE 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 TEXAS HOLDINGS 2020, LLC, KCE TX 2, LLC, KCE TX 7, LLC, KCE TX 8, LLC, KCE TX 11, LLC, KCE TX 12, LLC, KCE NY 30, LLC, KCE NY 31, LLC, KCE NY 34, LLC, KCE NE 1, LLC, KCE NE 2, LLC, KCE CA 1, LLC, KCE CA 2, LLC, KCE CA 3, LLC, KCE NV 1, LLC, KCE NV 2, LLC, KCE NY 35, LLC, KCE TX 30, LLC, KCE NY 36, LLC, KCE TX 31, LLC, KCE CT 11, LLC, ROUGHNECK STORAGE LLC, MOBILITY SOLUTION I INC., MOBILITY SOLUTION II INC., EVERCHARGE, INC., EVERCHARGE SERVICES, LLC, KCE CT 5, LLC, KCE CT 6, LLC, KCE CT 7, LLC, KCE CT 10, LLC, KCE MARKET OPERATIONS, LLC, LAI CCS, LLC, KCE CT 9, LLC, KCE PF Holdings 2022, LLC, KCE MA 4, LLC, KCE ID 1, LLC, KCE ID 2, LLC, KCE ID 3, LLC, KCE TX 29, LLC, KCE CA 4, LLC, KCE CA 5, LLC, KCE CA 6, LLC, KCE CA 7, LLC, KCE NV 3, LLC, KCE IL 4, LLC, KCE NY 37, LLC, KCE MN 1, LLC, KCE NY 38, LLC, KCE MI 5, LLC, ArkN, LLC, Ark1, LLC, KCE IL 5, LLC, KCE IL 6, LLC, KCE NY 40, LLC, KCE MN 3, LLC, KCE AR 1, LLC, KCE MI 7, LLC, KCE OK 5, LLC, KCE OK 6, LLC, SK Biopharmaceuticals Co., Ltd., SK Biotek Co., Ltd., SK Siltron Co., Ltd., SK Tri Chem Co., Ltd., Happyfilling Co., Ltd., SK SILTRON SHANGHAI CO., LTD., Hweechan Co., Ltd., Haengbokdonghaeng Co., Ltd., SK Materials Performance Co., Ltd., SK Materials Group14 (Shanghai) Co., Ltd., SK Pinx Co., Ltd., SK REIT Co., Ltd., Clean Energy REITs Co., Ltd., SK REITs Management Co., Ltd., Clean Industrial Reit Co., Ltd., SKF&NHIS Timor Holdings Ltd., SK Power-tech Co., Ltd., Teraon Co., Ltd., SK Signet Inc., SK Bio-Pharma Tech (Shanghai) Co., Ltd., SK China Company, Ltd., SK (China) Enterprise Management Co., Ltd., SKY Enterprise Management Co., Ltd., SK Property Investment Management Company Limited, SK China Investment Management Company Limited, SK INTERNATIONAL AGRO-PRODUCTS LOGISTICS DEVELOPMENT CO.,LIMITED, Beijing LIZHIWEIXIN Technology Company Limited, Solaris Partners Pte. Ltd., Solaris GEIF Investment, SK Jinzhou International Agro-Sideline Products Park Co., Ltd., SKYLINE AUTO FINANCIAL LEASING CO.,LIMITED, SK Financial Leasing Co., Ltd., SK Investment Management Co., Ltd, SK Specialty(Shanghai) Co., Ltd., SK Semiconductor Investments Co., Ltd., Hua Lei Holdings Pte. Ltd., Golden Pearl EV Solutions Limited, I CUBE CAPITAL HONG KONG 1. LP LIMITED, SK Mobility Investments Company Limited, SK Siltron Japan, Inc, SK Resonac Corporation, SK materials JNC Co., Ltd., SK Japan Investment Inc., Gemini Partners Pte. Ltd., 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., Socar Mobility Malaysia, SDN. BHD., IMEXPHARM CORPORATION, PT Future Mobility Solutions, Future Mobility Solutions Sdn. Bhd., LINH NAM VENTURES JSC, LIEN KHUONG ITN'L JSC, DONG KINH CAPITAL JSC, LAC SON INVESTMENT JSC, CONG THANG ALPHA JSC, EASTERN VISION INVESTMENT JSC, TRUONG LUU CHI INVEST JSC, AN NAM PHU INVESTMENT JSC, ZION SON KIM JSC, SK INVESTMENT VINA IV PTE. LTD., SK MALAYSIA INVESTMENT I PTE. LTD., MSN INVESTMENT PTE. Ltd., SK Life Science, Inc., SK GI Management, SK MENA Investment B.V., SK Latin Americas Investment S.A., PLUTUS CAPITAL NY, INC., SK Pharmteco Inc., ABRASAX INVESTMENT INC., Wonderland NY, LLC, SK Siltron America, Inc, Atlas NY LLC, SK BIOTEK IRELAND LIMITED, Fine Chemicals Holdings Corp., AMPAC Fine Chemicals, LLC, AMPAC Fine Chemicals Texas, LLC,</p>

26. Transactions with related parties (cont'd)

	Related parties
Subsidiaries (total 694)	<p>AMPAC Fine Chemicals Virginia, LLC, SK SILTRON USA, INC., SK SILTRON CSS, LLC, SK Siltron CSS Korea Co., Ltd., EINSTEIN CAYMAN LIMITED, Tellus Investment Partners, Inc., I CUBE CAPITAL INC, Primero Protein LLC, Terra Investment Partners LLC, SK C&C USA, INC., Grove Energy Capital LLC, Creest Acquisition LLC, SK Life Science Labs, Inc., Grove Energy Capital II, LLC, Castanea Biosciences Inc., SK SIGNET AMERICA INC., SK SIGNET MANUFACTURING TEXAS LLC, SK innovation outpost Corporation, Freedom Circle Capital, INC, Montague ESG Capital, LLC, Hudson Energy NY, LLC, Hudson Energy NY II, LLC, Hudson Energy NY III LLC, YPOSKESI, SAS, Saturn Agriculture Investment Co., Limited, SK Forest Co., Ltd., SK materials airplus Incorporated., Energy Solution Holdings Inc., Ackerton Partners Co., Ltd., SK C&C Beijing Co., Ltd., SK C&C Chengdu Co., Ltd., SK C&C India Pvt. Ltd., SK S.E.ASIA pte. Ltd., ESSENCORE Limited, S&G Technology, Essencore (Shenzhed) Limited, Essencore Pte. Ltd., GigaX Europe kft., SK JNC Japan Co., Ltd., SK MATERIALS JAPAN, INC., SK materials Group14 Co., Ltd., Tillandsia, Inc., EVERTECH ENTERPRISE CO., LTD., Chamaedorea, Inc., Areca, Inc., 8Rivers Europe Ltd., 8Rivers Services, LLC, Broadwing Company C, LLC, Broadwing Holdings, LLC, Coyote Clean Power, LLC, Coyote Company C, LLC, Coyote Power Holdings, LLC, Crossbill Clean Energy Ltd., Meadowlark Company C, LLC, Meadowlark Energy , LLC, Meadowlark Energy HoldCo, LLC, Meadowlark Holdings, LLC, NPEH, LLC, ParkIntuit, LLC, Zero Degrees Crossbill Dev. Ltd., Zero Degrees International, Inc., Zero Degrees Rosella Pty. Ltd., Zero Degrees Whitetail 1, Ltd., Zero Degrees Whitetail Dev. Ltd., Zero Degrees, LLC, Cormorant Clean Energy, LLC, 8 Rivers Capital LLC, SK Auto Service Hong Kong Limited, SKY Property Management Ltd, SK Industrial Development China Co., Ltd., SK China Real Estate Co., Limited, Shanghai SKY Real Estate Development Co., Ltd, SK Technology Innovation Company, SK INVESTMENT VINA V PTE. Ltd., SK INVESTMENT VINA VI PTE. LTD, Digital Center Capital Inc., Martis Capital, LLC, KBA Investment Joint Stock Company, SUNRISE KIM INVESTMENT JOINT STOCK COMPANY, Grove Energy Capital IV, LLC, Energy Solution Group, Inc., Skyline Mobility, Inc, Atom Power, Inc., Terra Investment Partners II, LLC, Total Value 1 REIT Co., Ltd., SK Specialty Co., Ltd., SK Specialty Taiwan Co., Ltd., SK Specialty Jiangsu Co., Ltd., SK Specialty (Xian) Co., Ltd., SK Specialty Japan Co., Ltd., SK Networks Co., Ltd., SK Networks Service Co., Ltd., SK Rent-A-car Service Co., Ltd., SK Magic Co., Ltd., SK Magic Service Co., Ltd., MINTIT Co., Ltd., SK Rent-a-Car Co., Ltd., Cartini Co., Ltd., SK Networks (China) Holdings Co., Ltd., SK Networks (Shanghai) Co., Ltd., SK Networks (Dandong) Energy Co., Ltd., POSK(Pinghu) Steel Processing Center Co., Ltd., Shenyang SK Bus Terminal Co., Ltd., SK Networks Hong Kong Limited, SK Networks (Liaoning) Logistics Co., Ltd, SK Networks (Xiamen) Steel Processing Center Co., Ltd., SK Networks Japan Co., Ltd., SK Networks Trading Malaysia Sdn Bhd, SK MAGIC RETAILS MALAYSIA SDN. BHD, SK Magic Vietnam company limited, MINTIT VINA, SK Networks America Inc., Hico Capital LLC, SK Networks Deutschland GmbH, SK Networks Resources Pty Limited, Networks Tejarat Pars, SK BRASIL LTDA, SK Networks Resources Australia (Wyong) Pty Ltd., SK Telecom Co., Ltd., SK Telink Co., Ltd., SK Communications Co., Ltd., SK Broadband Co. Ltd., PS&Marketing Corp., Serviceace Co., Ltd., Service Top Co., Ltd., SK O&S Co., Ltd., SK telecom Japan Inc., SK Telecom China(Holding) Co., Ltd., SK Telecom Americas Inc., YTK Investment Ltd., Atlas Investment, Ltd., Quantum Innovation Private Equity Joint Venture, Sapeon Korea Inc., SAPEON Inc., SK stoa Co., Ltd., Happy Hanool Co., Ltd., FSK L&S(Jiangsu) Co., Ltd., SK Planet Japan, K. K., SK Telecom Innovation Fund, L.P., SK Telecom China Fund I L.P., Media S Co., Ltd., SK GLOBAL HEALTHCARE BUSINESS GROUP LTD., Home&Service Co., Ltd., Panasia Semiconductor Materials LLC, SK Square Co., Ltd., SK M&Service Co., Ltd., Global AI Platform Corporation, Global AI Platform Corporation Korea Co., Ltd, Eleven Street Co., Ltd., FSK L&S Co., Ltd., Incross Co., Ltd., Tmap Mobility Co., Ltd., SK Square Americas, Inc., Rock Media, One store Co., Ltd., SK Planet Co., Ltd., Dreamus Company Co., Ltd., SK Planet, Inc., SCODYS PTE. LTD, YLP Co., Ltd., Good Service Co., Ltd., Studio Dolphin Co., Ltd., SK Planet Global Holdings Pte. Ltd., Seoul Airbus Co., Ltd., ONESTORE GLOBAL PTE.LTD., Solution Co., Ltd., LOGISOFT.CO.LTD, Iriver Enterprise Ltd., TGC Square Pte. Ltd, Iriver CHINA CO., LTD., DongGuan Iriver Electronics Co.,Ltd., id Quantique SA, LIFE DESIGN COMPANY INC., FSK L&S (Hungary) Co., Ltd, FSK L&S VIETNAM COMPANY LIMITED, Id Quantique SA, ID Quantique Limited, UK, ID Quantique Inc, USA, Infracommunications Co., Ltd., Mindknock Co.,Ltd., id Quantique Europe GmbH,</p>

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26. Transactions with related parties (cont'd)

	Related parties
Subsidiaries (total 694)	Alice und Bob Privatstiftung, FSK L&S USA, Inc., FSK L&S(Shanghai) Co., Ltd., 11Street China Co., Ltd., Center For Breakthrough Medicines Holdings, LLC.

(2) Details of significant financial transactions with the related parties for the three-month periods and nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

		September 30, 2023			
		Sales and others (*1)		Purchase and others (*2)	
Subsidiary	Company name	Three-month	Nine-month	Three-month	Nine-month
	SK Innovation Co., Ltd.	₩ 17,295	₩ 49,453	₩ 1,953	₩ 5,473
	SK Energy Co., Ltd.	23,988	87,941	-	-
	SK Geo Centric Co., Ltd.	10,371	31,229	-	-
	SK Incheon Petrochem Co., Ltd.	6,461	18,724	-	-
	SK Enmove Co., Ltd.	3,382	9,932	-	-
	SK On Co., Ltd.	27,758	67,353	-	-
	SK On Hungary Kft.	10,863	72,347	-	-
	SK ON(YANCHENG) Co., Ltd.	42,443	95,992	-	-
	SK Mobile Energy Co., Ltd.	70	247	17	66
	SK USA, Inc.	8	25	722	2,946
	SK Ecoplant Co., Ltd.	8,679	34,613	-	-
	SKC Co., Ltd.	1,257	21,841	-	-
	SK E&S Co., Ltd.	8,605	501,084	-	-
	SK Telecom Co., Ltd.	164,840	466,776	3,175	9,440
	SK Broadband Co., Ltd.	23,547	76,449	1,967	6,061
	SK Planet Co., Ltd.	3,188	10,011	123	123
	SK Square Co., Ltd.	1,413	3,742	-	-
	SK Networks Co., Ltd.	6,582	31,344	591	4,162
	SK Magic Co., Ltd.	3,004	10,660	62	183
	SK Specialty Co., Ltd.	1,495	154,994	245	611
	SK Tri Chem Co., Ltd.	158	45,994	24	71
	SK Siltron Co., Ltd.	6,753	20,038	-	-
	SK Pinx Co., Ltd.	62	168	131	3,847
	SK REIT Co., Ltd.	5,603	16,802	11,642	31,681
	SK Materials airplus Inc.	412	303,082	-	-
	SK Pharmteco Inc.	117	348	-	-
	SK Shieldus Co., Ltd.	2,861	9,378	4,703	13,465
	SK C&C Beijing Co., Ltd.	387	5,868	2,178	6,978
	SK C&C USA, Inc.	17,409	86,855	-	6
	Others	41,580	129,648	1,671	5,635
Other related parties	SK hynix Inc.	75,998	250,754	3,925	11,311
	THiRA-UTECH Co., Ltd.	-	-	518	2,399
	SMCore Inc.	32	491	22,320	50,557
	CLOOCUS Co., Ltd.	-	-	10,451	15,820
	Others	2,838	10,687	1,395	4,369
Others (*3)	SK Gas Co., Ltd.	6,456	13,938	-	-
	SK Chemicals Co., Ltd.	1,672	4,490	-	-
	Others	6,819	40,031	376	982
		<u>₩ 534,406</u>	<u>₩ 2,683,329</u>	<u>₩ 68,189</u>	<u>₩ 176,186</u>

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

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

(*3) Although not designated as related parties as defined in paragraph 9 of K-IFRS No. 1024, the entity is designated as related parties based on the resolution made by the Securities and Futures Commission that conglomerate affiliates designated by the Fair Trade Commission are related parties based on the substance of relation as regulated by paragraph 10 of K-IFRS No. 1024.

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26. Transactions with related parties (cont'd)

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

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

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

(*3) Although not designated as related parties as defined in paragraph 9 of K-IFRS No. 1024, the entity is designated as related parties based on the resolution made by the Securities and Futures Commission that conglomerate affiliates designated by the Fair Trade Commission are related parties based on the substance of relation as regulated by paragraph 10 of K-IFRS No. 1024.

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26. Transactions with related parties (cont'd)

(3) Details of outstanding balances of receivables and payables with the related parties as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

		September 30, 2023					
		Receivables			Payables		
		Trade	Other	Total	Trade	Other	Total
Subsidiaries	Company name	receivables	receivables		payables	payables	
	SK Innovation Co., Ltd.	₩ 16,444	₩ 270,881	₩ 287,325	₩ 1	₩ 28,759	₩ 28,760
	SK Energy Co., Ltd.	8,435	-	8,435	-	5	5
	SK Geo Centric Co., Ltd.	7,162	-	7,162	-	1	1
	SK Incheon Petrochem Co., Ltd.	1,679	-	1,679	-	91	91
	SK Enmove Co., Ltd.	1,023	-	1,023	-	101	101
	SK On Co., Ltd.	19,309	-	19,309	-	9,108	9,108
	SK Mobile Energy Co., Ltd.	10	-	10	11	8	19
	SK On Hungary Kft.	58,097	-	58,097	-	1,775	1,775
	SK ON(YANCHENG) Co., Ltd.	90,572	-	90,572	-	56,862	56,862
	SK USA, Inc.	-	-	-	-	757	757
	Plutus Capital NY, Inc.	-	528,318	528,318	-	-	-
	SK Ecoplant Co., Ltd.	5,889	-	5,889	-	268	268
	SKC Co., Ltd.	3,776	-	3,776	-	3	3
	SK E&S Co., Ltd.	3,209	160	3,369	-	-	-
	SK Pinx Co., Ltd.	31	564	595	-	112	112
	SK REIT Co., Ltd.	-	39,343	39,343	-	299,701	299,701
	SK Shieldus Co., Ltd.	20,642	-	20,642	1,197	2,969	4,166
	SK C&C Beijing Co., Ltd.	311	-	311	-	588	588
	SK C&C USA, Inc.	20,706	-	20,706	-	59,955	59,955
	SK Networks Co., Ltd.	3,831	-	3,831	-	96	96
	SK Magic Co., Ltd.	2,857	-	2,857	-	1,029	1,029
	SK Telecom Co., Ltd.	70,567	179	70,746	233	2,209	2,442
	SK Broadband Co., Ltd.	25,409	-	25,409	573	259	832
	SK Planet Co., Ltd.	1,873	-	1,873	-	21	21
	SK Square Co., Ltd.	1,172	-	1,172	-	38	38
	SK Specialty Co., Ltd.	669	4,142	4,811	-	3,339	3,339
	SK Materials airplus Inc.	353	1,334	1,687	-	245	245
	SK Pharmteco Inc.	-	134,890	134,890	-	-	-
	SK Tri Chem Co., Ltd.	194	-	194	-	231	231
	SK Siltron Co., Ltd.	4,822	-	4,822	-	158	158
	Others	45,364	833	46,197	254	13,472	13,726
Other related parties	SK hynix Inc.	138,966	8,783	147,749	-	26,146	26,146
	THIRA-UTECH Co., Ltd.	-	-	-	219	-	219
	SMCore Inc.	118	-	118	-	-	-
	CLOOCUS Co., Ltd.	-	-	-	3,642	-	3,642
	Others	3,244	1	3,245	25	743	768
Others (*1)	SK Gas Co., Ltd.	2,434	-	2,434	-	436	436
	SK Chemicals Co., Ltd.	2,015	-	2,015	-	4	4
	Others	7,041	-	7,041	44	1,335	1,379
		<u>₩ 568,224</u>	<u>₩ 989,428</u>	<u>₩ 1,557,652</u>	<u>₩ 6,199</u>	<u>₩ 510,824</u>	<u>₩ 517,023</u>

(*1) Although, not designated as related parties as defined in paragraph 9 of K-IFRS No. 1024, the entity is designated as related parties based on the resolution made by the Securities and Futures Commission that conglomerate affiliates designated by the Fair Trade Commission are related parties based on the substance of relation as regulated by paragraph 10 of K-IFRS No. 1024.

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26. Transactions with related parties (cont'd)

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

(*1) Although, not designated as related parties as defined in paragraph 9 of K-IFRS No. 1024, the entity is designated as related parties based on the resolution made by the Securities and Futures Commission that conglomerate affiliates designated by the Fair Trade Commission are related parties based on the substance of relation as regulated by paragraph 10 of K-IFRS No. 1024.

(4) Detail of compensation for key management personnel of the Company for the three-month periods and nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	September 30, 2023		September 30, 2022	
	Three-month	Nine-month	Three-month	Nine-month
Salaries	₩ 5,067	₩ 13,907	₩ 2,348	₩ 12,778
Provision for pension benefits	1,071	3,307	741	9,182
Share compensation expense	(938)	(8,315)	(10,192)	(7,303)
	<u>₩ 5,200</u>	<u>₩ 8,899</u>	<u>₩ (7,103)</u>	<u>₩ 14,657</u>

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

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

(5) Details of significant transactions with related parties in relation to the for the nine-month period ended September 30, 2023 are as follows (Korean won in millions, USD in thousands):

	Currency	Amount	Transactions
SK Innovation Co., Ltd.	KRW	393,942	Share capital increase
Auxo Capital Inc.	USD	3,500	Share capital increase
Plutus Capital NY, Inc.	USD	50,380	Share capital increase
Energy Solution Group, Inc.	USD	19,500	Share capital increase
Tillandsia, Inc.	USD	50,000	Share capital increase
Castanea Bioscience Inc.	USD	17,400	Share capital decrease
SK Life Science Labs, Inc. (formerly, Proteovant Sciences, Inc.)	USD	6,000	Share capital decrease
I Cube Capital Inc.	USD	200	Share capital increase
Ackerton Partners Co., Ltd.	KRW	1,300	Share capital increase

(6) Details of significant financial transactions with related parties for the nine-month period ended September 30, 2023 and 2022 are as follows (USD in thousands):

Companies name	Currency	September 30, 2023		September 30, 2022	
		Loans	Withdraws	Loans	Withdraws
Socar Mobility Malaysia, Sdn. Bhd.	USD	20,000	-	-	-
SK Pharmteco Inc.	USD	100,000	-	-	-

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

27. Assets held for sales

Details of assets held for sale as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

		September 30, 2023	December 31, 2022
Investment securities	ESR Cayman Limited (*1)	₩ 185,389	₩ 260,970
Investment in associates	SOCAR Inc. (*2)	71,175	-
		₩ 256,564	₩ 260,970

(*1) As the Company decided to sell all of its shares in ESR Cayman Limited, the Company classified the shares as assets held for sales and measured them at the lower of their carrying amounts and fair value less costs to sell. As of September 30, 2023, the carrying amounts include the valuation loss of ₩75,581 million for ESR Cayman Limited.

(*2) As the Company decided to sell all of its shares in SOCAR Inc, the Company classified the shares as assets held for sales and measured them at the lower of their carrying amounts and fair value less costs to sell. As of September 30, 2023, the carrying amounts include the valuation loss of ₩38,130 million for SOCAR Inc.

28. Cash flow information

(1) Details of non-cash adjustments for the nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	For the nine-month period ended	
	September 30, 2023	September 30, 2022
Provision for pension benefits	₩ 28,960	₩ 38,105
Depreciation	74,768	70,286
Amortization	23,821	27,404
Bad debt expenses (reversal)	(1,500)	(2,450)
Provisions transferred in	4,060	2,507
Interest expenses	301,615	188,540
Loss on foreign currency translation	23,564	100,623
Loss on valuation of financial assets measured at FVTPL	111,884	313,455
Loss on valuation of derivative instruments	87,089	102,820
Loss on disposal of investments in subsidiaries, associates and joint ventures	769	-
Loss on impairment of investments in subsidiaries, associates and joint ventures	253,176	-
Loss on disposal of property, plant and equipment	2	1
Loss on disposal of intangible assets	63	35
Loss on impairment of intangible assets	21,686	-
Share-based payment expenses (reversal)	(8,315)	(7,303)
Income tax benefit	(27,224)	1,669
Dividends income	(1,340,672)	(706,946)
Interest income	(23,580)	(18,942)
Gain on foreign currency translation	(33,751)	(98,201)
Gain on valuation of financial assets measured at FVTPL	(12,053)	(11,173)
Gain on valuation of financial assets measured at derivative instruments	(88,928)	(97,577)
Gain on disposal of investments in subsidiaries, Associates and joint ventures	-	(391,805)
Gain on disposal of property, plant and equipment	(217)	(1)
Gain on disposal of intangible assets	(16)	(118)
Others	67	1,227
	<u>₩ (604,732)</u>	<u>₩ (487,844)</u>

SK Inc.
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28. Cash flow information (cont'd)

(2) Details of working capital adjustments for the nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	For the nine-month period ended	
	September 30, 2023	September 30, 2022
Trade receivables	₩ 63,791	₩ (4,823)
Other receivables	(5,965)	5,391
Inventories	(58)	(6)
Accrued revenue	-	176
Advanced payments	(46,911)	3,137
Lease receivables	27,436	27,306
Prepaid expenses	(49,153)	(33,459)
Trade payables	(38,619)	9,433
Advances received	91,665	29,808
Withholdings	(10,382)	(16,016)
Other payables	(57,055)	(44,007)
Accrued expenses	60,602	(16,214)
Leasehold deposits received	359	22
Provision	(3,147)	(2,571)
Defined benefit obligation	(18,919)	(12,182)
Plan assets	18,376	15,174
Others	67,162	(721)
	<u>₩ 99,182</u>	<u>₩ (39,552)</u>

(3) Details of significant non-cash transactions for the nine-month periods ended September 30, 2023 and 2022 are as follows (Korean won in millions):

	For the nine-month period ended	
	September 30, 2023	September 30, 2022
Transfer of long-term bonds to current-portion	₩ 1,154,203	₩ 1,114,370
Transfer of loans to non-current portion	(105)	460,830
Transfer of investment in associates to investment securities	-	460,321
Transfer of investment in associates to investment in subsidiary	-	26,977
Transfer to investment in associates due to exercise of convertible bonds	-	46,496
Decrease in other payables regarding the acquisition of property, plant and equipment	6,168	(2,183)

29. Commitments and contingencies

(1) Guarantees provided by others for the Company's obligations and indebtedness as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	<u>Currency</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Seoul Guarantee Insurance	KRW	13,147	23,553
Korea Software Financial Cooperative	KRW	557,476	529,372

(2) Pending litigation

There are no major pending litigations as of September 30, 2023.

(3) Significant commitments

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

29. Commitments and contingencies (cont'd)

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

Description	Subscription of new shares	Sale of existing shares
Investor	Special Situation 1 st Fund and others	Corporate Turnaround 1 st Fund
Number of shares	6,548,672	4,808,259
Contract date	March 30, 2022	March 30, 2022
Expiry date	April 13, 2027	May 11, 2027
Settlement	The Company and the investors settle the amount that deducts the issue price from the net selling price in cash. If the amount is positive, the investor shall pay to the Company, and if the amount is negative, the Company shall pay to the investor. In case where the sale is not complete, the selling price of the shares is considered to be "0".	
Premium	The Company shall pay to the investors the amount equivalent to 3.899% of the total shares held by investors every 3-months. When the investor receives dividends on the shares held, the amount shall be paid to the Company.	
Call option	On every first year between the end of the investment and the expiration date, the Company may request the purchase of the contract amount of ordinary shares held by the investor plus a certain level of additional charges.	

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

Description	Total return swap contracts
Investor	Warmachine Sixth Co., Ltd. and others
Number of shares	13,140,440
Contract date	August 16, 2022
Expiry date	August 30, 2027
Settlement	The Company and the investors settle the amount that deducts the issue price from the net selling price in cash. If the amount is positive, the investor shall pay to the Company, and if the amount is negative, the Company shall pay to the investor. In case where the sale is not complete, the selling price of the shares is considered to be "0".
Premium	The Company shall pay 0.5% of the initial contract amount within 5 operating days from the effective date of contract and shall pay to the investors the amount equivalent to 4.948% of the total shares held by investors on a three-month basis. When the investor receives dividends on the shares held, the amount shall be paid to the Company.
Call option	On a three-month basis from the effective date of contract ("the quarterly payment day"), the Company has the right to purchase the shares held by the investors at the initial contract price of the ordinary shares with certain level of additional charges.

29. Commitments and contingencies (cont'd)

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

Description	Total return swap contracts
Investor	MD Prime 1st Co., Ltd. and others
Number of shares	4,640,199
Contract date	November 04, 2022
Expiry date	November 16, 2027
Settlement	The Company and the investors settle the amount that deducts the issue price from the net selling price in cash. If the amount is positive, the investor shall pay to the Company, and if the amount is negative, the Company shall pay to the investor. In case where the sale is not complete, the selling price of the shares is considered to be "0".
Premium	At the date when three months passed after the last premium payment date or the effective date ("premium payment date") during the period from the effective date to the expiration date of this Agreement, the Company shall pay the remaining contract amount of the remaining shares multiplied by the TRS Premium (rate of return on final asking price of 91-day Transferable Certificate of Deposit (CD) plus 1.80% of annual rate). On the other hand, if an investor receives dividends or other receivables from holding the target stock, the relevant amount must be paid to the Company.
Call option	On each premium payment date (every three months from the effective date of this contract), the Company may claim all remaining underlying assets (ordinary shares that SK E&S issued and an investor purchased from the Company) to the remaining contract amount of the underlying assets plus the call option exercise fee, securities exchange tax, and special tax for rural development.

- 8) LNG Americas, Inc., one of the subsidiaries, is scheduled to be provided with liquefaction service for 20 years from FLNG Liquefaction 3, LLC, which plans to operate natural gas liquefaction plants in Texas starting from 2019. As of September 30, 2023, SK E&S Co., Ltd., one of the subsidiaries, is responsible for performance guarantee in case of LNG Americas, Inc.'s inability to make payments for service or for claims against breach of obligation. In regard to this, the Company provides performance guarantee for SK E&S Co., Ltd.'s guarantee.
- 9) The Company entered into a cash deficiency support agreement with Hudson Energy NY, LLC, a subsidiary of Plutus Capital NY, Inc., to lend funds for the shortfall of payment for loans and credit limit of USD 226,000 thousand.
- 10) The Company entered into a cash deficiency support agreement with Abrasax Investment Inc., a subsidiary of SK Pharmteco Inc., which is a subsidiary of the Company, to lend funds for the shortfall of payment for loans and credit of up to USD 315,000 thousand.
- 11) The Company signed a contract with Showa Denko K.K. in relation to the investment in subsidiary SK Resonac Co., Ltd., and Showa Denko K.K. has the right to sell 630,000 shares (15%) of SK Resonac Co., Ltd. at ₩5,000 per share in the event of a specific case of this agreement.
- 12) The Company signed a contract with certain shareholders of SK Signet Inc., a subsidiary, in which the shareholders can sell their shares to the Company at ₩50,000 per share when certain conditions are met.
- (4) The Company has provided 7 blank checks and 10 blank notes as collateral in relation to sales and other transactions as of September 30, 2023.

30. Financial risk management

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

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

30.1 Market risk

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

30.1.1 Interest rate risk

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

30.1.2 Foreign currency risk

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

Significant monetary assets and liabilities denominated in foreign currencies as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions, and USD, EUR and Others in thousands):

	Currency	September 30, 2023		December 31, 2022	
		Foreign currencies	Korea won equivalent	Foreign currencies	Korea won equivalent
Assets	USD	533,498	₩ 717,448	425,050	₩ 538,666
	EUR	559	795	2,139	2,891
	Others		73,694		46,857
			₩ 791,937		₩ 588,414
Liabilities	USD	200,182	₩ 269,205	451,263	₩ 571,886
	EUR	1	1	3	3
	Others		727		893
			₩ 269,933		₩ 572,782

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

	September 30, 2023		December 31, 2022	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Increase (decrease) in income before tax expense	₩ 52,200	₩ (52,200)	₩ 1,563	₩ (1,563)

30. Financial risk management (cont'd)

30.1.3 Other price risk

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

30.2 Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. Details of the maximum exposure to credit risk as of September 30, 2023 and December 31, 2022 are as follows and for cash and cash equivalents and forward contract, credit risk exposure is low (Korean won in millions):

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Short-term and long-term financial instruments	₩ 101,023	₩ 137,416
Trade receivables	343,985	527,250
Short-term and long-term receivables	8,129	1,391
Accrued income	7,180	244
Short-term and long-term investment securities	206,813	201,838
Short-term and long-term guarantee deposits	52,096	53,069
Short-term and long-term lease receivables	275,489	286,958
Short-term and long-term loans	684,082	492,695
Financial derivatives asset	291,469	218,211
	<u>₩ 1,970,266</u>	<u>₩ 1,919,072</u>

30.2.1 Trade and other receivables

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

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

30.2.2 Other financial assets

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

30. Financial risk management (cont'd)

30.3 Liquidity risk

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

The contractual maturity of financial liabilities as of September 30, 2023 is as follows. Amounts include interests paid and presented at gross amounts (Korean won in millions):

	<u>Book value</u>	<u>Contractual cash flow</u>	<u>Less than 3 months</u>	<u>3-12 months</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Short-term and long-term borrowings	₩ 3,838,057	₩ 4,138,409	₩ 2,619,268	₩ 1,008,663	₩ 510,478	₩ -
Bonds	7,184,127	7,920,871	153,365	1,305,561	4,862,545	1,599,400
Financial derivatives liabilities	410,468	410,468	615	37,046	372,807	-
Trade accounts payables	85,573	85,573	85,573	-	-	-
Lease liabilities	385,012	419,129	21,211	60,602	210,593	126,723
Other liabilities	141,409	159,154	134,393	723	24,038	-
	<u>₩ 12,044,646</u>	<u>₩ 13,133,604</u>	<u>₩ 3,014,425</u>	<u>₩ 2,412,595</u>	<u>₩ 5,980,461</u>	<u>₩ 1,726,123</u>

30.4 Capital management

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

The Company maintains a debt ratio of 77.27% as of September 30, 2023. The maturity of the debt is dispersed in the long-term and the borrowings mainly consist of long-term bonds, which do not present significant risks for unexpected payment for debts.

The Company's debt ratio as of September 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Total liabilities	₩ 12,711,898	₩ 12,563,449
Total equity	16,450,421	15,887,799
Debt ratio	77.27%	79.08%