



SK Inc.

Condensed Separate Interim Financial Statements
June 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 June 30, 2023, the related condensed separate interim statement of comprehensive income (loss) for the three-month and six-month periods ended June 30, 2023, and the related condensed separate interim statements of changes in equity and cash flows for the six-month period ended June 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 (loss) for the three-month and six-month periods ended June 30, 2022, and the condensed separate interim statements of changes in equity and cash flows for the six-month period ended June 30, 2022, presented for comparative purposes, were reviewed by another auditor whose report dated August 16, 2022, stated that nothing has come to their attention that causes them to believe that the condensed separate interim financial information as of June 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 June 30, 2023, for the three-month and six-month periods ended June 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
August 14, 2023

This review report is effective as of August 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 June 30, 2023 and December 31, 2022

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

	Notes	Korean won		Translation into U.S. dollar (Note 2)	
		June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Assets					
Current assets:					
Cash and cash equivalents	4	₩ 277,866	₩ 115,840	\$ 211,659	\$ 88,239
Short-term financial instruments	4,30	114,836	137,146	87,474	104,468
Trade receivables, net	4,5,26,30	512,006	702,463	390,011	535,088
Other receivables, net	4,26,30	16,775	1,391	12,778	1,060
Inventories, net	6	163	172	124	131
Short-term investment securities	4,7,30	10,433	12,846	7,947	9,785
Other current assets	4,17,18,30	225,156	186,618	171,508	142,153
Assets held for sales	27	220,624	260,970	168,056	198,789
Total current assets		<u>1,377,859</u>	<u>1,417,446</u>	<u>1,049,557</u>	<u>1,079,713</u>
Non-current assets:					
Long-term investment securities	4,7,30	988,563	1,047,646	753,019	798,024
Investments in subsidiaries	8	21,790,183	21,396,544	16,598,250	16,298,403
Investments in associates	9	403,609	586,561	307,441	446,801
Property, plant and equipment, net	10	594,934	564,464	453,179	429,970
Right-of-use asset, net	11	125,930	141,625	95,925	107,880
Investment properties, net	12	62,413	60,385	47,542	45,997
Intangible assets, net	13	2,147,064	2,170,102	1,635,484	1,653,033
Defined benefit assets	16	20,319	64,200	15,478	48,903
Other non-current assets	4,17,18,30	1,005,958	1,002,275	766,269	763,464
Total non-current assets		<u>27,138,973</u>	<u>27,033,802</u>	<u>20,672,587</u>	<u>20,592,475</u>
Total assets		<u>₩ 28,516,832</u>	<u>₩ 28,451,248</u>	<u>\$ 21,722,144</u>	<u>\$ 21,672,188</u>
Liabilities and equity					
Liabilities					
Current liabilities:					
Short-term borrowings	4,14,30	₩ 2,898,840	₩ 3,774,050	\$ 2,208,135	\$ 2,874,810
Trade payables	4,26,30	128,543	127,074	97,915	96,796
Other payables	4,26,30	38,678	119,295	29,462	90,871
Accrued expenses	4,30	140,034	130,863	106,668	99,682
Provisions	15	2,803	3,894	2,135	2,966
Current portion of long-term debt	4,14,30	1,244,410	1,214,551	947,905	925,161
Other current liabilities	4,11,17,18,26,30	319,123	269,996	243,086	205,664
Total current liabilities		<u>4,772,431</u>	<u>5,639,723</u>	<u>3,635,306</u>	<u>4,295,950</u>
Non-current liabilities:					
Bonds and long-term borrowings	4,14,30	6,274,426	5,885,469	4,779,423	4,483,142
Deferred tax liabilities	24	234,571	266,466	178,680	202,975
Provisions	15	30,120	30,026	22,943	22,872
Other non-current liabilities	4,11,17,18,26,30	715,282	741,765	544,851	565,025
Total non-current liabilities		<u>7,254,399</u>	<u>6,923,726</u>	<u>5,525,897</u>	<u>5,274,014</u>
Total liabilities		<u>12,026,830</u>	<u>12,563,449</u>	<u>9,161,203</u>	<u>9,569,964</u>
Equity					
Share capital	1,19	16,143	16,143	12,297	12,297
Other paid-in capital	19	3,256,868	3,151,633	2,480,856	2,400,695
Retained earnings	19	12,982,387	12,514,748	9,889,083	9,532,868
Other components of equity	19	234,604	205,275	178,705	156,364
Total equity		<u>16,490,002</u>	<u>15,887,799</u>	<u>12,560,941</u>	<u>12,102,224</u>
Total liabilities and equity		<u>₩ 28,516,832</u>	<u>₩ 28,451,248</u>	<u>\$ 21,722,144</u>	<u>\$ 21,672,188</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 six-month periods ended June 30, 2023 and 2022

(Korean won in millions, except earnings (losses) per share)

	Notes	Korean won			
		June 30, 2023		June 30, 2022	
		Three-month	Six-month	Three-month	Six-month
Operating revenue	20,26	₩ 790,791	₩ 2,431,863	₩ 644,296	₩ 1,694,461
Operating expenses	21,22,26	₩ 680,973	₩ 1,201,693	₩ 554,757	₩ 1,024,270
Operating profit		109,818	1,230,170	89,539	670,191
Finance income	23	31,441	77,556	62,481	99,693
Finance costs	23	141,886	322,114	387,110	604,194
Other non-operating income	23	12,217	17,797	710	398,139
Other non-operating expenses	23	246,048	247,370	2,933	4,871
Profit (loss) before income tax expense		(234,458)	756,039	(237,313)	558,958
Income tax expense (benefit)	24	(42,533)	(25,157)	(58,171)	(10,800)
Profit (loss) for the period		₩ (191,925)	₩ 781,196	₩ (179,142)	₩ 569,758
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	(6,416)	(17,762)	7,374	17,865
Gain (loss) on valuation of financial assets measured at FVOCI	4	(439)	29,329	(1,250)	(7,881)
		(6,855)	11,567	6,124	9,984
Total comprehensive income (loss) for the period		₩ (198,780)	₩ 792,763	₩ (173,018)	₩ 579,742
Earnings (losses) per share (Korean won):	25				
Basic earnings (losses) per share		₩ (3,444)	₩ 14,004	₩ (3,223)	₩ 10,106
Diluted earnings (losses) per share		(3,444)	13,988	(3,223)	10,087

(Continued)

SK Inc.

Condensed separate interim statements of comprehensive income
for the three-month and six-month periods ended June 30, 2023 and 2022 (cont'd)

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

	Notes	Translation into U.S. dollar (Note 2)			
		June 30, 2023		June 30, 2022	
		Three-month	Six-month	Three-month	Six-month
Operating revenue	20,26	\$ 602,370	\$ 1,852,425	\$ 490,780	\$ 1,290,723
Operating expenses	21,22,26	518,718	915,366	422,575	780,218
Operating profit		83,652	937,059	68,205	510,505
Finance income	23	23,950	59,077	47,594	75,939
Finance costs	23	108,079	245,364	294,874	460,233
Other non-operating income	23	9,306	13,557	541	303,275
Other non-operating expenses	23	187,422	188,429	2,235	3,709
Profit (loss) before income tax expense		(178,593)	575,900	(180,769)	425,777
Income tax expense (benefit)	24	(32,399)	(19,163)	(44,311)	(8,227)
Profit (loss) for the period		\$ (146,194)	\$ 595,063	\$ (136,458)	\$ 434,004
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	(4,887)	(13,530)	5,617	13,608
Gain (loss) on valuation of financial assets measured at FVOCI	4	(335)	22,341	(952)	(6,003)
		(5,222)	8,811	4,665	7,605
Total comprehensive income (loss) for the period		\$ (151,416)	\$ 603,874	\$ (131,793)	\$ 441,609
Earnings (losses) per share (U.S. dollar):	25				
Basic earnings (losses) per share		\$ (2.62)	\$ 10.67	\$ (2.46)	\$ 7.70
Diluted earnings (losses) per share		(2.62)	10.66	(2.46)	7.68

See accompanying notes to the condensed separate interim financial statements.

SK Inc.

Condensed separate interim statements of changes in equity
for the six-month periods ended June 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	-	-	569,758	-	569,758
Remeasurements of the net defined benefit plans	-	-	17,865	-	17,865
Loss on valuation of financial assets measured at FVOCI	-	-	-	(7,881)	(7,881)
Transactions with owners:					
Dividends	-	-	(368,286)	-	(368,286)
Granting of stock options	-	193	-	-	193
Exercising of stock options and change of settlement	-	(21,145)	-	-	(21,145)
Acquisition and disposal of treasury stocks	-	8,117	-	-	8,117
As of June 30, 2022	₩ 16,143	₩ 3,341,876	₩ 12,625,537	₩ 5,171	₩ 15,988,727
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	-	-	781,196	-	781,196
Remeasurements of the net defined benefit plans	-	-	(17,762)	-	(17,762)
Gain on valuation of financial assets measured at FVOCI	-	-	-	29,329	29,329
Transactions with owners:					
Dividends	-	-	(195,114)	-	(195,114)
Disposal of treasury stocks	-	4,554	-	-	4,554
Retirement of treasury stocks	-	100,681	(100,681)	-	-
As of June 30, 2023	₩ 16,143	₩ 3,256,868	₩ 12,982,387	₩ 234,604	₩ 16,490,002

SK Inc.

Condensed separate interim statements of changes in equity
for the six-month periods ended June 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	\$ 12,297	\$ 2,555,386	\$ 9,450,183	\$ 9,942	\$ 12,027,808
Total comprehensive income for the period:					
Profit for the period	-	-	434,004	-	434,004
Remeasurements of the net defined benefit plans	-	-	13,608	-	13,608
Loss on valuation of financial assets measured at FVOCI	-	-	-	(6,003)	(6,003)
Transactions with owners:					
Dividends	-	-	(280,535)	-	(280,535)
Granting of stock options	-	147	-	-	147
Exercising of stock options and change of settlement	-	(16,107)	-	-	(16,107)
Acquisition and disposal of treasury stocks	-	6,183	-	-	6,183
As of June 30, 2022	\$ 12,297	\$ 2,545,609	\$ 9,617,260	\$ 3,939	\$ 12,179,105
As of January 1, 2023	\$ 12,297	\$ 2,400,695	\$ 9,532,867	\$ 156,364	\$ 12,102,223
Total comprehensive income for the period:					
Profit for the period	-	-	595,063	-	595,063
Remeasurements of the net defined benefit plans	-	-	(13,530)	-	(13,530)
Gain on valuation of financial assets measured at FVOCI	-	-	-	22,341	22,341
Transactions with owners:					
Dividends	-	-	(148,625)	-	(148,625)
Disposal of treasury stocks	-	3,469	-	-	3,469
Retirement of treasury stocks	-	76,692	(76,692)	-	-
As of June 30, 2023	\$ 12,297	\$ 2,480,556	\$ 9,889,083	\$ 178,705	\$ 12,560,941

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See accompanying notes to the condensed separate interim financial statements.

SK Inc.

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

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

	Notes	For the six-month periods ended June 30			
		Korean won		Translation into U.S. dollar (Note 2)	
		2023	2022	2023	2022
Cash flows from operating activities:					
Profit for the period		₩ 781,196	₩ 569,758	\$ 595,063	\$ 434,004
Non-cash adjustments	28	(637,601)	(448,670)	(485,680)	(341,766)
Working capital adjustments	28	137,255	(2,039)	104,551	(1,553)
Interest received		8,228	5,684	6,268	4,330
Interest paid		(158,936)	(113,036)	(121,066)	(86,103)
Dividends received		1,168,658	644,723	890,203	491,105
Income taxes paid		(25,216)	(291,095)	(19,208)	(221,736)
Net cash provided by operating activities		1,273,584	365,325	970,131	278,281
Cash flows from investing activities:					
Decrease (increase) in short-term financial instruments, net		22,310	(45,608)	16,994	(34,741)
Decrease (increase) in short-term loans, net		(12,298)	(261)	(9,368)	(199)
Increase in long-term financial instruments		(409)	-	(312)	-
Increase in long-term loans		(5)	-	(4)	-
Proceeds from disposal of long-term investment securities		88,772	-	67,620	-
Proceeds from disposal of investments in subsidiaries		23,065	3,540	17,569	2,697
Proceeds from disposal of investments in associates		14,158	673	10,785	513
Proceeds from disposal of property, plant and equipment		389	3	296	2
Proceeds from disposal of intangible assets		3	1,801	2	1,372
Acquisition of long-term investment securities		(10,478)	(12,520)	(7,981)	(9,537)
Acquisition of investments in subsidiaries		(459,295)	(427,299)	(349,859)	(325,487)
Acquisition of investments in associates		(3,116)	(2,000)	(2,374)	(1,523)
Acquisition of property, plant and equipment		(62,939)	(79,937)	(47,943)	(60,890)
Acquisition of intangible assets		(14,628)	(31,395)	(11,143)	(23,915)
Decrease (increase) in guarantee deposits, net		1,857	(6,109)	1,415	(4,653)
Net cash used in investing activities		(412,614)	(599,112)	(314,303)	(456,361)
Cash flows from financing activities:					
Increase (decrease) in short-term borrowings, net		(888,860)	461,080	(677,072)	351,219
Increase in bonds and long-term borrowings		1,186,012	736,934	903,422	561,345
Payment of dividends		(195,114)	(368,286)	(148,624)	(280,535)
Repayment of current portion of long-term debt		(770,000)	(540,000)	(586,533)	(411,335)
Decrease in lease liabilities		(32,994)	(29,553)	(25,133)	(22,511)
Disposal of treasury stocks		2,263	2,924	1,724	2,227
Net cash provided by (used in) financing activities		(698,693)	263,099	(532,216)	200,410
Net increase in cash and cash equivalents		162,277	29,312	123,612	22,330
Net foreign exchange effects		(251)	219	(192)	167
Cash and cash equivalents at the beginning of the period		115,840	70,011	88,239	53,330
Cash and cash equivalents at the end of the period		₩ 277,866	₩ 99,542	\$ 211,659	\$ 75,827

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 June 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%, 7.02% and 6.58% respectively, as of June 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 ₩1,312.80 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 six-month period ended June 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 six-month period ended June 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
June 30, 2023 and 2022

4. Financial instruments

4.1 Financial assets

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

	June 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	₩ 219,769	₩ -	₩ 58,097	₩ 277,866
Short-term financial instruments	94,936	-	19,900	114,836
Trade receivables (*1)	-	-	235,571	235,571
Short-term investment securities	10,433	-	-	10,433
Other receivables	-	-	16,775	16,775
Short-term loans	-	-	13,155	13,155
Accrued income	-	-	4,400	4,400
Guarantee deposits	-	-	2,559	2,559
Lease receivables	-	-	35,470	35,470
Derivative financial assets	10,094	-	-	10,094
	<u>335,232</u>	<u>-</u>	<u>385,927</u>	<u>721,159</u>
Non-current assets:				
Long-term financial instruments	-	-	679	679
Long-term investment securities	402,976	585,223	364	988,563
Long-term loans	-	-	510,249	510,249
Long-term guarantee deposits	-	-	48,998	48,998
Long-term lease receivables	-	-	237,315	237,315
Derivative financial assets	208,590	-	-	208,590
	<u>611,566</u>	<u>585,223</u>	<u>797,605</u>	<u>1,994,394</u>
	<u>₩ 946,798</u>	<u>₩ 585,223</u>	<u>₩ 1,183,532</u>	<u>₩ 2,715,553</u>

(*1) Contract assets (unbilled receivables) amounting to ₩276,435 million as of June 30, 2023 are not included in the financial instruments.

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

4. Financial instruments (cont'd)

4.2 Financial liabilities

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

	June 30, 2023		
	Financial liabilities measured at FVTPL	Other financial liabilities	Total
Current liabilities:			
Short-term borrowings	₩ -	₩ 2,898,840	₩ 2,898,840
Trade payables	-	128,543	128,543
Other payables (*1)	-	38,464	38,464
Accrued expenses (*1)	-	51,246	51,246
Dividends payable	-	178	178
Current portion of long-term debt	-	1,244,410	1,244,410
Leasehold deposits received	-	544	544
Lease liabilities	-	78,515	78,515
Derivative financial liabilities	18,563	-	18,563
	<u>18,563</u>	<u>4,440,740</u>	<u>4,459,303</u>
Non-current liabilities:			
Bonds and long-term borrowings	-	6,274,426	6,274,426
Long-term Leasehold deposits received	-	23,822	23,822
Long-term lease liabilities	-	309,951	309,951
Derivative financial liabilities	372,807	-	372,807
	<u>372,807</u>	<u>6,608,199</u>	<u>6,981,006</u>
	<u>₩ 391,370</u>	<u>₩ 11,048,939</u>	<u>₩ 11,440,309</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 June 30, 2023 and December 31, 2022 are as follows (Korean Won in millions):

	June 30, 2023				
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:					
Financial assets measured at FVTPL	₩ 728,114	₩ 201,717	₩ 314,705	₩ 211,692	₩ 728,114
Financial assets measured at FVOCI	585,223	8,673	-	576,550	585,223
Derivative financial assets	<u>218,684</u>	<u>-</u>	<u>10,094</u>	<u>208,590</u>	<u>218,684</u>
	<u>₩ 1,532,021</u>	<u>₩ 210,390</u>	<u>₩ 324,799</u>	<u>₩ 996,832</u>	<u>₩ 1,532,021</u>
Financial liabilities measured at fair value:					
Derivative financial liabilities	₩ 391,370	₩ -	₩ 18,563	₩ 372,807	₩ 391,370
	December 31, 2022				
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:					
Financial assets measure 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	<u>218,211</u>	<u>-</u>	<u>9,621</u>	<u>208,590</u>	<u>218,211</u>
	<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 June 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 six-month periods ended June 30, 2023 and 2022 are as follows (Korean won in millions):

	For the six-month period ended June 30, 2023					
	Beginning balance	Acquisition	Disposal	Valuation	Transfer(*1)	Ending balance
Financial assets measured at FVTPL	₩ 201,492	₩ 10,478	₩ (339)	₩ 61	₩ -	₩ 211,692
Financial assets measured at FVOCI	630,956	-	-	40,783	(95,189)	576,550
Derivative financial assets	208,590	-	-	-	-	208,590
	<u>₩ 1,041,038</u>	<u>₩ 10,478</u>	<u>₩ (339)</u>	<u>₩ 40,844</u>	<u>₩ (95,189)</u>	<u>₩ 996,832</u>

(*1) During the six-month period ended June 30, 2023, Turo Inc. ₩88,880 million was transferred to assets held for sales, 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 six-month period ended June 30, 2022				
	Beginning balance	Acquisition	Valuation	Transfer	Ending balance
Financial assets measured at FVTPL	₩ 452,395	₩ 3,324	₩ 11,173	₩ (46,498)	₩ 420,394
Financial assets measured at FVOCI	315,433	9,196	-	-	324,629
Derivative financial assets	193,310	-	-	-	193,310
	<u>₩ 961,138</u>	<u>₩ 12,520</u>	<u>₩ 11,173</u>	<u>₩ (46,498)</u>	<u>₩ 938,333</u>

SK Inc.
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5. Trade receivables

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Trade receivables:		
Trade receivables	₩ 236,171	₩ 527,850
Contract assets (unbilled receivables)	276,435	175,213
	<u>512,606</u>	<u>703,063</u>
Allowance for doubtful accounts:		
Trade receivables	(600)	(600)
	<u>₩ 512,006</u>	<u>₩ 702,463</u>

6. Inventories

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

	<u>June 30, 2023</u>			<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Valuation</u>		<u>Cost</u>	<u>Valuation</u>	
		<u>allowance</u>	<u>Book value</u>		<u>allowance</u>	<u>Book value</u>
Raw materials	₩ 163	₩ -	₩ 163	₩ 172	₩ -	₩ 172

7. Investment securities

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

	<u>June 30, 2023</u>		<u>December 31, 2022</u>	
	<u>Acquisition cost</u>	<u>Book value</u>	<u>Acquisition cost</u>	<u>Book value</u>
Financial assets measured at FVTPL:				
Equity instruments (*1)	₩ 637,755	₩ 207,009	₩ 632,462	₩ 224,384
Debt securities	338,994	128,264	336,995	126,265
Money invested and others	64,065	78,136	61,218	75,227
Financial assets measured at FVOCI:				
Equity instruments (*2)	320,700	585,223	355,148	634,270
Financial assets measured at amortized cost:				
Debt securities	250	364	250	346
	<u>₩ 1,361,764</u>	<u>₩ 998,996</u>	<u>₩ 1,386,073</u>	<u>₩ 1,060,492</u>

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

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

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

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

	June 30, 2023		December 31, 2022	
	Acquisition cost	Book value	Acquisition cost	Book value
Marketable equity instruments	₩ 570,078	₩ 210,389	₩ 559,354	₩ 227,697
Non-marketable equity instruments	388,377	581,843	428,256	630,957
Debt securities	339,244	128,628	337,245	126,611
Money invested and others	64,065	78,136	61,218	75,227
	<u>₩ 1,361,764</u>	<u>₩ 998,996</u>	<u>₩ 1,386,073</u>	<u>₩ 1,060,492</u>

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

	For the six-month period ended	
	June 30, 2023	June 30, 2022
Beginning balance	₩ 1,060,492	₩ 934,091
Acquisitions	10,478	12,520
Valuation and amortization	17,245	(356,909)
Disposals	(339)	-
Transfer (*1)	(88,880)	413,824
Ending balance	<u>₩ 998,996</u>	<u>₩ 1,003,526</u>

(*1) During the six-month period ended June 30, 2023, Turo Inc. was transferred to assets held for sales and disposed of in all.

SK Inc.
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8. Investments in subsidiaries

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

	Domicile	Principal business activity	Equity ownership (%) (*1)	June 30, 2023		December 31, 2022
				Acquisition cost	Book value	Book value
SK Innovation Co., Ltd. (*2)	Korea	Resource development	34.91	₩ 3,072,937	₩ 3,072,937	₩ 3,072,937
SK Telecom Co., Ltd. (*2)	Korea	Mobile tele-communication	30.01	2,929,870	2,929,870	2,929,870
SK Square Co., Ltd. (*2)	Korea	Investment	30.01	2,486,149	2,486,149	2,486,149
SK Networks Co., Ltd. (*2)	Korea	Trading and distribution	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)	Korea	Manufacturing of other chemical products	95.40	19,994	19,994	-
SK REITs Management Co., Ltd.	Korea	Real estate acquisition and rental and development	100.00	7,000	7,000	7,000
Ackerton Partners (*6)	Korea	Consulting	100.00	5,000	5,000	-
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 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. (*5,7)	USA	Energy solution and electric car charger	50.00	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.	USA	Investment	100.00	51,176	51,176	51,176
Socar Mobility Malaysia, SDN. BHD.	Malaysia	Rental of cars	66.27	29,221	29,221	29,221
Digital Center Capital Inc.	USA	Investment	100.00	27,684	27,684	27,684
Auxo Capital Inc. (*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
Castanea Bioscience 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

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8. Investments in subsidiaries (cont'd)

	Domicile	Principal business activity	June 30, 2023			December 31,
			Equity ownership (%) (*1)	Acquisition cost	Book value	2022
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)	Netherlands	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>₩ 21,838,938</u>	<u>₩ 21,790,183</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 51.55% of voting rights.
(*4) During the six-month period ended June 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 six-month period ended June 30, 2023.
(*7) Additional investment was made during the six-month period ended June 30, 2023.
(*8) During the six-month period ended June 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 six-month period ended June 30, 2023.

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

	June 30, 2023
SK Innovation Co., Ltd.	₩ 5,116,961
SK Telecom Co., Ltd.	3,060,147
SK Square Co., Ltd.	1,878,510
SK Networks Co., Ltd.	493,486
SKC Co., Ltd.	1,502,064
SK Biopharmaceuticals Co., Ltd.	4,055,917
SK REIT Co., Ltd.	431,812
SK Signet Inc.	408,673

SK Inc.
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9. Investments in associates

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

	Domicile	Principal business activity	June 30, 2023			December 31, 2022
			Equity ownership (%)	Acquisition cost	Book value	Book value
Socar, Inc. (*1)	Korea	Rental of cars	17.94	₩ 109,304	₩ 109,304	₩ 109,304
SMCore Inc.	Korea	Manufacturing and sales of automated logistics system	26.60	39,419	39,419	39,419
Standigm Inc. (*1,2)	Korea	Medical and pharmaceutical research and development industries	12.14	14,410	14,410	14,410
Cloocus Co., Ltd. (*1,2)	Korea	Information and communication service	16.19	6,500	6,500	6,500
TBU Inc. (*2)	Korea	Electric vehicle charging	31.59	5,700	5,700	5,700
Soft berry Inc. (*2)	Korea	Logistics infra	22.09	5,684	5,684	5,684
A4x Inc. (*1)	Korea	Block chain validator	8.33	5,078	5,078	5,078
Begas Co., Ltd. (*3)	Korea	Management consulting	-	-	-	5,000
PUMP Co., Ltd. (*1,2)	Korea	Electric kickboard rental	12.02	5,000	5,000	5,000
THIRA-UTECH Co., Ltd. (*1)	Korea	Service manufacturing	13.66	4,200	4,200	4,200
Superblock Co., Ltd. (*1,4)	Korea	Block chain mainnet	3.33	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	-	-
ProteoVant Sciences, Inc. (*5,6)	USA	Medicine research and development	40.00	214,525	41,301	222,370
Swift Navigation (*1,2)	USA	GPS software development	9.58	46,496	46,496	46,496
Belstar Superfreeze Holdings, LLC (*2)	Cayman	Warehouse business	20.98	36,839	36,839	36,839
9352-7281 Quebec Inc.	Canada	Investment	40.09	31,558	31,558	31,558
Hummingbird Bioscience Holdings Pte. Ltd. (*1,2)	Singapore	Antibody drugs and development	8.97	19,026	19,026	19,026
FSK Holdings Co., Ltd.	Hong Kong	IT service	30.00	11,937	6,245	6,245
Halio, Inc. (*1,2)	USA	Manufacturing discolored glass	4.46	8,498	8,498	8,498
Visible Patient S.A.S. (*2)	France	Manufacturing related to medicine	22.14	7,507	7,507	7,507
Mozido Corfire, Inc. (*8)	USA	System consulting	-	-	-	-
DSK EV Investment Limited. (*1,7)	Cayman	Investment	3.32	1,048	1,048	1,040
				<u>₩ 584,771</u>	<u>₩ 403,609</u>	<u>₩ 586,561</u>

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

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

(*3) Redeemed during the six-month period ended June 30, 2023.

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

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

(*6) Equal share capital decrease with consideration was made during the six-month period ended June 30, 2023.

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

(*8) Liquidated during the six-month period ended June 30, 2023.

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10. Property, plant and equipment

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

	June 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	311,867	(78,222)	233,645	303,783	(74,406)	229,377
Structures	11,646	(2,671)	8,975	11,646	(2,426)	9,220
Machinery	9,567	(554)	9,013	8,382	(211)	8,171
Vehicles	12,552	(5,299)	7,253	12,581	(4,948)	7,633
Furniture and fixtures	446,837	(304,939)	141,898	453,247	(310,776)	142,471
Construction-in-progress	93,926	-	93,926	67,502	-	67,502
	<u>₩ 986,619</u>	<u>₩ (391,685)</u>	<u>₩ 594,934</u>	<u>₩ 957,231</u>	<u>₩ (392,767)</u>	<u>₩ 564,464</u>

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

	For the six-month period ended June 30, 2023					
	Beginning balance	Acquisition	Depreciation	Disposal	Transfer(*1)	Ending balance
Land	₩ 100,090	₩ -	₩ -	₩ -	₩ 134	₩ 100,224
Buildings	229,377	1,518	(4,372)	-	7,122	233,645
Structures	9,220	-	(245)	-	-	8,975
Machinery	8,171	-	(344)	-	1,186	9,013
Vehicles	7,633	52	(432)	-	-	7,253
Furniture and fixtures	142,471	13,785	(21,067)	(175)	6,884	141,898
Construction-in-progress	67,502	45,664	-	-	(19,240)	93,926
	<u>₩ 564,464</u>	<u>₩ 61,019</u>	<u>₩ (26,460)</u>	<u>₩ (175)</u>	<u>₩ (3,914)</u>	<u>₩ 594,934</u>

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

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

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

11. Right-of-use assets and lease liabilities

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

	June 30, 2023			December 31, 2022		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land and buildings	₩ 230,249	₩ (109,269)	₩ 120,980	₩ 230,267	₩ (92,398)	₩ 137,869
Vehicles	9,503	(4,686)	4,817	9,048	(5,461)	3,587
Furniture and fixtures	361	(228)	133	361	(192)	169
	<u>₩ 240,113</u>	<u>₩ (114,183)</u>	<u>₩ 125,930</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 six-month periods ended June 30, 2023 and 2022 are as follows (Korean won in millions):

	For the six-month period ended June 30, 2023					
	Beginning balance	Increase	Depreciation	Decrease	Others (*1)	Ending balance
Land and buildings	₩ 137,869	₩ 2,782	₩ (20,000)	₩ (838)	₩ 1,167	₩ 120,980
Vehicles	3,587	3,677	(1,592)	(982)	127	4,817
Furniture and fixtures	169	-	(36)	-	-	133
	<u>₩ 141,625</u>	<u>₩ 6,459</u>	<u>₩ (21,628)</u>	<u>₩ (1,820)</u>	<u>₩ 1,294</u>	<u>₩ 125,930</u>

	For the six-month period ended June 30, 2022					
	Beginning balance	Increase	Depreciation	Decrease	Others (*1)	Ending balance
Land and buildings	₩ 115,755	₩ 33,532	₩ (17,276)	₩ (17,276)	₩ 14,353	₩ 146,364
Vehicles	4,327	2,221	(1,708)	(1,708)	(817)	4,023
Furniture and fixtures	239	-	(34)	(34)	-	205
	<u>₩ 120,321</u>	<u>₩ 35,753</u>	<u>₩ (19,018)</u>	<u>₩ (19,018)</u>	<u>₩ 13,536</u>	<u>₩ 150,592</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 six-month periods ended June 30, 2023 and 2022 are as follows (Korean won in millions):

	For the six-month period ended June 30, 2023					
	Beginning balance	Increase	Interest expenses	Decrease (payment)	Others (*1)	Ending balance
Lease liabilities	₩ 415,360	₩ 6,459	₩ 5,389	₩ (38,383)	₩ (359)	₩ 388,466

	For the six-month period ended June 30, 2022					
	Beginning balance	Increase	Interest expenses	Decrease (payment)	Others (*1)	Ending balance
Lease liabilities	₩ 429,144	₩ 35,281	₩ 5,494	₩ (35,047)	₩ 2,552	₩ 437,424

(*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 ₩2,080 million and ₩1,906 million in relation to short-term lease and ₩543 million and ₩478 million in relation to leases of low-value assets during the six-month periods ended June 30, 2023 and 2022. The total cash outflow of leases during the period ended is ₩41,006 million and ₩37,431 million during the six-month periods ended June 30, 2023 and 2022.

12. Investment properties

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

	June 30, 2023			December 31, 2022		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 89	₩ -	₩ 89	₩ 89	₩ -	₩ 89
Buildings	69,152	(6,828)	62,324	65,836	(5,540)	60,296
	<u>₩ 69,241</u>	<u>₩ (6,828)</u>	<u>₩ 62,413</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 six-month periods ended June 30, 2023 and 2022 are as follows (Korean won in millions):

	For the six-month period ended June 30, 2023			
	Beginning balance	Increase(*1) (decrease)	Depreciation	Ending balance
Land	₩ 89	₩ -	₩ -	₩ 89
Buildings	60,296	3,529	(1,501)	62,324
	<u>₩ 60,385</u>	<u>₩ 3,529</u>	<u>₩ (1,501)</u>	<u>₩ 62,413</u>

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

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

13. Intangible assets

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

	June 30, 2023				December 31, 2022			
	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value
Development costs	₩ 274,496	₩ (142,445)	₩ (27,423)	₩ 104,628	₩ 263,444	₩ (126,875)	₩ (9,847)	₩ 126,722
Memberships	79,837	-	(13,647)	66,190	76,260	-	(13,647)	62,613
Brand-related assets	1,975,000	-	-	1,975,000	1,975,000	-	-	1,975,000
Others	31,957	(9,994)	(20,717)	1,246	31,261	(8,887)	(16,607)	5,767
	<u>₩ 2,361,290</u>	<u>₩ (152,439)</u>	<u>₩ (61,787)</u>	<u>₩ 2,147,064</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 six-month periods ended June 30, 2023 and 2022 are as follows (Korean won in millions):

	For the six-month period ended June 30, 2023						
	Beginning balance	Acquisitions	Amortization	Disposal	Impairment	Transfer	Ending balance
Development costs	₩ 126,722	₩ 11,052	₩ (15,570)	₩ -	₩ (17,576)	₩ -	₩ 104,628
Memberships (*1)	62,613	3,577	-	-	-	-	66,190
Brand-related assets (*1)	1,975,000	-	-	-	-	-	1,975,000
Others	5,767	62	(1,107)	(3)	(4,110)	637	1,246
	<u>₩ 2,170,102</u>	<u>₩ 14,691</u>	<u>₩ (16,677)</u>	<u>₩ (3)</u>	<u>₩ (21,686)</u>	<u>₩ 637</u>	<u>₩ 2,147,064</u>

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

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

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14. Borrowings and bonds

(1) Short-term borrowings

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

Description	Financial institution	Interest rate (%)	June 30, 2023	December 31, 2022	
Working capital loan and others	Kookmin Bank	4.71 ~ 6.82	₩ 350,000	₩ 100,000	
	Woori Bank	4.94 ~ 7.07	282,560	253,460	
	Standardchartered Bank	6.02	200,000	200,000	
	NH Bank	4.83 ~ 5.55	160,000	116,000	
	Credit Agricole Corporate & Investment Bank	6.30	131,280	193,730	
	Hana Bank	5.98	100,000	100,000	
	Shinhan bank	4.60 ~ 4.71	55,000	-	
	Bank of China	5.05	50,000	65,000	
	China Everbright Bank	5.06	40,000	40,000	
	The Export-Import Bank of Korea	-	-	190,095	
	Commercial paper	Bookook Securities	3.80 ~ 6.10	375,000	450,000
		Daol Investment & Securities	3.80 ~ 6.05	340,000	550,000
		SK Securities	4.01 ~ 4.10	200,000	245,000
Hi Investment & Securities		4.05 ~ 6.02	150,000	210,000	
Shinhan bank		3.87 ~ 4.69	150,000	70,000	
Hanyang Securities		3.80 ~ 3.87	100,000	30,000	
IBK Investment & Securities		5.61 ~ 5.99	80,000	140,000	
KB Securities		4.06 ~ 5.61	40,000	170,000	
Eugene Investment & Securities		4.01	30,000	-	
Kiwoom Securities		6.02	20,000	105,000	
NH Investment & Securities		3.80	20,000	-	
Hyundai Motor Group		4.05	15,000	-	
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		
Ebest Investment & Securities	-	-	50,000		
Mirae Asset Securities	-	-	10,000		
			₩ 2,898,840	₩ 3,774,050	

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14. Borrowings and bonds (cont'd)

(2) Bonds

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

Issuance number	Interest rate (%)	Maturity	Security	June 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	1.80	2023-09-07	Unsecured	110,000	110,000
279-3rd	2.58	2024-03-06	Unsecured	120,000	120,000
280-3rd	2.67	2024-06-01	Unsecured	110,000	110,000
281-3rd	2.62	2024-08-04	Unsecured	70,000	70,000
282-3rd	2.86	2024-10-25	Unsecured	80,000	80,000
283-1st	-	2023-02-27	Unsecured	-	150,000
283-2nd	2.99	2025-02-27	Unsecured	60,000	60,000
283-3rd	3.26	2028-02-27	Unsecured	100,000	100,000
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	2.36	2023-09-06	Unsecured	150,000	150,000
285-2nd	2.47	2025-09-06	Unsecured	60,000	60,000
285-3rd	2.55	2028-09-06	Unsecured	120,000	120,000
286-2nd	2.37	2023-11-29	Unsecured	100,000	100,000
287-1st	2.17	2024-02-27	Unsecured	150,000	150,000
287-2nd	2.23	2026-02-27	Unsecured	70,000	70,000
287-3rd	2.35	2029-02-27	Unsecured	80,000	80,000
288-1st	1.81	2024-06-04	Unsecured	170,000	170,000
288-2nd	1.83	2026-06-04	Unsecured	60,000	60,000
288-3rd	1.87	2029-06-04	Unsecured	110,000	110,000
289-2nd	1.76	2024-09-20	Unsecured	120,000	120,000
289-3rd	1.84	2029-09-20	Unsecured	70,000	70,000
290-2nd	1.83	2024-11-28	Unsecured	90,000	90,000
290-3rd	1.89	2029-11-28	Unsecured	70,000	70,000
291-1st	-	2023-02-20	Unsecured	-	70,000
291-2nd	1.63	2025-02-20	Unsecured	160,000	160,000
291-3rd	1.70	2027-02-20	Unsecured	40,000	40,000
291-4th	1.80	2030-02-20	Unsecured	60,000	60,000
292-1st	-	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	1.72	2023-07-03	Unsecured	85,000	85,000
302-1st	3.00	2025-02-22	Unsecured	220,000	220,000
302-2nd	3.10	2027-02-22	Unsecured	120,000	120,000
302-3rd	3.19	2032-02-22	Unsecured	50,000	50,000
303-1st	3.97	2025-06-09	Unsecured	160,000	160,000
303-2nd	4.14	2027-06-09	Unsecured	160,000	160,000

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14. Borrowings and bonds (cont'd)

Issuance number	Interest rate (%)	Maturity	Security	June 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	-
				7,135,000	6,915,000
				(15,747)	(14,494)
Less: Discount on bonds				(1,244,410)	(1,214,551)
Less: current portion					
				<u>₩ 5,874,843</u>	<u>₩ 5,685,955</u>

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

Period ending	Amount of repayment
July 1, 2023 ~ June 30, 2024	₩ 1,245,000
July 1, 2024 ~ June 30, 2025	1,475,000
July 1, 2025 ~ June 30, 2026	1,555,000
July 1, 2026 ~ June 30, 2027	620,000
July 1, 2027 and thereafter	2,240,000
	<u>₩ 7,135,000</u>

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

Description	Financial institution	Interest rate (%)	June 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	200,000	-
			400,000	200,000
Less: discount			(417)	(486)
			<u>₩ 399,583</u>	<u>₩ 199,514</u>

SK Inc.
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15. Provisions

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

	For the six-month period ended June 30, 2023					
	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Provision for service warranties	₩ 1,717	₩ 1,416	₩ (824)	₩ 2,309	₩ 2,309	₩ -
Other provisions	32,203	708	(2,297)	30,614	494	30,120
	<u>₩ 33,920</u>	<u>₩ 2,124</u>	<u>₩ (3,121)</u>	<u>₩ 32,923</u>	<u>₩ 2,803</u>	<u>₩ 30,120</u>

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

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 six-month periods ended June 30, 2023, were ₩259 million.

(2) Defined benefit plans

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

(3) Details of defined benefit liabilities as of June 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	June 30, 2023 (*1)	December 31, 2022
Present value of defined benefit obligation	₩ 505,991	₩ 458,961
Fair value of plan assets	(526,310)	(523,161)
	<u>₩ (20,319)</u>	<u>₩ (64,200)</u>

(*1) ₩20,319 million is accounted for as a defined benefit asset as of June 30, 2023.

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

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

	<u>For the six-month period ended June 30, 2023</u>		
	Present value of defined <u>benefit obligation</u>	Fair value of <u>plan assets</u>	<u>Total</u>
Beginning balance	₩ 458,961	₩ (523,161)	₩ (64,200)
Provision for pension benefits:			
Current service cost	20,850	-	20,850
Net interest expense (income)	11,575	(13,177)	(1,602)
Remeasurement:			
Return on plan assets and others (excluding amounts included in net interest expense)	-	9,922	9,922
Actuarial changes arising from changes in financial assumptions	6,651	-	6,651
Experience adjustments and others	7,563	-	7,563
Benefit paid	(19,685)	19,459	(226)
Others	20,076	(19,353)	723
Ending balance	<u>₩ 505,991</u>	<u>₩ (526,310)</u>	<u>₩ (20,319)</u>

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

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17. Other assets and liabilities

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Current assets:		
Accrued income	₩ 4,400	₩ 244
Advanced payments	39,551	7,363
Income tax receivable	-	16,620
Prepaid expenses	119,728	113,336
Short-term loans	13,155	52
Guarantee deposits	2,559	3,992
Lease receivables	35,470	35,390
Derivative financial assets	10,094	9,621
Others	199	-
	<u>₩ 225,156</u>	<u>₩ 186,618</u>
Non-current assets:		
Long-term financial instruments	₩ 679	₩ 270
Long-term loans	510,249	492,643
Long-term guarantee deposits	48,998	49,077
Long-term lease receivables	237,315	251,568
Derivative financial assets	208,590	208,590
Others	127	127
	<u>₩ 1,005,958</u>	<u>₩ 1,002,275</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Current liabilities:		
Advances received	₩ 190,553	₩ 151,516
Withholdings	23,976	34,222
Income tax liabilities	6,794	-
Dividends payable	178	171
Leasehold deposits received	544	244
Lease liabilities	78,515	77,750
Derivative financial liabilities	18,563	6,093
	<u>₩ 319,123</u>	<u>₩ 269,996</u>
Non-current liabilities:		
Long-term leasehold deposits received	₩ 23,822	₩ 23,609
Long-term lease liabilities	309,951	337,610
Derivative financial liabilities	372,807	372,807
Long-term employee benefits	8,702	7,739
	<u>₩ 715,282</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 June 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	June 30, 2023		December 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Forward contract	₩ 10,094	₩ 18,563	₩ 9,621	₩ 6,093
Total return swap contract (see Note 29)	208,590	372,807	208,590	372,807
	<u>₩ 218,684</u>	<u>₩ 391,370</u>	<u>₩ 218,211</u>	<u>₩ 378,900</u>

19. Equity

19.1 Share capital

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

	June 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 six-month periods ended June 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 June 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	June 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 June 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 June 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	<u>June 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>12,911,418</u>	<u>12,443,779</u>
	<u>₩ 12,982,387</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 June 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Gain on financial assets measured at FVOCI	₩ 234,604	₩ 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 six-month period ended June 30, 2023.

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

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

The Company reversed ₩7,652 million of share-option compensation cost upon the grant of share options above the six-month period ended June 30, 2023 (accumulated compensation costs for share options: ₩(-)15,023 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 six-month period ended June 30, 2023 is ₩9,884 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	3.56%	3.65%	3.65%
Option life	7 years	7 years	7 years
Expected price (Closing price on the preceding day in Korean won)	₩ 148,700	₩ 148,700	₩ 148,700
Expected volatility	26.80%	26.80%	26.80%
Rate of returns	3.36%	3.36%	3.36%
Exercise price (Korean won)	₩ 263,950	₩ 153,450	₩ 153,450
Fair value per share (Korean won)	₩ 89	₩ 25,924	₩ 25,924
	2	1	2
Risk-free interest rate	3.56%	3.65%	3.65%
Option life	6 years	7 years	7 years
Expected price (Closing price on the preceding day in Korean won)	₩ 148,700	₩ 148,700	₩ 148,700
Expected volatility	26.80%	26.80%	26.80%
Rate of returns	3.36%	3.36%	3.36%
Exercise price (Korean won)	₩ 108,959	₩ 89,204	₩ 89,204
Fair value per share (Korean won)	₩ 40,477	₩ 61,017	₩ 61,017

19. Equity (cont'd)

19.5 Stock option (cont'd)

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

	For the six-month period ended			
	June 30, 2023		June 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 June 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 six-month periods ended June 30, 2023 and 2022 are as follows (Korean won in millions):

	June 30, 2023		June 30, 2022	
	Three-months	Six-months	Three-months	Six-months
Revenue from contracts with customers:				
IT service (*1)	₩ 615,443	₩ 1,059,207	₩ 478,170	₩ 887,281
Trademark usage income	101,393	171,998	85,889	141,961
	<u>716,836</u>	<u>1,231,205</u>	<u>564,059</u>	<u>1,029,242</u>
Revenue from other sources:				
Dividend income	60,082	1,170,805	60,045	644,723
Rental income	13,873	29,853	20,192	20,496
	<u>73,955</u>	<u>1,200,658</u>	<u>80,237</u>	<u>665,219</u>
	<u>₩ 790,791</u>	<u>₩ 2,431,863</u>	<u>₩ 644,296</u>	<u>₩ 1,694,461</u>

(*1) Includes contract revenue of ₩712,394 million and ₩559,571 million recognized from the cost-based input method for the six-month periods ended June 30, 2023 and 2022.

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

	June 30, 2023		June 30, 2022	
	Three-months	Six-months	Three-months	Six-months
Revenue from contracts with customers:				
IT service	₩ 615,443	₩ 1,059,207	₩ 478,170	₩ 887,281
Trademark usage income	101,393	171,998	85,889	141,961
	<u>₩ 716,836</u>	<u>₩ 1,231,205</u>	<u>₩ 564,059</u>	<u>₩ 1,029,242</u>
Geographical location:				
Korea	₩ 560,572	₩ 1,023,799	₩ 546,145	₩ 993,253
Asia	45,252	67,217	8,676	19,590
Europe	46,398	71,625	5,164	9,023
North America	64,614	68,564	4,074	7,376
	<u>₩ 716,836</u>	<u>₩ 1,231,205</u>	<u>₩ 564,059</u>	<u>₩ 1,029,242</u>
Timing of revenue recognition:				
Recognized at a point in time	₩ 181,090	₩ 231,667	₩ 34,108	₩ 52,751
Recognized over a period	535,746	999,538	529,951	976,491
	<u>₩ 716,836</u>	<u>₩ 1,231,205</u>	<u>₩ 564,059</u>	<u>₩ 1,029,242</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 June 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	June 30, 2023		December 31, 2022	
Contract assets from IT service contract	₩	276,435	₩	175,213
Contract liabilities from IT service contract (*1)		136,940		151,434

(*1) The amount recognized as revenue is ₩129,818 million and ₩56,930 million in the six-month period ended June 30, 2023 and 2022 in relation to the contract liabilities as of December 31, 2022 and 2021, and no amount is recognized in the current period in relation to the performance obligation satisfied in the previous period.

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

	Change in estimated construction revenue		Change in estimated cost		Impact on current period profit		Impact on future period profit	
IT Service contracts	₩	3,518	₩	2,482	₩	241	₩	795

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

21. Operating expenses

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

	June 30, 2023		June 30, 2022	
	Three-months	Six-months	Three-months	Six-months
Material costs	₩ 174,133	₩ 220,555	₩ 32,441	₩ 51,681
Outsourcing costs	201,916	394,572	226,795	431,277
Salaries	134,906	245,503	117,951	217,992
Provision for pension benefits	9,706	19,053	9,181	27,872
Depreciation	24,375	48,555	23,209	44,995
Amortization	3,958	8,062	5,283	9,023
Rents	810	1,729	858	1,571
Communications	5,003	10,171	5,220	10,585
Employee welfare benefits	24,769	54,507	25,849	50,107
Commissions	41,750	83,289	50,070	75,119
Education and training	6,601	14,659	7,946	13,719
Research and development	12,695	28,485	13,794	26,285
Office management	15,354	29,992	10,481	22,283
Travel	5,985	11,407	3,970	6,597
Others	19,012	31,154	21,709	35,164
	₩ 680,973	₩ 1,201,693	₩ 554,757	₩ 1,024,270

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

	June 30, 2023		June 30, 2022	
	Three-months	Six-months	Three-months	Six-months
Material costs	₩ 174,135	₩ 220,615	₩ 32,460	₩ 51,701
Outsourcing costs	202,010	394,964	226,551	431,597
Salaries	139,997	259,092	125,831	230,892
Provision for pension benefits	10,044	19,672	9,595	28,653
Depreciation and amortization	33,330	66,266	32,598	63,185
Rents	839	1,783	894	1,607
Communications	5,010	10,186	5,222	10,589
Employee welfare benefits	25,812	56,309	26,620	51,610
Commissions	41,993	83,974	50,382	75,866
Education and training	6,681	14,845	7,989	13,830
Office management	15,534	30,362	10,546	22,348
Travel	6,109	11,690	4,048	6,746
Others	19,479	31,935	22,021	35,646
	<u>₩ 680,973</u>	<u>₩ 1,201,693</u>	<u>₩ 554,757</u>	<u>₩ 1,024,270</u>

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

23.1 Finance income and costs

Details of finance income and costs for the three-month periods and six-month periods ended June 30, 2023 and 2022 are as follows (Korean won in millions):

	June 30, 2023		June 30, 2022	
	Three months	Six months	Three months	Six months
Financial income:				
Interest income	₩ 9,134	₩ 16,778	₩ 6,411	₩ 11,954
Gain on foreign currency transactions	7,634	8,767	733	2,408
Gain on foreign currency translation	2,036	18,659	27,350	42,524
Gain on valuation of financial assets measured at FVTPL	7,447	7,508	-	11,173
Gain on valuation of derivative instruments	5,128	15,961	27,895	31,255
Gain on transactions of derivative instruments	62	9,883	92	379
	<u>₩ 31,441</u>	<u>₩ 77,556</u>	<u>₩ 62,481</u>	<u>₩ 99,693</u>
Financial costs:				
Interest expenses	₩ 96,630	₩ 198,686	₩ 59,789	₩ 115,780
Loss on foreign currency transactions	4,496	10,638	560	3,515
Loss on foreign currency translation	2,790	14,122	31,642	36,741
Loss on valuation of financial assets measured at FVTPL	30,382	70,460	268,229	407,991
Loss on valuation of derivative instruments	6,696	21,864	25,951	38,960
Loss on transactions of derivative instruments	892	6,344	939	1,207
	<u>₩ 141,886</u>	<u>₩ 322,114</u>	<u>₩ 387,110</u>	<u>₩ 604,194</u>

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

23.2 Other non-operating income and expenses

Details of other non-operating income and expenses for the three-month periods and six-month periods ended June 30, 2023 and 2022 are as follows (Korean won in millions):

	June 30, 2023		June 30, 2022	
	Three months	Six months	Three months	Six months
Other non-operating income:				
Gain on disposal of investments in subsidiaries and associates	₩ -	₩ -	₩ 473	₩ 391,808
Gain on disposal of property, plant and equipment	35	216	-	1
Gain on disposal of intangible assets	-	-	-	118
Others	12,182	17,581	237	6,212
	<u>₩ 12,217</u>	<u>₩ 17,797</u>	<u>₩ 710</u>	<u>₩ 398,139</u>
Other non-operating expenses:				
Loss on disposal of investments in subsidiaries and associates	₩ 769	₩ 769	₩ -	₩ -
Loss on impairment of investments in subsidiaries and associates	215,045	215,045	-	-
Loss on disposal of property, plant and equipment	1	2	1	1
Loss on disposal of intangible assets	-	-	11	35
Loss on impairment of intangible assets	21,686	21,686	-	-
Donations	7,473	7,562	1,492	1,625
Others	1,074	2,306	1,429	3,210
	<u>₩ 246,048</u>	<u>₩ 247,370</u>	<u>₩ 2,933</u>	<u>₩ 4,871</u>

24. Income taxes

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

The average effective tax rate for the six-month period ended June 30, 2023 and 2022 are not calculated due to income tax benefits.

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25. Earnings (losses) per share

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

	June 30, 2023		June 30, 2022	
	Three-months	Six-months	Three-months	Six-months
Profit (loss) for the period	₩ (191,925)	₩ 781,196	₩ (179,142)	₩ 569,758
Less: Preferred share dividends	(1,347)	(1,848)	(1,771)	(2,695)
Profit (loss) for the period attributable to ordinary share owners of the Company	₩ (193,272)	₩ 779,348	₩ (180,913)	₩ 567,063
Weighted-average number of issued shares outstanding (*1)	56,111,141	55,650,423	56,134,549	56,113,388
Basic earnings (losses) per share (Korean Won)	₩ (3,444)	₩ 14,004	₩ (3,223)	₩ 10,106

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

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

	June 30, 2023		June 30, 2022	
	Three-months	Six-months	Three-months	Six-months
Weighted-average number of shares outstanding	74,149,329	74,149,329	74,149,329	74,149,329
Weighted-average number of treasury shares	(18,038,188)	(18,498,906)	(18,014,780)	(18,035,941)
Weighted-average number of issued shares outstanding	56,111,141	55,650,423	56,134,549	56,113,388

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

	June 30, 2023		June 30, 2022	
	Three-months	Six-months	Three-months	Six-months
Profit (loss) for the period attributable to ordinary shares	₩ (193,272)	₩ 779,348	₩ (180,913)	₩ 567,063
Weighted-average number of diluted common shares outstanding	56,111,141	55,717,199	56,134,549	56,219,558
Diluted earnings (losses) per common share (Korean Won) (*1)	₩ (3,444)	₩ 13,988	₩ (3,223)	₩ 10,087

(*1) As there is no dilution effect on stock options for the three months preceding the six-month period ended June 30, 2023 and 2022, diluted earnings (losses) per share is the same as basic earnings (losses) per share.

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June 30, 2023 and 2022

25. Earnings per share (cont'd)

The weighted-average diluted number of ordinary shares outstanding for calculating diluted earnings for the three-month periods and six-month periods ended June 30, 2023 and 2022 are as follows:

	June 30, 2023		June 30, 2022	
	Three-months	Six-months	Three-months	Six-months
Weighted-average number of shares outstanding	56,111,141	55,650,423	56,134,549	56,113,388
Effect of the exercise of stock option (*1)	-	66,776	-	106,170
Weighted-average number of issued shares outstanding	<u>56,111,141</u>	<u>55,717,199</u>	<u>56,134,549</u>	<u>56,219,558</u>

(*1) As there is no dilution effect on stock options for the three-months preceding the six-month period ended June 30, 2023 and 2022, diluted earnings (losses) per share is the same as basic earnings (losses) per share.

26. Transactions with related parties

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

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

Ultimate controlling party	Related parties
Subsidiaries (total 697)	Tae-won Chey and related parties SK Innovation Co., Ltd., SK Energy Co., Ltd., Netruck Co., Ltd., Jeju United FC Corporation, Happy Didim Co., Ltd., Green & Co. Asia Ltd., SK Energy Hong Kong Co., Ltd., SK Energy Road Investment Co., Ltd., SK Energy Road Investment (HK) Co., Ltd., SK Asphalt (Shanghai) Co., Ltd., GoodsFLOW Co., Ltd., Goods Core, SK Geo Centric Co., Ltd., SK Geo Centric (Beijing) Holding Co., Ltd., SK Geo Centric China, Ltd., Sino-Korea Green New Material (JiangSu) Ltd., SK Geo Centric International Trading (Shanghai) Co., Ltd., SK Geo Centric International Trading (Guangzhou) Co., Ltd., SK GC Americas, Inc., SK Primacor Americas LLC, SK Primacor Europe, S.L.U., SK Saran Americas LLC, SK Geo Centric Brazil LTDA, SK Geo Centric Japan Co., Ltd., SK Geo Centric Singapore Pte. Ltd., SK Geo Centric Investment Hong Kong Ltd., Ningbo SK Performance Rubber Co., Ltd., Happymoeum Co., Ltd., SK Functional Polymer, S.A.S, Green & Connect Capital, Inc., ONEPOL Co., Ltd., SK Incheon Petrochem Co., Ltd., SK Trading International Co., Ltd., SK Energy International Pte. Ltd., SK Energy Europe, Ltd., SK Energy Americas, Inc., SK Terminal B.V., SK Enmove Co., Ltd., Yubase Manufacturing Asia Corporation, SK Enmove (Tianjin) Co., Ltd., SK Enmove Americas, Inc., SK Enmove Europe B.V., SK Enmove Japan Co., Ltd., SK Enmove India Pvt. Ltd., Iberian Lube Base Oils Company S.A., SK Lubricants Russia LLC, SK ie technology Co., Ltd., SK Hi-tech Battery Materials(Jiang Su) Co., Ltd., SK Hi-tech Battery Materials Poland Sp. Zo.o., SK Innovation Insurance (Bermuda), Ltd., SK USA, Inc., Blue Dragon Energy Co., Limited, Happy Kium Co., Ltd., SK On Co., Ltd., SK On Hungary Kft., SK On(Jiangsu) Co., Ltd., SK On(Yancheng) Co., Ltd., SK Battery America, Inc., Blueoval SK LLC, SK Battery Manufacturing Kft., SK On (Shanghai) CO., Ltd., SK Mobile Energy Co., Ltd., Yancheng Yandu District M Energy Consulting Limited Company, Mobile Energy Battery America, LLC, Happy Midum Co., Ltd., SK On Certification Center (Jiangsu) Co., Ltd., SK Earth On Co., Ltd., SK Innovation America, Inc., Grove Energy Capital IV, LLC, SK innovation outpost Corporation, SK Telecom Co., Ltd., SK Telink Co., Ltd., SK Broadband Co. Ltd., Home&Service Co., Ltd., Media S Co., Ltd., SK Stoa Co., Ltd., PS&Marketing Corp., SK M&Service Co., Ltd., Serviceace Co., Ltd., Service Top Co., Ltd., SK O&S Co., Ltd., SK Communications Co., Ltd., Quantum Innovation Private Equity Joint Venture, Pansia Semiconductor Materials LLC, SK Telecom China Holdings Co., Ltd., SK Global Healthcare Business Group, Ltd., SKT Americas, Inc., YTK Investment, Ltd., Atlas Investment, Ltd., SK Telecom Innovation Fund, L.P., SK Telecom China Fund I L.P., SK Telecom Japan Inc., SK Planet Japan, K.K., Happy Hanool Co., Ltd., SK MENA Investment B.V., SK Latin Americas Investment S.A., Freedom Circle

26. Transactions with related parties (cont'd)

	Related parties
Subsidiaries (total 697)	Capital Inc., Montague ESG Capital, LLC, SK Technology Innovation Company, Sapeon Inc., Sapeon Korea Inc., SK Square Co., Ltd., One store Co., Ltd. Rock Media, Onestore Global Pte. Ltd., Eleven Street Co., Ltd., SK Shieldus Co., Ltd., Capstec Co., Ltd., Infosec Information Technology (Wuxi) Co., Ltd., SK Shieldus America Inc., SK Shieldus Hungary Kft., SK Planet Co., Ltd., SK Planet Global Holdings Pte. Ltd., SK Planet, Inc., SCODYS Pte. Ltd., SK Square Americas Inc., Dreamus Company Co., Ltd., Iriver Enterprise Ltd., Iriver China Co., Ltd., TGC Square Pte. Ltd., Dongguan iriver Electronics Co., Ltd., Life Design Company Inc., Studio Dolphin Co., Ltd., Id Quantique SA, id Quantique Ltd., ID Quantique Limited, UK, ID Quantique Inc, USA, ID Quantique Europe GmbH, Alice und Bob Privatstiftung, FSK L&S Co., Ltd., FSK L&S(Shanghai) Co., Ltd., FSK L&S(Hungary) Co., Ltd., FSK L&S Vietnam Co., Ltd., FSK L&S(Jiangsu) Co., Ltd., FSK L&S(America) Co., Ltd., Incross Co., Ltd., Infracommunications Co., Ltd., Mindknock Co.,Ltd., Solution Co., Ltd., Tmap Mobility Co., Ltd., YLP Co., Ltd., Good Service Co., Ltd., Seoul Airbus Co., Ltd., LOGISOFT.CO.LTD, Korea Security Holdings Co., Ltd., SK Networks Co., Ltd., SK Networks Service Co., Ltd., SK Magic Co., Ltd., SK Magic Service Co., Ltd., SK Magic Vietnam Company Limited, SK Magic Retails Malaysia Sdn. Bhd., SK Rent-a-Car Co., Ltd., SK Rent-A-car Service Co., Ltd., SK Networks (Shanghai) Co., Ltd., POSK (Pinghu) Steel Processing Center Co., Ltd., SK Networks Japan Co., Ltd., SK Networks Deutschland GmbH, SK BRASIL LTDA, SK Networks Trading Malaysia Sdn. Bhd., SK Networks America, Inc., Networks Tejarat Pars, MINTIT Co., Ltd., MINTIT VINA, Hico Capital LLC, SK Networks Hong Kong Ltd., SK Networks (Xiamen) Steel Processing Center Co., Ltd., SK Networks Resources Australia (Wyong) Pty. Ltd., SK Networks Resources Pty Ltd., SK Networks (China) Holdings Co., Ltd.,Shenyang SK Bus Terminal Co., Ltd., SK Networks (Dandong) Energy Co., Ltd., Cartini Co., Ltd., SKC Co., Ltd., Woori Fine Chem Co., Ltd., Techdream Co., Ltd., Enpulse America Corporation, SK Enpulse Co., Ltd., Enpulse Taiwan Co., Ltd., Enpulse Shanghai Co., Ltd., SKC Solmics Hong Kong Co., Ltd., SKC Semiconductor Materials(Wuxi) Co., Ltd., SKC-ENF Electronic Materials Ltd., SKC (Nantong) Semiconductor Materials Technology Co., Ltd., SE (JIANGSU) Electronic Materials Co., Ltd., SKC PU Specialty Co., Ltd., SKC (Nantong) PU Specialty Co., Ltd., SK PIC Global Co., Ltd., SKCFTH Co., Ltd., SK Nexilis Co., Ltd., Nexilis Management Malaysia Sdn. Bhd., SK Nexilis Malaysia Sdn. Bhd., SK Nexilis Poland sp.z o.o., Nexilis Management Europe B.V., SK TBMGEOSTONE Co., Ltd., Allnewone Co., Ltd., Ecovance Co.Ltd., SK Pucore Co., Ltd., SK pucore Europe sp. zo.o., SK pucore USA Inc., SK pucore Mexico, S. de R.L. de C.V., SK pucore India Pvt. Ltd., SK pucore RUS LLC, NEX Investment Limited, NEX UK Holdings Limited, Absolics Inc., SK E&S Co., Ltd., Kangwon City Gas Co., Ltd., Yeongnam Energy Service Co., Ltd., Ko-one Energy Service Co., Ltd., Narae Energy Service Co., Ltd., Busan City Gas Co., Ltd., Jeonbuk Energy Service Co., Ltd., Chonnam City Gas Co., Ltd., Chungcheong Energy Service Co., Ltd., Paju Energy Service Co., Ltd., Yeosu Energy Service Co., Ltd., Shinanjeungdo Sunlight Co., Ltd., SK E&S Hong Kong Co., Ltd., SK E&S Australia Pty. Ltd., SK E&S Americas, Inc., Energy Solution Holdings Inc., LNG Americas, Inc., LAI CCS, LLC, DewBlaine Energy, LLC, Passkey, Inc., Mobility Solution I Inc., Mobility Solution II Inc., EverCharge, Inc., EverCharge Services, LLC, Pnes Investments, LLC, Rnes Holdings, LLC, Grid Solution, LLC., Key Capture Energy, LLC, KCE Global Holdings, LLC, KCE PF Holdings 2021, LLC, KCE LAND Holdings, LLC, KCE NY 1, LLC, KCE NY 2, LLC, KCE NY 3, LLC, KCE NY 5, LLC, KCE NY 6, LLC, KCE NY 8, LLC, KCE NY 10, LLC, KCE NY 11, LLC, KCE NY 12, LLC, KCE NY 14, LLC, KCE NY 18, LLC, KCE NY 19, LLC, KCE NY 21, LLC, KCE NY 22, LLC, KCE NY 26, LLC, KCE NY 27, LLC, KCE NY 28, LLC, KCE NY 29, LLC, KCE NY 30, LLC, KCE NY 31, LLC, KCE NY 32, LLC, KCE NY 33, LLC, KCE NY 34, LLC, KCE NY 35, LLC, KCE NY 36, LLC, KCE NY 37, LLC, KCE NY 38, LLC, KCE NE 1, LLC, KCE NE 2, LLC, KCE CA 1, LLC, KCE CA 2, LLC, KCE CA 3, LLC, KCE CA 4, LLC, KCE CA 5, LLC, KCE CA 6, LLC, KCE CA 7, LLC, KCE NV 1, LLC, KCE NV 2, LLC, KCE NV 3, LLC, KCE TX 2, LLC, KCE TX 7, LLC, KCE TX 8, LLC, KCE TX 9, LLC, KCE TX 10, LLC, KCE TX 11, LLC, KCE TX 12, LLC, KCE TX 13, LLC, KCE TX 14, LLC, KCE TX 15, LLC, KCE TX 16, LLC, KCE TX 19, LLC, KCE TX 21, LLC, KCE TX 22, LLC, KCE TX 24, LLC, KCE TX 25, LLC, KCE TX 26, LLC, KCE TX 27, LLC, KCE TX 28, LLC, KCE TX 29, LLC, KCE TX 30, LLC, KCE TX 31, LLC, KCE CT 1, LLC, KCE CT 2, LLC, KCE CT 4, LLC, KCE CT 5, LLC, KCE CT 6, LLC, KCE CT 7, LLC, KCE CT 8, LLC, KCE CT 9, LLC, KCE CT 10, LLC, KCE CT 11, LLC, KCE MD 1, LLC, KCE MI 1, LLC, KCE MI 2, LLC, KCE MI 3, LLC, KCE MI 4, LLC, KCE MI 5, LLC, KCE ME 1, LLC, KCE ME 2, LLC, KCE MN 1, LLC, KCE

26. Transactions with related parties (cont'd)

Subsidiaries (total 697)	Related parties
	IL 1, LLC, KCE IL 2, LLC, KCE IL 3, LLC, KCE IL 4, LLC, KCE IN 1, LLC, KCE IN 2, LLC, KCE IN 3, LLC, KCE IN 4, LLC, KCE IN 5, LLC, KCE OK 1, LLC, KCE OK 2, LLC, KCE OK 3, LLC, KCE OK 4, LLC, KCE IA 1, LLC, KCE WI 1, LLC, KCE MA 4, LLC, KCE ID 1, LLC, KCE ID 2, LLC, KCE ID 3, LLC, KCE Brushy Creek Holdings, LLC, KCE Texas Holdings 2020, LLC, Roughneck Storage LLC, KCE Market Operations, LLC, KCE PF Holdings 2022, LLC, Grid Solution II, LLC, Prism Energy International Pte. Ltd., Fajar Energy International Pte. Ltd., Prism Energy International Hong Kong, Ltd., PT Prism Nusantara International, Prism Energy International China Limited, Prism Energy International Zhoushan Limited, SK E&S Dominicana S.R.L, Hae-ssal Solar Power Co., Ltd., Prism DLNG Pte. Ltd., Prism Darwin Pipeline Pty. Ltd., BU12 Australia Pty. Ltd., BU13 Australia Pty. Ltd., Ariulhaengbok Solar Co., Ltd., Busan Jungkwan Energy Co., Ltd., IGE Co., Ltd., Dangjin Haengbok Solar Co., Ltd., Busa Solar Power Co., Ltd., NEW RENEWABLE ENERGY NO.1 JSC, SK Ecoplant Co., Ltd., Seosuwon Development Company, SKEC Nanjing Co., Ltd., Changzhou SKY New Energy Co., Ltd., SKEC (Thai), Ltd., Thai Woo Ree Engineering Co., Ltd., SKEC Anadolu, LLC, SK Ecoplant Americas Corporation, Mesa Verde RE Ventures, LLC, BT FC LLC, Topsun Co., Ltd., Windenergy Co., Ltd., Gold Co., Ltd., TS Energy No.18 Co., Ltd., Neujinmoksolar Co., Ltd., Janggamsolar 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., Nickel 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., Admysolar Co., Ltd., Whitenight Energy Co., Ltd., Duryu Energy Co., Ltd., Saoksolar 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., Juchoel 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., Namhae Solar Power Co., Ltd., Sodu Co., Ltd., Gaehwa Energy Co., Ltd., Guldeungsolar Co., Ltd., Dongmaesolar Co., Ltd., Toptech Energy Co., Ltd., TN Dochon Energy Co., Ltd., TN Hope Energy Co., Ltd., TN Future Energy Co., Ltd., Toptech Hope Energy Co., Ltd., Toptech Future Energy Co., Ltd., Toptech Dochon Energy Co., Ltd., Hanbit Energy Co., Ltd., Songgosolar Co., Ltd., Gaedo Energy Co., Ltd., Yangjipolesolar Co., Ltd., Hwatae Energy Co., Ltd., Bongri Energy Co., Ltd., Bunmugol Energy Co., Ltd., Yeondo Solar Power Co., Ltd., Future Energy Taecheon Co., Ltd., Naru Solar Power Co., Ltd., Nari Solar Power Co., Ltd., Sunlake Co., Ltd., Ecoengineering Canada Ltd., SKEC Consultores Ecuador, S.A., SK HOLDCO PTE. LTD., Silvertown Investco Limited, SEONGJU TECH Co., Ltd., DDS Co., Ltd., SAMWON ENT Co., Ltd., Environment Management Corporation Co., Ltd., YS TEC Co., Ltd., Seonam Environment Energy Co., Ltd., Honam Environmental Energy Co., Ltd., Green Hwasun Inc., Green Sunchang Co., Ltd., Gyeongsan Clear Mulgil Co., Ltd., Dalseong Maleunmulgil Co., Ltd., Goksung Environment Co., Ltd., Chungcheong Environment Energy Co., Ltd., Gyeonggi Environment Energy Co., Ltd., Gyeongbuk Environment Energy Co., Ltd., Gyeongin Environment Energy Company, Saehan Environment Co., Ltd., Daewon Green Energy Co., Ltd., Daewon Hitech Co., Ltd., SK Ecoengineering Co., Ltd., KS Investment B.V., Emedione Co., Ltd., City Environment Co., Ltd., EmedioneLogis Co., Ltd., Green Environment Technology Co., Ltd., Dongnam Offshore Windfarm Co., Ltd., Gangdong Green Complex Co., Ltd., JA GREEN CO.,LTD, AP Development Co., Ltd., DY Indus Co., Ltd., DY Polymer Co., Ltd., ECOPLANT HOLDING MALAYSIA SDN. BHD., Eco Frontier (Singapore) Pte. Ltd, Tes-Envirocorp Pte. Ltd., Tes-Amm (H.K.) Limited, Tes-Amm (Singapore) Pte. Ltd., Tes-Amm Europe Holdings Ltd, Tes Total Environmental Solution Ab, Tes-Amm Italia Srl, Tes-Amm UK Ltd, Tes-Amm Espana Asset Recovery And Recycling, S.L., Tes-Amm SAS, Tes Recupyl, Tes-Amm Central Europe GmbH, Vsl Support Limited, Technology Supplies International Ltd., Goldberg Enterprises Ltd, Tes Consumer Solutions Ltd, Integrations Et Services, Tes-Amm (Europe) Ltd, Redeem UK Limited, Redeem Holdings Limited, Custom Controllers UK Limited, Envirofone Limited, Cash For Tech Ltd, Stock Must Go Limited, TES Netherlands B.V., Tes China Holdings Pte. Ltd., Tes-Amm Corporation (China) Ltd, Shanghai Tes-Amm Xin New Materials Co., Ltd, Tes-Amm (Beijing) Co., Ltd, Tes-Amm (Suzhou) E-Waste Solutions Co. Ltd, Tes-Amm (Guangzhou) Co., Ltd, Shanghai Tes-Amm Waste Products Recycle Co., Ltd,

26. Transactions with related parties (cont'd)

	Related parties
Subsidiaries (total 697)	<p>Shanghai Taixiang Network Technology Co.,Ltd, Tes-Amm Australia Pty Ltd, Tes Sustainable Battery Solutions (Australia) Pty Ltd, Tes-Amm New Zealand Limited, Sustainable Product Stewards Pty Ltd, Tes-Amm Japan K.K., Advanced Datacom (Australia) Pty Ltd, Green Technology Management Pty Ltd, Tes-Amm (Malaysia) Sdn. Bhd.,Tes-Amm (Taiwan) Co., Ltd, Total Environmental Solutions Co., Ltd., Tes-Amm (Cambodia) Co., Ltd, Pt. Tes-Amm Indonesia, Pc Off Corporation, Tes USA, Inc., Genplus Pte. Ltd, Tes Energy Solutions Pte. Ltd., Tes Ess Pte. Ltd., Tes B Pte. Ltd., Tes Sustainable Battery Solutions B.V., Tes Sustainable Battery Solutions Gmbh, TES Sustainable Battery Solutions Limited Liability Company, Tes Sustainability Products Pte. Ltd, Tes C Pte. Ltd, SK oceanplant Co., Ltd., Goseong Holdings Ltd., SAM KANG S&C Co., Ltd., Econovation, LLC, SK Specialty Co., Ltd., SK Specialty Japan Co., Ltd., SK Specialty Taiwan Co., Ltd., SK Specialty Jiangsu Co., Ltd., SK Specialty (Xian) Co., Ltd., SK Specialty(Shanghai) Co., Ltd., Happy Companion Co., Ltd., SK Tri Chem Co., Ltd., SK Resonac Co., Ltd., SK Materials airplus Inc., SK Materials Performance Co., Ltd., SK Materials JNC Co., Ltd., SK JNC Japan Co., Ltd., SK Materials G14 Co., Ltd., SK Materials G14 (Shanghai) Co., Ltd., SK Siltron Co., Ltd., SK Siltron America, Inc., SK Siltron Japan, Inc., SK Siltron Shanghai Co., Ltd., SK Siltron USA, Inc., SK Siltron CSS, LLC, SK Siltron CSS Korea Co., Ltd., Happyfilling Co., Ltd., Teraon Co., Ltd., SK Biopharmaceuticals Co., Ltd., SK Life Science, Inc. SK Bio-Pharma Tech (Shanghai) Co.,Ltd., SK S.E.Asia Pte. Ltd., Essencore Limited, Essencore (Shenzhen) Limited, Essencore Pte. Ltd., GigaX Europe kft., SK China Company, Ltd., SK Property Investment Management Co., Ltd., SK Industrial Development China Co., Ltd., Shanghai SKY Real Estate Development Co., Ltd., Beijing Lizhi Weixin Technology Co., Ltd., SK China Investment Management Co., Ltd., SK Networks (Liaoning) Logistics Co., Ltd., SK International Agro-Products Logistics Development Co., Ltd., SK International Agro-Sideline Products Park Co., Ltd., SK Auto Service Hong Kong Co., Ltd., Skyline Auto Financial Leasing Co., Ltd., SK Financial Leasing Co., Ltd., SK China (Beijing) Co., Ltd., SKY Property Management Ltd., SK China Real Estate Co., Ltd., SKY Investment Co., Ltd., SKY (Zhuhai Hengqin) Technology Co., Ltd., SK C&C Beijing Co., Ltd., SK C&C Chengdu Co., Ltd., SK C&C India Pvt. Ltd., SK C&C USA, Inc., S&G Technology, Saturn Agriculture Investment Co., Ltd., SK Investment Management Co., Ltd., SK Mobility Investments Company Limited, SK Semiconductor Investments Co., Ltd., Gemini Partners Pte. Ltd., Solaris Partners Pte. Ltd., Solaris GEIF Investment, SK GI Management, Plutus Capital NY, Inc., Hudson Energy NY, LLC, Hudson Energy NY II, LLC, Hudson Energy NY III, LLC, Grove Energy Capital LLC, Grove Energy Capital II, LLC, Grove Energy Capital III, LLC, Wonderland NY, LLC, Atlas NY LLC, SK South East Asia Investment Pte. Ltd., SK Investment Vina I Pte. Ltd., SK Investment Vina II Pte. Ltd., SK Investment Vina III Pte. Ltd., MSN Investment Pte. Ltd., Imexpharm Corporation, Linh Nam Ventures JSC, Lien Khuong Internatonal JSC, Dong Kinh Capital JSC, Lac Son Investment JSC, KBA Investment Joint Stock Company, Cong Thang Alpha JSC, Eastern Vision Investment JSC, Truong Luu Chi Invest JSC, An Nam Phu Investment JSC, Zion Son Kim JSC, Sunrise Kim Investment Joint Stock Company, SK Investment Vina V Pte. Ltd., SK Investment Vina VI Pte. Ltd., SK Investment Vina IV Pte. Ltd., SK Malaysia Investment I Pte. Ltd., SK Pharmteco Inc., SK Biotek Co., Ltd., SK BIOTEK IRELAND LIMITED, Crest Acquisition LLC, Yposkesi, SAS, Abrasax Investment Inc., Fine Chemicals Holdings Corp., AMPAC Fine Chemicals, LLC, AMPAC Fine Chemicals Texas, LLC, AMPAC Fine Chemicals Virginia, LLC, Golden Pearl EV Solutions Limited, Socar Mobility Malaysia, Sdn. Bhd., Future Mobility Solutions Sdn. Bhd., PT Future Mobility Solutions, Einstein Cayman Limited, I Cube Capital Inc., I Cube Capital Hong Kong 1. LP Limited, Tellus Investment Partners, Inc., Primero Protein LLC, Terra Investment Partners LLC, Terra Investment Partners II, LLC, Castanea Bioscience Inc., SK Forest Co., Ltd., Hweechan Co., Ltd., SK Pinx Co., Ltd., SK REIT Co., Ltd., Clean Energy REITs Co., Ltd., Clean Industrial Reit Co., Ltd., Total Value 1 REIT Co., Ltd., SK REITs Management Co., Ltd., SK Japan Investment Inc., SK Signet Inc., SK Signet America Inc., SK Signet Manufacturing Texas LLC, Auxo Capital Inc., SK Global Development Advisors LLC, Auxo Capital Managers LLC, Tellus (HONG KONG) Investment Co., Ltd., Digital Center Capital Inc., Martis Capital, LLC, Tillandsia, Inc., Energy Solution Group, Inc., Atom Power, Inc., Skyline Mobility, Inc., Ackerton Partners, SK Power-tech Co., Ltd., Evertch Enterprise Co., Ltd., Chamaedorea, Inc., Areca, Inc., 8 Rivers Europe Ltd., 8 Rivers Services, LLC, Broadwing Company C, LLC, Broadwing Holdings, LLC, Coyote Clean Power, LLC, Coyote Company C, LLC, Coyote Power Holdings, LLC, Crossbill Clean</p>

SK Inc.

**Notes to the condensed separate interim financial statements
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26. Transactions with related parties (cont'd)

Subsidiaries (total 697)	Related parties
	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, 8 Rivers Capital LLC

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

Subsidiary	Company name	June 30, 2023			
		Sales and others (*1)		Purchase and others (*2)	
		Three-months	Six-months	Three-months	Six-months
	SK Innovation Co., Ltd.	₩ 16,542	₩ 32,158	₩ 1,858	₩ 3,520
	SK Energy Co., Ltd.	43,400	63,953	-	-
	SK Geo Centric Co., Ltd.	11,560	20,858	-	-
	SK Incheon Petrochem Co., Ltd.	7,591	12,263	-	-
	SK Enmove Co., Ltd.	3,480	6,550	-	-
	SK On Co., Ltd.	26,213	39,595	-	-
	SK On Hungary Kft.	38,986	61,484	-	-
	SK Mobile Energy Co., Ltd.	106	177	43	49
	SK USA, Inc.	9	17	696	2,224
	SK Ecoplant Co., Ltd.	9,405	25,934	-	-
	SKC Co., Ltd.	1,636	20,584	-	-
	SK E&S Co., Ltd.	4,571	492,479	-	-
	SK Telecom Co., Ltd.	154,583	301,936	2,833	6,265
	SK Broadband Co., Ltd.	28,618	52,902	2,033	4,094
	SK Planet Co., Ltd.	3,391	6,823	-	-
	SK Square Co., Ltd.	1,454	2,329	-	-
	SK Networks Co., Ltd.	5,821	24,762	790	3,571
	SK Magic Co., Ltd.	3,692	7,656	63	121
	SK Specialty Co., Ltd.	1,777	153,499	185	366
	SK Tri Chem Co., Ltd.	168	45,836	23	47
	SK Siltron Co., Ltd.	7,169	13,285	-	-
	SK Pinx Co., Ltd.	60	106	155	3,716
	SK REIT Co., Ltd.	5,610	11,199	10,019	20,039
	SK Materials airplus Inc.	1,642	302,670	-	-
	SK Shieldus Co., Ltd.	3,177	6,517	4,144	8,762
	SK C&C Beijing Co., Ltd.	253	5,481	2,885	4,800
	SK C&C USA, Inc.	66,256	69,446	-	6
	Others	83,981	163,059	2,627	3,964
Other related parties	SK hynix Inc.	88,711	174,756	3,699	7,386
	THiRA-UTECH Co., Ltd	-	-	1,366	1,881
	SMCore Inc.	31	459	18,798	28,237
	Others	3,045	7,850	6,671	8,343
Others (*3)	SK Gas Co., Ltd.	3,653	7,482	-	-
	SK Chemicals Co., Ltd.	1,616	2,818	-	-
	Others	7,872	12,001	121	606
		<u>₩ 636,079</u>	<u>₩ 2,148,924</u>	<u>₩ 59,009</u>	<u>₩ 107,997</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.

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

		June 30, 2022			
Company name		Sales and others (*1)		Purchase and others (*2)	
Subsidiary		Three months	Six months	Three months	Six months
	SK Innovation Co., Ltd.	₩ 19,364	₩ 38,298	₩ 2,030	₩ 4,521
	SK Energy Co., Ltd.	26,737	44,689	-	-
	SK Geo Centric Co., Ltd.	9,762	19,070	-	-
	SK Incheon Petrochem Co., Ltd.	5,890	9,624	-	-
	SK Enmove Co., Ltd.	3,539	5,853	-	-
	SK On Co., Ltd.	10,339	28,372	-	243
	SK On Hungary Kft.	1,231	3,785	-	-
	SK Mobile Energy Co., Ltd.	63	143	2,907	2,925
	SK USA, Inc.	11	23	463	1,238
	SK Ecoplant Co., Ltd.	6,015	24,140	39	39
	SKC Co., Ltd.	2,031	20,526	-	-
	SK E&S Co., Ltd.	7,054	274,201	-	-
	SK Telecom Co., Ltd.	138,410	324,171	3,000	5,693
	SK Broadband Co., Ltd.	26,843	50,844	2,037	4,071
	SK Planet Co., Ltd.	4,104	7,392	-	-
	SK Square Co., Ltd.	1,869	3,271	-	-
	SK Networks Co., Ltd.	8,170	27,700	1,032	39,893
	SK Magic Co., Ltd.	7,360	11,329	47	92
	SK Specialty Co., Ltd.	1,457	4,986	114	149
	SK Tri Chem Co., Ltd.	138	71,845	-	-
	SK Siltron Co., Ltd.	7,059	13,108	-	-
	SK Pinx Co., Ltd.	537	1,810	331	3,940
	SK REIT Co., Ltd.	5,560	10,995	9,814	19,627
	SK Materials airplus Inc.	10,118	10,931	-	-
	SK Shieldus Co., Ltd.	5,716	10,017	5,044	8,599
	SK C&C Beijing Co., Ltd.	342	3,554	2,254	4,188
	SK C&C USA, Inc.	2,507	5,750	-	36
	Others	35,672	155,503	(613)	2,999
Other related parties	SK hynix Inc.	121,723	219,970	3,634	7,254
	THIRA-UTECH Co., Ltd	-	-	1,804	4,096
	SMCore Inc.	324	354	-	-
	Others	5,665	11,763	2,265	3,202
Others (*3)	SK Gas Co., Ltd.	5,240	8,462	-	-
	SK Chemicals Co., Ltd.	1,892	3,512	-	-
	Others	2,500	4,122	117	234
		₩ 485,242	₩ 1,430,113	₩ 36,319	₩ 113,039

(*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 June 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

		June 30, 2023					
		Receivables			Payables		
		Trade	Other	Total	Trade	Other	Total
Company name		receivables	receivables		payables	payables	
Subsidiaries	SK Innovation Co., Ltd.	₩ 14,721	₩ 278,225	₩ 292,946	₩ -	₩ 29,436	₩ 29,436
	SK Energy Co., Ltd.	6,869	-	6,869	-	-	-
	SK Geo Centric Co., Ltd.	7,576	-	7,576	-	-	-
	SK Incheon Petrochem Co., Ltd.	1,224	-	1,224	-	-	-
	SK Enmove Co., Ltd.	830	-	830	-	-	-
	SK On Co., Ltd.	14,242	-	14,242	-	7,652	7,652
	SK On Hungary Kft.	53,020	-	53,020	-	1,566	1,566
	SK USA, Inc.	617	-	617	-	915	915
	Plutus Capital NY, Inc.	-	511,312	511,312	-	-	-
	SK Ecoplant Co., Ltd.	6,254	1,198	7,452	-	190	190
	SKC Co., Ltd.	3,858	-	3,858	-	39	39
	SK E&S Co., Ltd.	3,738	-	3,738	-	973	973
	SK Pinx Co., Ltd.	26	-	26	-	32	32
	SK REIT Co., Ltd.	-	26,474	26,474	-	307,827	307,827
	SK Shieldus Co., Ltd.	20,243	-	20,243	983	2,262	3,245
	SK C&C Beijing Co., Ltd.	203	-	203	72	530	602
	SK C&C USA, Inc.	7,855	-	7,855	-	62,004	62,004
	SK Networks Co., Ltd.	3,963	-	3,963	-	95	95
	SK Magic Co., Ltd.	2,836	191	3,027	-	849	849
	SK Telecom Co., Ltd.	49,851	179	50,030	-	2,667	2,667
	SK Broadband Co., Ltd.	21,677	-	21,677	1	1,069	1,070
	SK Planet Co., Ltd.	2,058	-	2,058	-	8	8
	SK Square Co., Ltd.	903	-	903	-	25	25
	SK Specialty Co., Ltd.	640	10	650	-	3,540	3,540
	SK Materials airplus Inc.	1,409	-	1,409	-	220	220
	SK Tri Chem Co., Ltd.	199	-	199	-	212	212
	SK Siltron Co., Ltd.	3,198	-	3,198	-	512	512
	SK Mobile Energy Co., Ltd.	10	-	10	7	41	48
	Others	62,486	6,180	68,666	71	14,001	14,072
Other related parties	SK hynix Inc.	109,600	8,783	118,383	-	28,782	28,782
	THIRA-UTECH Co., Ltd.	-	-	-	205	23	228
	SMCore Inc.	86	-	86	-	-	-
	Others	4,063	-	4,063	119	6,325	6,444
Others (*1)	SK Gas Co., Ltd.	1,202	-	1,202	-	646	646
	SK Chemicals Co., Ltd.	2,057	-	2,057	-	20	20
	Others	4,138	-	4,138	44	2,402	2,446
		<u>₩ 411,652</u>	<u>₩ 832,552</u>	<u>₩ 1,244,204</u>	<u>₩ 1,502</u>	<u>₩ 474,863</u>	<u>₩ 476,365</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 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
	SK Mobile Energy Co., Ltd.	10	-	10	7	-	7
	Others	99,850	296	100,146	647	48,069	48,716
Other related parties	SK hynix Inc.	185,218	8,783	194,001	-	51,786	51,786
	THIRA-UTECH Co., Ltd.	-	-	-	336	-	336
	SMCore Inc.	179	-	179	5,439	1	5,440
	Others	7,841	-	7,841	114	1,431	1,545
Others (*1)	SK Gas Co., Ltd.	1,305	-	1,305	-	79	79
	SK Chemicals Co., Ltd.	2,489	-	2,489	-	49	49
	Others	3,576	-	3,576	-	1,329	1,329
		<u>₩ 576,472</u>	<u>₩ 815,574</u>	<u>₩ 1,392,046</u>	<u>₩ 8,750</u>	<u>₩ 511,055</u>	<u>₩ 519,805</u>

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

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

	June 30, 2023		June 30, 2022	
	Three-months	Six-months	Three-months	Six-months
Salaries	₩ 4,548	₩ 8,840	₩ 6,261	₩ 10,430
Provision for pension benefits	1,154	2,236	741	8,441
Share compensation expense	(5,348)	(7,377)	2,356	2,889
	<u>₩ 354</u>	<u>₩ 3,699</u>	<u>₩ 9,358</u>	<u>₩ 21,760</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 three-month period ended June 30, 2023 are as follows (USD in thousands):

	<u>Currency</u>	<u>Amount</u>	<u>Transactions</u>
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
Proteovant Sciences, Inc.	USD	6,000	Share capital decrease

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

<u>Companies name</u>	<u>Currency</u>	<u>June 30, 2023</u>		<u>June 30, 2022</u>	
		<u>Loans</u>	<u>Withdraws</u>	<u>Loans</u>	<u>Withdraws</u>
Socar Mobility Malaysia, Sdn. Bhd.	USD	10,000	-	-	-

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

27. Assets held for sales

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

		<u>June 30, 2023</u>		<u>December 31, 2022</u>
Investment securities (*1) ESR Cayman Limited	₩	220,624	₩	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 June 30, 2023, the carrying amounts include the valuation loss of ₩40,346 million for ESR Cayman Limited.

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28. Cash flow information

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

	For the six-month period ended	
	June 30, 2023	June 30, 2022
Provision for pension benefits	₩ 19,248	₩ 28,170
Depreciation	49,589	45,405
Amortization	16,677	17,780
Bad debt expenses (reversal)	(1,500)	(2,450)
Provisions transferred in	1,649	3,348
Interest expenses	198,686	115,780
Loss on foreign currency translation	14,122	36,741
Loss on valuation of financial assets measured at FVTPL	70,460	407,991
Loss on valuation of derivative instruments	21,864	38,960
Loss on disposal of investments in subsidiaries, associates and joint ventures	769	-
Loss on impairment of investments in subsidiaries, associates and joint ventures	215,045	-
Loss on disposal of property, plant and equipment	2	1
Loss on disposal of intangible assets	-	35
Loss on impairment of intangible assets	21,686	-
Share-based payment expenses (reversal)	(7,377)	2,889
Income tax benefit	(25,156)	(10,800)
Dividends income	(1,174,235)	(644,723)
Interest income	(16,778)	(11,954)
Gain on foreign currency translation	(18,659)	(42,524)
Gain on disposal of investments in subsidiaries, associates and joint ventures	-	(391,808)
Gain on valuation of financial assets measured at FVTPL	(7,508)	(11,173)
Gain on valuation of derivative instruments	(15,961)	(31,255)
Gain on disposal of property, plant and equipment	(216)	(1)
Gain on disposal of intangible assets	-	(118)
Others	(8)	1,036
	<u>₩ (637,601)</u>	<u>₩ (448,670)</u>

28. Cash flow information (cont'd)

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

	For the six-month period ended	
	June 30, 2023	June 30, 2022
Trade receivables	₩ 190,481	₩ (7,596)
Other receivables	(9,626)	2,941
Inventories	9	(32)
Advanced payments	(31,756)	1,906
Lease receivables	18,206	18,311
Prepaid expenses	(6,804)	(21,039)
Trade payables	3,220	24,952
Advances received	39,037	67,945
Withholdings	(10,243)	1,344
Other payables	(80,401)	(60,369)
Accrued expenses	20,622	(30,294)
Leasehold deposits received	300	-
Provision	(2,646)	(2,372)
Defined benefit obligation	391	(8,164)
Plan assets	106	10,861
Others	6,359	(433)
	<u>₩ 137,255</u>	<u>₩ (2,039)</u>

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

	For the six-month period ended	
	June 30, 2023	June 30, 2022
Transfer of long-term bonds to current-portion	₩ 799,403	₩ 769,282
Decrease in other payables regarding the acquisition of property, plant and equipment	1,920	1,071
Transfer of loans to non-current portion	(75)	460,546

29. Commitments and contingencies

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

	<u>Currency</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Seoul Guarantee Insurance	KRW	17,980	23,553
Korea Software Financial Cooperative	KRW	538,305	529,372

(2) Pending litigation

There are no major pending litigations as of June 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 June 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 June 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 June 30, 2023 and December 31, 2022 are as follows (Korean won in millions, and USD, EUR and Others in thousands):

	Currency	June 30, 2023		December 31, 2022	
		Foreign currencies	Korea won equivalent	Foreign currencies	Korea won equivalent
Assets	USD	421,558	₩ 553,422	425,050	₩ 538,666
	EUR	393	560	2,139	2,891
	Others		5,848		46,857
			₩ 559,830		₩ 588,414
Liabilities	USD	301,629	₩ 395,978	451,263	₩ 571,886
	EUR	6	8	3	3
	Others		1,023		893
			₩ 397,009		₩ 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):

	June 30, 2023		December 31, 2022	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Increase (decrease) in income before tax expense	₩ 16,283	₩ (16,283)	₩ 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 June 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>June 30, 2023</u>	<u>December 31, 2022</u>
Short-term and long-term financial instruments	₩ 115,515	₩ 137,416
Trade receivables	235,571	527,250
Other receivables	16,775	1,391
Accrued income	4,400	244
Short-term and long-term investment securities	210,057	201,838
Short-term and long-term guarantee deposits	51,557	53,069
Short-term and long-term lease receivables	272,785	286,958
Short-term and long-term loans	523,404	492,695
Financial derivatives asset	218,684	218,211
	<u>₩ 1,648,748</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 June 30, 2023 is as follows. Amounts include interests paid and presented at gross amounts (Korean won in millions):

	Book value	Contractual cash flow	Less than 3 months	3-12 months	1-5 years	More than 5 years
Short-term and long-term borrowings	₩ 3,298,423	₩ 3,336,799	₩ 1,240,928	₩ 1,686,746	₩ 409,125	₩ -
Bonds	7,119,253	7,815,589	395,418	1,042,741	4,948,714	1,428,716
Financial derivatives liabilities	391,370	391,370	179	18,384	372,807	-
Trade accounts payables	128,543	128,543	128,543	-	-	-
Lease liabilities	388,466	424,517	20,761	58,245	212,267	133,244
Other liabilities	114,254	119,997	89,709	722	-	29,566
	<u>₩ 11,440,309</u>	<u>₩ 12,216,815</u>	<u>₩ 1,875,538</u>	<u>₩ 2,806,838</u>	<u>₩ 5,942,913</u>	<u>₩ 1,591,526</u>

30.4 Capital management

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

The Company maintains a debt ratio of 72.93% as of June 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 June 30, 2023 and December 31, 2022 are as follows (Korean won in millions):

	June 30, 2023	December 31, 2022
Total liabilities	₩ 12,026,830	₩ 12,563,449
Total equity	16,490,002	15,887,799
Debt ratio	72.93%	79.08%

31. Subsequent events

31.1 Interim dividend

The Company resolved its interim dividend at its board of directors meeting dated July 26, 2023, and the main contents are as follows:

	Description
Dividends	₩1,500 per share (total amount : ₩83,649 million)
Market dividend rate	1.0% for ordinary stock, 1.2% for preferred stock
Dividend base date	August 10, 2023
Dividend payout date	One month from the date of resolution of the board of directors Based on Article 464-2 (1) of the Commercial Act