



# **SK Inc.**

Interim condensed separate financial statements  
for the three-month and six-month periods ended June 30, 2021 and 2020  
with the independent auditor's review report

## Table of contents

Report on review of interim condensed separate financial statements	
Interim condensed separate financial statements	Page
Interim condensed separate statements of financial position	1
Interim condensed separate statements of comprehensive income (loss)	2
Interim condensed separate statements of changes in equity	4
Interim condensed separate statements of cash flows	5
Notes to the interim condensed separate financial statements	6

## Independent auditors' report

### Report on review of interim condensed separate financial statements

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

We have reviewed the accompanying interim condensed separate financial statements of SK Inc. (the "Company"), which comprise the interim condensed separate statement of financial position as of June 30, 2021, and the related interim condensed separate statements of comprehensive income (loss) for the three-month and six-month periods ended June 30, 2021 and 2020, interim condensed separate statements of changes in equity and interim condensed separate statements of cash flows for the six-month periods then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the interim condensed separate financial statements**

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

#### **Auditors' responsibility**

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

We conducted our review in accordance with the review standard for interim financial statements in 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 Auditing Standards (KGAAS) and, consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed separate financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

**Other matter**

We have audited the separate statement of financial position of the Company as of December 31, 2020, and the related separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended (not presented herein) in accordance with KGAAS, and our report dated March 12, 2021 expressed an unqualified opinion thereon. The accompanying separate statement of financial position as of December 31, 2020, presented for comparative purposes is not different, in all material respects, from the above audited separate statement of financial position.



August 13, 2021

This review report is effective as of August 13, 2021, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's review report to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed separate financial statements and may result in modifications to this review report.

# **SK Inc.**

Interim condensed separate financial statements  
for the three-month and six-month periods ended June 30, 2021 and 2020

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

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

**SK Inc.**  
**Interim condensed separate statements of financial position**  
**as of June 30, 2021 and December 31, 2020**

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

	Notes	Korean won		Translation into U.S. dollar (Note 2)	
		June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
		(Unaudited)		(Unaudited)	
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	4	₩ 116,101	₩ 79,743	\$ 102,744	\$ 70,569
Short-term financial instruments	4,30	252,801	238,046	223,718	210,660
Trade receivables, net	4,5,26,30	467,295	474,735	413,535	420,119
Other receivables, net	4,26,30	1,301	3,747	1,151	3,316
Inventories, net	6	172	142	152	126
Other current assets	4,17,18,26,30	499,942	58,814	442,427	52,048
Assets held for sales	27	681,350	697,130	602,965	616,929
<b>Total current assets</b>		<b>2,018,962</b>	<b>1,552,357</b>	<b>1,786,692</b>	<b>1,373,767</b>
Non-current assets:					
Long-term investment securities	4,7,30	683,937	674,891	605,254	597,249
Investments in subsidiaries	8	18,999,757	18,025,048	16,813,944	15,951,370
Investments in associates and joint ventures	9	613,361	354,632	542,797	313,834
Property, plant and equipment, net	10	539,569	534,196	477,495	472,740
Right-of-use asset, net	11	82,683	93,981	73,171	83,169
Investment properties, net	12	7,487	7,845	6,626	6,942
Intangible assets, net	13	2,165,075	2,154,137	1,915,996	1,906,316
Other non-current assets	4,17,18,26,30	195,183	195,310	172,728	172,841
<b>Total non-current assets</b>		<b>23,287,052</b>	<b>22,040,040</b>	<b>20,608,011</b>	<b>19,504,461</b>
<b>Total assets</b>		<b>₩ 25,306,014</b>	<b>₩ 23,592,397</b>	<b>\$ 22,394,703</b>	<b>\$ 20,878,228</b>
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Current liabilities:					
Short-term borrowings	4,14,30	₩ 1,325,000	₩ 715,000	\$ 1,172,566	\$ 632,743
Trade payables	4,26,30	113,984	85,276	100,871	75,465
Other payables	4,26,30	70,989	123,310	62,822	109,124
Accrued expenses	4,26,30	162,891	78,106	144,151	69,120
Provisions	15	4,850	6,147	4,292	5,440
Current portion of long-term debt	4,14,30	999,917	1,051,406	884,882	930,448
Other current liabilities	4,11,17,18,26,30	740,112	450,384	654,966	398,570
<b>Total current liabilities</b>		<b>3,417,743</b>	<b>2,509,629</b>	<b>3,024,550</b>	<b>2,220,910</b>
Non-current liabilities:					
Bonds payable	4,14,30	5,496,324	5,336,808	4,864,004	4,722,839
Defined benefit liabilities	16	71,585	42,390	63,350	37,513
Deferred tax liabilities	24	316,044	324,386	279,685	287,067
Provisions	15	2,314	2,314	2,048	2,048
Other non-current liabilities	4,11,17,18,26,30	309,404	545,307	273,809	482,573
<b>Total non-current liabilities</b>		<b>6,195,671</b>	<b>6,251,205</b>	<b>5,482,896</b>	<b>5,532,040</b>
<b>Total liabilities</b>		<b>9,613,414</b>	<b>8,760,834</b>	<b>8,507,446</b>	<b>7,752,950</b>
<b>Equity</b>					
Issued capital	1,19	15,385	15,385	13,615	13,615
Other paid-in capital	19	3,506,655	3,506,168	3,103,235	3,102,804
Retained earnings	19	12,162,385	11,301,835	10,763,172	10,001,624
Other components of equity	19	8,175	8,175	7,235	7,235
<b>Total equity</b>		<b>15,692,600</b>	<b>14,831,563</b>	<b>13,887,257</b>	<b>13,125,278</b>
<b>Total liabilities and equity</b>		<b>₩ 25,306,014</b>	<b>₩ 23,592,397</b>	<b>\$ 22,394,703</b>	<b>\$ 20,878,228</b>

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

**SK Inc.**  
**Interim condensed separate statements of comprehensive income (loss)**  
**for the three-month and six-month periods ended June 30, 2021 and 2020**  
(Korean won in millions, except earnings (losses) per share)

	Notes	Korean won			
		June 30, 2021 (Unaudited)		June 30, 2020 (Unaudited)	
		Three months	Six months	Three months	Six months
<b>Operating revenue</b>	20,26	₩ 469,321	₩ 1,367,025	₩ 498,072	₩ 1,943,032
<b>Operating expenses</b>	21,22,26	<u>447,623</u>	<u>856,277</u>	<u>454,087</u>	<u>847,078</u>
<b>Operating profit</b>		<b>21,698</b>	<b>510,748</b>	<b>43,985</b>	<b>1,095,954</b>
Finance income	23	6,133	25,283	3,259	6,439
Finance costs	23	22,988	113,712	45,139	95,840
Other non-operating income	23	278	1,070,274	257,394	259,131
Other non-operating expenses	23	8,078	10,459	12,635	16,126
<b>Profit (loss) before income tax expense</b>		<b>(2,957)</b>	<b>1,482,134</b>	<b>246,864</b>	<b>1,249,558</b>
<b>Income tax expense</b>	24	<u>2,473</u>	<u>302,909</u>	<u>193,502</u>	<u>213,300</u>
<b>Profit (loss) for the period</b>		<u>₩ (5,430)</u>	<u>₩ 1,179,225</u>	<u>₩ 53,362</u>	<u>₩ 1,036,258</u>
<b>Other comprehensive loss:</b>					
Items not to be reclassified to loss in subsequent periods:					
Remeasurement loss on defined benefit plans	16	<u>(3,773)</u>	<u>(1,419)</u>	<u>(10,035)</u>	<u>(13,837)</u>
<b>Total comprehensive income (loss) for the period</b>		<u>₩ (9,203)</u>	<u>₩ 1,177,806</u>	<u>₩ 43,327</u>	<u>₩ 1,022,421</u>
<b>Earnings (losses) per share (Korean won):</b>	25				
Basic earnings (losses) per share		₩ (136)	₩ 22,495	₩ 999	₩ 19,779
Diluted earnings (losses) per share		(136)	22,448	997	19,759

(Continued)

SK Inc.

Interim condensed separate statements of comprehensive income (loss)  
for the three-month and six-month periods ended June 30, 2021 and 2020 (cont'd)

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

	Notes	Translation into U.S. dollar (Note 2)			
		June 30, 2021 (Unaudited)		June 30, 2020 (Unaudited)	
		Three months	Six months	Three months	Six months
Operating revenue	20,26	\$ 415,328	\$ 1,209,757	\$ 440,772	\$ 1,719,497
Operating expenses	21,22,26	396,127	757,767	401,847	749,627
<b>Operating profit</b>		<b>19,201</b>	<b>451,990</b>	<b>38,925</b>	<b>969,870</b>
Finance income	23	5,427	22,374	2,884	5,698
Finance costs	23	20,343	100,630	39,946	84,814
Other non-operating income	23	246	947,145	227,782	229,319
Other non-operating expenses	23	7,148	9,256	11,181	14,270
<b>Profit (loss) before income tax expense</b>		<b>(2,617)</b>	<b>1,311,623</b>	<b>218,464</b>	<b>1,105,803</b>
Income tax expense	24	2,188	268,061	171,241	188,761
<b>Profit (loss) for the period</b>		<b>\$ (4,805)</b>	<b>\$ 1,043,562</b>	<b>\$ 47,223</b>	<b>\$ 917,042</b>
<b>Other comprehensive loss:</b>					
Items not to be reclassified to loss in subsequent periods:					
Remeasurement loss on defined benefit plans	16	(3,339)	(1,256)	(8,881)	(12,245)
<b>Total comprehensive income (loss) for the period</b>		<b>\$ (8,144)</b>	<b>\$ 1,042,306</b>	<b>\$ 38,342</b>	<b>\$ 904,797</b>
<b>Earnings (losses) per share (U.S. dollar):</b>	25				
Basic earnings (losses) per share		\$ (120)	\$ 19,907	\$ 884	\$ 17,504
Diluted earnings (losses) per share		(120)	19,865	882	17,486

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

**SK Inc.**  
**Interim condensed separate statements of changes in equity**  
**for the six-month periods ended June 30, 2021 and 2020**  
(Korean won in millions and U.S. dollar in thousands)

	Issued capital	Other paid-in capital	Retained earnings	Other components of equity	Total equity
<b>As of January 1, 2020</b>	₩ 15,385	₩ 3,504,680	₩ 9,870,812	₩ 11,685	₩ 13,402,562
Total comprehensive income for the period:					
Profit for the period	-	-	1,036,258	-	1,036,258
Remeasurement loss on defined benefits plans	-	-	(13,837)	-	(13,837)
Dividends	-	-	(211,503)	-	(211,503)
Stock option	-	426	-	-	426
<b>As of June 30, 2020 (Unaudited)</b>	₩ 15,385	₩ 3,505,106	₩ 10,681,730	₩ 11,685	₩ 14,213,906
<b>As of January 1, 2021</b>	₩ 15,385	₩ 3,506,168	₩ 11,301,835	₩ 8,175	₩ 14,831,563
Total comprehensive income for the period:					
Profit for the period	-	-	1,179,225	-	1,179,225
Remeasurement loss on defined benefits plans	-	-	(1,419)	-	(1,419)
Dividends	-	-	(317,256)	-	(317,256)
Stock option	-	368	-	-	368
Proceeds from disposal of treasury shares	-	119	-	-	119
<b>As of June 30, 2021 (Unaudited)</b>	₩ 15,385	₩ 3,506,655	₩ 12,162,385	₩ 8,175	₩ 15,692,600
	\$ 13,615	\$ 3,101,487	\$ 8,735,232	\$ 10,341	\$ 11,860,674
<b>As of January 1, 2020</b>					
Total comprehensive income:					
Profit for the period	-	-	917,042	-	917,042
Remeasurement loss on defined benefits plans	-	-	(12,245)	-	(12,245)
Dividends	-	-	(187,171)	-	(187,171)
Stock option	-	377	-	-	377
<b>As of June 30, 2020 (Unaudited)</b>	\$ 13,615	\$ 3,101,864	\$ 9,452,858	\$ 10,341	\$ 12,578,677
<b>As of January 1, 2021</b>	\$ 13,615	\$ 3,102,804	\$ 10,001,624	\$ 7,235	\$ 13,125,278
Total comprehensive income:					
Profit for the period	-	-	1,043,562	-	1,043,562
Remeasurement loss on defined benefits plans	-	-	(1,256)	-	(1,256)
Dividends	-	-	(280,758)	-	(280,758)
Stock option	-	326	-	-	326
Proceeds from disposal of treasury shares	-	105	-	-	105
<b>As of June 30, 2021 (Unaudited)</b>	\$ 13,615	\$ 3,103,235	\$ 10,763,172	\$ 7,235	\$ 13,887,257

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

SK Inc.

Interim condensed separate statements of cash flows  
for the six-month periods ended June 30, 2021 and 2020

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

		For the six-month periods ended June 30			
		Korean won		Translation into U.S. dollar (Note 2)	
		2021	2020	2021	2020
Notes		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities:</b>					
	Profit for the period	₩ 1,179,225	₩ 1,036,258	\$ 1,043,562	\$ 917,042
	Non-cash adjustments	28 (1,042,429)	(875,732)	(922,504)	(774,984)
	Working capital adjustments	28 (15,563)	(25,541)	(13,773)	(22,603)
	Interest received	1,335	2,431	1,181	2,151
	Interest paid	(78,902)	(97,165)	(69,825)	(85,987)
	Dividends received	446,356	995,283	395,005	880,781
	Income taxes refund (paid)	(269,474)	6,225	(238,473)	5,509
	<b>Net cash provided by operating activities</b>	<b>220,548</b>	<b>1,041,759</b>	<b>195,173</b>	<b>921,909</b>
<b>Cash flows from investing activities:</b>					
	Decrease in short-term and long-term financial instruments, net	(14,755)	(43,792)	(13,058)	(38,754)
	Increase (decrease) in loans, net	(430,341)	3,036	(380,833)	2,687
	Proceeds from disposal of investments in subsidiaries	1,108,137	303,255	980,652	268,367
	Proceeds from disposal of investments in associates	42,537	-	37,643	-
	Proceeds from disposal of property, plant and equipment	33	209	29	185
	Proceeds from disposal of intangible assets	1,996	-	1,766	-
	Acquisition of long-term investment securities	(31,477)	(61,972)	(27,856)	(54,842)
	Acquisition of investments in subsidiaries	(998,050)	(135,692)	(883,230)	(120,081)
	Acquisition of investments in associates	(183,687)	(67,646)	(162,555)	(59,864)
	Acquisition of property, plant and equipment	(22,652)	(30,252)	(20,046)	(26,772)
	Acquisition of intangible assets	(26,698)	(27,061)	(23,627)	(23,948)
	Increase (decrease) in guarantee deposits, net	725	(2,336)	642	(2,067)
	<b>Net cash used in investing activities</b>	<b>(554,232)</b>	<b>(62,251)</b>	<b>(490,473)</b>	<b>(55,089)</b>
<b>Cash flows from financing activities:</b>					
	Increase (decrease) in short-term borrowings, net	610,000	(740,000)	539,823	(654,867)
	Issuance of bonds payable	647,245	607,413	572,783	537,534
	Payment of dividends	(317,250)	(211,503)	(280,752)	(187,171)
	Repayment of current portion of long-term debt	(540,000)	(530,000)	(477,876)	(469,027)
	Decrease in lease liabilities	(30,186)	(26,169)	(26,713)	(23,158)
	<b>Net cash provided by (used in) financing activities</b>	<b>369,809</b>	<b>(900,259)</b>	<b>327,265</b>	<b>(796,689)</b>
	<b>Net increase in cash and cash equivalents</b>	<b>36,125</b>	<b>79,249</b>	<b>31,965</b>	<b>70,131</b>
	<b>Net foreign exchange effects</b>	<b>233</b>	<b>116</b>	<b>210</b>	<b>102</b>
	<b>Cash and cash equivalents at the beginning of the period</b>	<b>79,743</b>	<b>57,805</b>	<b>70,569</b>	<b>51,155</b>
	<b>Cash and cash equivalents at the end of the period</b>	<b>₩ 116,101</b>	<b>₩ 137,170</b>	<b>\$ 102,744</b>	<b>\$ 121,388</b>

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

## **1. Corporate information**

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

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

As of June 30, 2021, the issued capital of the Company amounts to ₩15,385 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 18.44%, 7.93% and 6.85% respectively, as of June 30, 2021.

## **2. Summary of basis of preparation and significant accounting policies**

### **2.1 Basis of preparation**

The Company prepares statutory interim condensed separate financial statements in the Korean language in accordance with KIFRS 1034 *Interim Financial Reporting* enacted by the Act on External Audit of Stock Companies. The accompanying interim condensed separate financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s review report thereon, the Korean version, which used for regulatory reporting purposes, shall prevail.

The interim condensed separate financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements as of December 31, 2020.

The accompanying interim condensed separate financial statements are stated in Korean won, the currency of the country in which the Company is incorporated and operates. The translation of Korean won amounts into U.S. dollar amounts is included solely for the convenience of readers of the interim condensed separate financial statements and has been made at the rate of ₩1,130.00 to USD 1.00, the basic exchange rate in the Seoul Money Brokerage Service for cable transfers in Korean won on the last business day of the year ended June 30, 2021. Such translations into U.S. dollar should not be construed as representations that the Korean won amounts could be converted into U.S. dollar at that or any other rate.

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

### **2.2 Significant accounting policies**

The accounting policies adopted in the preparation of the interim condensed separate financial statements are consistent with those followed in the preparation of the Company’s annual separate financial statements for the year ended December 31, 2020, except for the adoption of new standards and interpretations effective as of January 1, 2021.

### 2.2.1 New and revised KIFRSs adopted in the current period

The Company has applied amendments to KIFRS issued that are mandatorily effective for accounting periods beginning on or after January 1, 2021.

#### **KIFRS 1109 *Financial Instruments*, KIFRS 1039 *Financial Instruments: Recognition and Measurement*, KIFRS 1107 *Financial Instruments: Disclosures*, KIFRS 1104 *Insurance Contracts* and KIFRS 1116 *Leases (Amended)***

The amendments provide exception not to recognize gains or losses on remeasurement of financial instruments when the replacement of interest rate benchmark for financial instruments measured at amortized cost meets certain requirements that do not change their economic substance. It also includes exceptions to hedge accounting when certain conditions are met if replacements to interest rate benchmark occur in the hedging relationship. The amendments do not have any significant impact on the Company's financial position or management performance.

### 2.2.2 New and revised KIFRSs issued, but not yet effective

#### **KIFRS 1001 *Presentation of Financial Statements (Amended)***

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

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

The amendments clarify that the costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. The Company plans to apply the standard for annual reporting period beginning on or after January 1, 2022, with early application permitted.

#### **KIFRS 1016 - *Property, Plant and Equipment (Amended)***

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The Company plans to apply the standard for annual reporting period beginning on or after January 1, 2022 and an entity should apply the amendments retrospectively to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements.

#### **KIFRS 1103 - *Business combinations (Amended)***

The amendments update KIFRS 1103 so that the definition of assets and liabilities to be recognized in a business combinations is referred to the 2018 Conceptual Framework and add a exception that, for transactions and other events within the scope of KIFRS 1037, 'Provisions, Contingent Liabilities and Contingent Assets' or KIFRS 2121, 'Levies', an acquirer applies KIFRS 1037 or KIFRS 2121 and clarify that contingent assets are not recognized on the acquisition date. The Company plans to apply the standard for annual reporting period beginning on or after January 1, 2022, with early application permitted.

## **2.2.2 New and revised KIFRSs issued, but not yet effective (cont'd)**

### **KIFRS 1116 Leases (Amended)**

The application of the practical expedient, which provides relief to lessees from applying KIFRS 1116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic has been extended to lease reductions affecting the lease payments before June 30, 2022. A lessee should consistently apply practical expedients to similar contracts with similar characteristics. The Group plans to apply the other amendments for annual reporting period beginning on or after April 1, 2021, with early application permitted.

### **2018-2020 Annual improvements to KIFRS**

The annual improvements include some amendments to KIFRS 1101 'First-time Adoption of KIFRS', KIFRS 1109 'Financial Instruments', KIFRS 1116 'Leases' and KIFRS 1041 'Agriculture'. The amendments to KIFRS 1116 are relevant only to the illustrative examples and thus the effective date for the amendment was not specified. Company plans to apply the other amendments for annual reporting period beginning on or after January 1, 2022, 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 interim condensed separate financial statements, management is required to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Actual results may be different from those estimates.

Those accounting judgments made by management in the preparation of the interim condensed separate financial statements for the six months period ended June 30, 2021 are consistent with those followed in the preparation of the separate financial statements for the year ended December 31, 2020.

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

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**4. Financial instruments**

**4.1 Financial assets**

Details of financial assets as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	June 30, 2021			Total
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	
<b>Current assets:</b>				
Cash and cash equivalents	₩ 96,035	₩ -	₩ 20,066	₩ 116,101
Short-term financial instruments	227,901	-	24,900	252,801
Trade receivables (*1)	-	-	327,113	327,113
Other receivables	-	-	1,301	1,301
Short-term loans	-	-	439,005	439,005
Accrued income	-	-	4,649	4,649
Guarantee deposits	-	-	8,299	8,299
Lease receivables	-	-	18,438	18,438
Derivative financial assets	66	-	-	66
	<u>324,002</u>	<u>-</u>	<u>843,771</u>	<u>1,167,773</u>
<b>Non-current assets:</b>				
Long-term financial instruments	-	-	3,268	3,268
Long-term investment securities	379,375	304,134	428	683,937
Long-term guarantee deposits	-	-	15,864	15,864
Derivative financial assets	175,924	-	-	175,924
	<u>555,299</u>	<u>304,134</u>	<u>19,560</u>	<u>878,993</u>
	<u>₩ 879,301</u>	<u>₩ 304,134</u>	<u>₩ 863,331</u>	<u>₩ 2,046,766</u>

(\*1) Contract assets (unbilled receivables) amounting to ₩140,182 million as of June 30, 2021 are not included in the financial instruments.

	December 31, 2020			Total
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	
<b>Current assets:</b>				
Cash and cash equivalents	₩ 61,919	₩ -	₩ 17,824	₩ 79,743
Short-term financial instruments	205,146	-	32,900	238,046
Trade receivables (*1)	-	-	359,109	359,109
Other receivables	-	-	3,747	3,747
Accrued income	-	-	66	66
Guarantee deposits	-	-	8,886	8,886
Lease receivables	-	-	33,189	33,189
Derivative financial assets	1,237	-	-	1,237
	<u>268,302</u>	<u>-</u>	<u>455,721</u>	<u>724,023</u>
<b>Non-current assets:</b>				
Long-term financial instruments	-	-	3,268	3,268
Long-term investment securities	374,753	299,730	408	674,891
Long-term guarantee deposits	-	-	16,002	16,002
Derivative financial assets	175,913	-	-	175,913
	<u>550,666</u>	<u>299,730</u>	<u>19,678</u>	<u>870,074</u>
	<u>₩ 818,968</u>	<u>₩ 299,730</u>	<u>₩ 475,399</u>	<u>₩ 1,594,097</u>

(\*1) Contract assets (unbilled receivables) amounting to ₩115,626 million as of December 31, 2020 are not included in the financial instruments.

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**4.2 Financial liabilities**

Details of financial liabilities as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	June 30, 2021		
	Financial liabilities measured at FVTPL	Other financial liabilities	Total
<b>Current liabilities:</b>			
Short-term borrowings	₩ -	₩ 1,325,000	₩ 1,325,000
Trade payables	-	113,984	113,984
Other payables	-	70,989	70,989
Accrued expenses	-	162,891	162,891
Dividends payable	-	162	162
Current portion of long-term debt	-	999,917	999,917
Leasehold deposits received	-	5,622	5,622
Lease liabilities	-	47,326	47,326
Derivative financial liabilities	232,772	-	232,772
	<u>232,772</u>	<u>2,725,891</u>	<u>2,958,663</u>
<b>Non-current liabilities:</b>			
Bonds payable	-	5,496,324	5,496,324
Leasehold deposits received	-	30	30
Long-term lease liabilities	-	57,916	57,916
Derivative financial liabilities	241,800	-	241,800
	<u>241,800</u>	<u>5,554,270</u>	<u>5,796,070</u>
	<u>₩ 474,572</u>	<u>₩ 8,280,161</u>	<u>₩ 8,754,733</u>
<b>December 31, 2020</b>			
	Financial liabilities measured at FVTPL	Other financial liabilities	Total
<b>Current liabilities:</b>			
Short-term borrowings	₩ -	₩ 715,000	₩ 715,000
Trade payables	-	85,276	85,276
Other payables	-	123,310	123,310
Accrued expenses	-	78,106	78,106
Current portion of long-term debt	-	1,051,406	1,051,406
Leasehold deposits received	-	5,639	5,639
Lease liabilities	-	60,787	60,787
Derivative financial liabilities	133	-	133
	<u>133</u>	<u>2,119,524</u>	<u>2,119,657</u>
<b>Non-current liabilities:</b>			
Bonds payable	-	5,336,808	5,336,808
Leasehold deposits received	-	11	11
Long-term lease liabilities	-	67,634	67,634
Derivative financial liabilities	468,032	-	468,032
	<u>468,032</u>	<u>5,404,453</u>	<u>5,872,485</u>
	<u>₩ 468,165</u>	<u>₩ 7,523,977</u>	<u>₩ 7,992,142</u>

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**4.3 Fair values of financial instruments by hierarchy level**

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

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

Details of fair value of financial instruments by hierarchy level as of June 30, 2021 and December 31, 2020 is as follows (Korean Won in millions):

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL	₩ 323,936	₩ -	₩ 379,375	₩ 703,311
Financial assets measured at FVOCI	-	-	304,134	304,134
Derivative financial assets	-	77	175,913	175,990
	<u>₩ 323,936</u>	<u>₩ 77</u>	<u>₩ 859,422</u>	<u>₩ 1,183,435</u>
Financial liabilities:				
Derivative financial liabilities	₩ -	₩ 6,572	₩ 468,000	₩ 474,572
	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL	₩ 267,065	₩ -	₩ 374,753	₩ 641,818
Financial assets measured at FVOCI	-	-	299,730	299,730
Derivative financial assets	-	1,237	175,913	177,150
	<u>₩ 267,065</u>	<u>₩ 1,237</u>	<u>₩ 850,396</u>	<u>₩ 1,118,698</u>
Financial liabilities:				
Derivative financial liabilities	₩ -	₩ 165	₩ 468,000	₩ 468,165

Changes in Level 3 financial assets for the six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

	For the six-month period ended June 30, 2021				
	Beginning balance	Acquisition	Valuation	Transfer	Ending balance
Financial assets measured at FVTPL	₩ 374,753	₩ 21,506	₩ 49	₩ (16,933)	₩ 379,375
Financial assets measured at FVOCI	299,730	9,971	-	(5,567)	304,134
Derivative financial assets	175,913	-	-	-	175,913
	<u>₩ 850,396</u>	<u>₩ 31,477</u>	<u>₩ 49</u>	<u>₩ (22,500)</u>	<u>₩ 859,422</u>
	For the six-month period ended June 30, 2020				
	Beginning balance	Acquisition	Valuation	Transfer	Ending balance
Financial assets measured at FVTPL	₩ 286,497	₩ 58,598	₩ 213	₩ (17,505)	₩ 327,803
Financial assets measured at FVOCI	296,095	3,554	-	-	299,649
Derivative financial assets	384,580	-	-	-	384,580
	<u>₩ 967,172</u>	<u>₩ 62,152</u>	<u>₩ 213</u>	<u>₩ (17,505)</u>	<u>₩ 1,012,032</u>

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**5. Trade receivables**

Details of trade receivables as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Trade receivables:		
Trade receivables	₩ 328,180	₩ 360,505
Contract assets (unbilled receivables)	<u>140,182</u>	<u>115,626</u>
	<u>468,362</u>	<u>476,131</u>
Allowance for doubtful accounts:		
Trade receivables	<u>(1,067)</u>	<u>(1,396)</u>
	<u>₩ 467,295</u>	<u>₩ 474,735</u>

**6. Inventories**

Details of inventories as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	<u>June 30, 2021</u>			<u>December 31, 2020</u>		
	Acquisition	Valuation		Acquisition	Valuation	
	Cost	allowance	Book value	Cost	allowance	Book value
Raw materials	₩ 172	₩ -	₩ 172	₩ 142	₩ -	₩ 142

**7. Investment securities**

(1) Details of investment securities as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	<u>June 30, 2021</u>		<u>December 31, 2020</u>	
	Acquisition		Acquisition	
	Cost	Book value	Cost	Book value
Financial assets measured at FVTPL:				
Equity instruments	₩ 90,790	₩ -	₩ 90,790	₩ -
Debt securities (*1)	304,459	317,297	298,621	311,459
Money invested and others	60,621	62,078	61,886	63,294
Financial assets measured at FVOCI:				
Equity instruments (*2)	293,347	304,134	288,943	299,730
Financial assets measured at amortized cost:				
Debt securities	<u>322</u>	<u>428</u>	<u>322</u>	<u>408</u>
	<u>₩ 749,539</u>	<u>₩ 683,937</u>	<u>₩ 740,562</u>	<u>₩ 674,891</u>

(\*1) Represents convertible redeemable preference shares of GRAB Holdings Inc. and others, convertible bonds of Halio, Inc. (formerly, Kinestral Technologies Inc.) and others.

(\*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 on the first application date.

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

---

**7. Investment securities (cont'd)**

(2) Details of investment securities as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	June 30, 2021		December 31, 2020	
	Acquisition cost	Book value	Acquisition cost	Book value
Non-marketable equity instruments	₩ 384,137	₩ 304,134	₩ 379,733	₩ 299,730
Debt securities	304,781	317,725	298,943	311,867
Money invested and others	60,621	62,078	61,886	63,294
	<u>₩ 749,539</u>	<u>₩ 683,937</u>	<u>₩ 740,562</u>	<u>₩ 674,891</u>

(3) Changes in investment securities for the six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

	For the six-month periods ended	
	June 30, 2021	June 30, 2020
Beginning balance	₩ 674,891	₩ 583,027
Acquisitions	31,477	62,152
Gain on valuation and amortized	69	235
Transfer and others	(22,500)	(17,505)
Ending balance	<u>₩ 683,937</u>	<u>₩ 627,909</u>

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**8. Investments in subsidiaries**

(1) Details of investments in subsidiaries as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	Domicile	Principal business activity	Equity ownership (%) (*1)	June 30, 2021		December 31, 2020
				Acquisition cost	Book value	Book value
SK Innovation Co., Ltd. (*2)	Korea	Resource development	33.40	₩ 3,072,937	₩ 3,072,937	₩ 3,072,937
SK Telecom Co., Ltd. (*2)	Korea	Mobile	30.01	5,416,019	5,416,019	5,416,019
SK Networks Co., Ltd. (*2)	Korea	Tele-communication				
SKC Co., Ltd. (*2)	Korea	Trading and distribution	39.14	706,229	706,229	706,229
SK E&S Co., Ltd.	Korea	Petrochemicals	40.64	548,654	548,654	548,654
SK ecoplant Co., Ltd. (formerly, SK Engineering & Construction Co., Ltd.) (*2)	Korea	City gas business	90.00	2,600,000	2,600,000	2,600,000
SK Siltron Co., Ltd.	Korea	Construction	44.48	545,300	545,300	545,300
SK Materials Co., Ltd. (*2)	Korea	Manufacturing and sales of silicon thin sheet	51.00	622,606	622,606	622,606
SK Biopharmaceuticals Co., Ltd. (*3)	Korea	Special-gas manufacturing and sales	49.10	473,335	473,335	473,335
Hweechan Co., Ltd.	Korea	Medicine and life science	64.02	369,226	369,226	432,562
Hana Land Chip PEF 33 (*4,5)	Korea	Resort business	100.00	335,912	335,912	335,912
SK Forest Co., Ltd.	Korea	Real estate leasing	48.31	281,774	281,774	-
SK REITs Management Co., Ltd. (*6)	Korea	Landscape construction	100.00	61,387	61,387	61,387
SK REITs Co., Ltd. (*6)	Korea	Real estate acquisition and rental and development	100.00	7,000	7,000	-
Clean Energy REITs Co., Ltd. (*6)	Korea	Real estate development and trading	100.00	300	300	-
SK Pharmteco Inc. (*7)	USA	Real estate development and trading	100.00	300	300	-
Plutus Capital NY I, Inc. (*7)	USA	Real estate development and trading	100.00	300	300	-
SK China Company, Ltd. (*5)	Hong Kong	Investment	100.00	1,224,950	1,224,950	875,245
SK South East Asia Investment Pte. Ltd. (*5)	Singapore	Investment	100.00	847,076	847,076	587,542
Golden Pearl EV Solutions Limited	Hong Kong	Investment	27.42	557,117	557,117	557,117
Einstein Cayman Limited	Cayman	Investment	20.00	345,010	345,010	345,010
Plutus Fashion NY, Inc.	USA	Investment	100.00	281,360	281,360	281,360
Saturn Agriculture Investment Co., Ltd.	Hong Kong	Investment	100.00	181,728	181,728	181,734
I Cube Capital II, Inc. (*7)	USA	Investment	100.00	74,113	74,113	74,113
Plutus Capital NY II, Inc. (*6)	USA	Investment	100.00	67,093	67,093	67,093
SK Japan Investment Inc. (*5,6)	Japan	Investment	81.00	67,093	67,093	67,093
I Cube Capital, Inc. (*7)	USA	Investment	100.00	80,518	80,518	52,667
Energy Solution Holdings Inc. (*5)	USA	Investment	100.00	57,049	57,049	-
Socar Mobility Malaysia, SDN. BHD.	Malaysia	Investment	25.00	50,940	50,940	-
SK S.E.Asia Pte. Ltd.	Singapore	Investment	100.00	38,004	38,004	37,275
SK C&C Beijing Co., Ltd.	China	Investment	39.97	36,432	36,432	36,432
SK GI Management	Cayman	Rental of cars	79.43	29,221	29,221	29,221
SK Investment Management Co., Ltd. (*7)	Hong Kong	Investment	100.00	25,847	25,847	25,847
Gemini Partners Pte. Ltd. (*5)	Singapore	Investment	100.00	25,847	25,847	25,847
SK MENA Investment B.V. (*5)	Netherlands	Computer system	100.00	25,481	25,481	25,481
SK Latin Americas Investment S.A. (*5)	Spain	Investment	100.00	9,523	9,523	9,523
SK C&C India Pvt. Ltd.	India	Investment	11.54	10,099	10,099	9,201
SK C&C USA, Inc. (*6)	USA	Investment	20.00	6,018	2,601	2,601
SK Technology Innovation Company (*5)	Cayman	Investment	11.54	5,178	5,178	5,178
S&G Technology	Saudi Arabia	Computer system	100.00	5,135	5,135	5,135
		Computer system	100.00	3,442	382	382
		IT service	100.00	1,971	1,971	-
		Research and development	2.12	1,876	1,876	1,876
		Computer system	51.00	74	74	74
				<u>₩ 19,006,234</u>	<u>₩ 18,999,757</u>	<u>₩ 18,025,048</u>

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

(\*2) SK Innovation Co., Ltd. and 5 other companies were classified as investments in subsidiaries as the Company is able to exercise de facto control. The remaining voting rights of SK Innovation Co., Ltd. and 5 other companies are widely dispersed, and the Company's voting rights are sufficient to give it power.

(\*3) During the six-month period ended June 30, 2021, the shares of subsidiary SK Biopharmaceuticals Co., Ltd. changed from 75.00% to 64.02%.

(\*4) During the six-month period ended June 30, 2021, the Company acquired additional 34.80% shares of Hana Land Chip PEF 33 and gained control. Accordingly, the Company reclassified it from investment in joint ventures to investment in subsidiaries.

(\*5) Classified as investments in subsidiaries as control can be exercised using indirect equity ownership through the Company's subsidiaries.

(\*6) Newly established during the six-month period ended June 30, 2021.

(\*7) Additional investment was made during the six-month period ended June 30, 2021.

**8. Investments in subsidiaries (cont'd)**

(2) Fair value of marketable investments in subsidiaries as of June 30, 2021 is as follows (Korean won in millions):

	<u>June 30, 2021</u>
SK Innovation Co., Ltd.	₩ 9,126,159
SK Telecom Co., Ltd.	6,919,718
SK Networks Co., Ltd.	584,800
SKC Co., Ltd.	2,439,315
SK Materials Co., Ltd.	1,823,362
SK Biopharmaceuticals Co., Ltd.	6,166,598

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**9. Investments in associates and joint ventures**

Details of investments in associates and joint ventures as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	Domicile	Principal business activity	June 30, 2021			December 31,
			Equity ownership (%)	Acquisition cost	Book value	2020 Book value
<b>Investments in associates:</b>						
Socar, Inc. (*1)	Korea	Rental of cars	22.16	₩ 109,304	₩ 109,304	₩ 109,304
SMCore Inc.	Korea	Manufacturing and sales of automated logistics system	26.60	39,419	39,419	39,419
Yespowertech (*2,5)	Korea	Semiconductor manufacturing	34.61	26,977	26,977	-
K-solar 2 Co., Ltd. (*3)	Korea	Solar power generation	-	-	-	20,588
Standigm Inc. (*1,2,4)	Korea	Software development	12.94	14,410	14,410	9,402
Cloocus Co., Ltd. (*1,2)	Korea	Information and communication service	16.75	6,500	6,500	6,500
Begas Co., Ltd. (*1,2)	Korea	Management consulting	17.86	5,000	5,000	5,000
THIRA-UTECH Co., Ltd. (*2)	Korea	Service manufacturing	13.80	4,200	4,200	4,200
PUMP Co., Ltd. (*1,2)	Korea	Electric kickboard rental	12.17	3,000	3,000	3,000
ACRYL Inc. (*1,2)	Korea	Information service	17.14	2,500	2,500	2,500
TWO LINE CODE Inc.	Korea	Software development	33.77	2,500	2,500	2,500
The Wave Talk, Inc. (*2,5)	Korea	Manufacturing and technical services	4.65	2,038	2,038	-
Todo Works Corp. (*2,5)	Korea	Handicapped aids and medical device sales	10.52	2,037	2,037	-
Daehan Kanggun BcN Co., Ltd. (*1,6)	Korea	Wired communication	0.20	58	-	-
ProteoVant Sciences, Inc. (*5)	USA	Medicine research and development	40.00	222,370	222,370	-
FSK Holdings Co., Ltd.	Hong Kong	IT service	30.00	11,937	6,245	6,245
SES Holdings Pte. Ltd. (*1,2,4)	Singapore	Investment	12.86	69,392	69,392	28,791
Belstar Superfreeze Holdings, LLC (*1,4)	Cayman	Warehouse business	25.00	36,839	36,839	25,232
9352-7281 Quebec Inc.	Canada	Investment	40.09	31,558	31,558	31,558
Hummingbird Bioscience Holdings Pte. Ltd. (*1,2,4)	Singapore	Antibody drugs development	8.14	13,067	13,067	7,434
Halio, Inc. (formerly, Kinestral Technologies Inc.) (*1,2)	USA	Manufacturing	2.13	8,498	8,498	8,498
Visible Patient S.A.S. (*1,2,4)	France	Manufacturing related to medicine	17.86	7,507	7,507	4,461
Mozido Corfire, Inc. (*2)	USA	System consulting	19.94	6,767	-	-
				<u>625,878</u>	<u>613,361</u>	<u>314,632</u>
<b>Investments in joint ventures:</b>						
Hana Land Chip PEF 33 (*7)	Korea	Real estate	-	₩ -	₩ -	₩ 40,000
				<u>₩ 625,878</u>	<u>₩ 613,361</u>	<u>₩ 354,632</u>

(\*1) It is the equity share that takes preferred share with voting rights into consideration.

(\*2) 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.

(\*3) During the six-month period ended June 30, 2021, the Company sold all of its holdings.

(\*4) Additional investment was made during the six-month period ended June 30, 2021.

(\*5) Newly acquired during the six-month period ended June 30, 2021.

(\*6) The investment in the entity was classified as investments in associates and joint ventures based on the indirect ownership interest of the Company's subsidiary.

(\*7) During the six-month period ended June 30, 2021, the Company acquired additional 34.80% shares of Hana Land Chip PEF 33 and gained control. Accordingly, the Company reclassified it from investment in joint ventures to investment in subsidiaries.

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**10. Property, plant and equipment**

(1) Details of property, plant and equipment as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	June 30, 2021			December 31, 2020		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 97,896	₩ -	₩ 97,896	₩ 96,251	₩ -	₩ 96,251
Buildings	356,170	(72,511)	283,659	353,116	(67,346)	285,770
Structures	9,734	(1,722)	8,012	9,734	(1,524)	8,210
Vehicles	12,467	(3,658)	8,809	12,533	(3,288)	9,245
Furniture and fixtures	395,828	(274,391)	121,437	385,412	(264,132)	121,280
Construction-in-progress	19,756	-	19,756	13,440	-	13,440
	₩ 891,851	₩ (352,282)	₩ 539,569	₩ 870,486	₩ (336,290)	₩ 534,196

(2) Details of changes in property, plant and equipment for the six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

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

	For the six-month period ended June 30, 2020					
	Beginning balance	Acquisition	Depreciation	Disposal	Transfer (*1)	Ending balance
Land	₩ 95,831	₩ -	₩ -	₩ (264)	₩ 808	₩ 96,375
Buildings	281,589	-	(4,882)	-	1,861	278,568
Structures	8,606	-	(198)	-	-	8,408
Vehicles	9,882	191	(422)	-	-	9,651
Furniture and fixtures	104,251	18,036	(17,062)	(6)	5,483	110,702
Construction-in-progress	20,063	13,778	-	-	(8,152)	25,689
	₩ 520,222	₩ 32,005	₩ (22,564)	₩ (270)	₩ -	₩ 529,393

(\*1) This includes replacements from construction-in-progress to the main property, plant and equipment account or investment property.

**11. Right-of-use assets and lease liabilities**

(1) Details of right-of-use assets as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	June 30, 2021			December 31, 2020		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land and buildings	₩ 126,809	₩ (49,110)	₩ 77,699	₩ 126,107	₩ (37,522)	₩ 88,585
Vehicles	7,955	(3,247)	4,708	8,239	(3,158)	5,081
Furniture and fixtures	361	(85)	276	367	(52)	315
	₩ 135,125	₩ (52,442)	₩ 82,683	₩ 134,713	₩ (40,732)	₩ 93,981

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

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

(2) Changes in right-of-use assets for the six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

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

  

	For the six-month period ended June 30, 2020				
	Beginning balance	Increase	Depreciation	Others (*1)	Ending balance
Land and buildings	₩ 36,474	₩ 22,553	₩ (15,053)	₩ 565	₩ 44,539
Vehicles	3,575	4,133	(1,219)	(683)	5,806
Machinery	122	-	-	(122)	-
Furniture and fixtures	222	-	(84)	(4)	134
	<u>₩ 40,393</u>	<u>₩ 26,686</u>	<u>₩ (16,356)</u>	<u>₩ (244)</u>	<u>₩ 50,479</u>

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

(3) Changes in lease liabilities for the six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

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

  

	For the six-month period ended June 30, 2020				
	Beginning balance	Increase	Interest expenses	Decrease (payment)	Ending balance
Lease liabilities	₩ 76,582	₩ 26,406	₩ 854	₩ (27,023)	₩ 78,146

(\*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 ₩2,303 and ₩1,141 million in relation to short-term lease and ₩666 and ₩627 million in relation to leases of low-value assets during the six-month periods ended June 30, 2021 and 2020. The total cash outflow of leases during the period ended is ₩33,857 and ₩28,791 million during the six-month periods ended June 30, 2021 and 2020.

**12. Investment properties**

(1) Details of investment properties as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	June 30, 2021			December 31, 2020		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Buildings	₩ 10,223	₩ (2,736)	₩ 7,487	₩ 10,183	₩ (2,338)	₩ 7,845

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**12. Investment properties (cont'd)**

(2) Changes in investment properties for the six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

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

  

	For the six-month period ended June 30, 2020			
	Beginning balance	Increase (decrease)	Depreciation	Ending balance
Buildings	₩ 7,927	₩ -	₩ (213)	₩ 7,714

**13. Intangible assets**

(1) Details of intangible assets as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	June 30, 2021				December 31, 2020			
	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value
Development costs	₩ 196,649	₩ (83,182)	₩ (3,210)	₩ 110,257	₩ 170,983	₩ (71,217)	₩ (3,210)	₩ 96,556
Memberships	64,515	-	(13,648)	50,867	65,551	-	(13,648)	51,903
Brand-related assets	1,975,000	-	-	1,975,000	1,975,000	-	-	1,975,000
Others	45,937	(16,986)	-	28,951	44,881	(14,203)	-	30,678
	<u>₩ 2,282,101</u>	<u>₩ (100,168)</u>	<u>₩ (16,858)</u>	<u>₩ 2,165,075</u>	<u>₩ 2,256,415</u>	<u>₩ (85,420)</u>	<u>₩ (16,858)</u>	<u>₩ 2,154,137</u>

(2) Changes in intangible assets for the six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

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

  

	For the six-month period ended June 30, 2020				
	Beginning balance	Acquisitions	Amortization	Disposals	Ending balance
Development costs	₩ 72,421	₩ 19,914	₩ (10,175)	₩ -	₩ 82,160
Memberships (*1)	42,991	3,867	-	-	46,858
Brand-related assets (*1)	1,975,000	-	-	-	1,975,000
Others	31,691	3,281	(2,476)	-	32,496
	<u>₩ 2,122,103</u>	<u>₩ 27,062</u>	<u>₩ (12,651)</u>	<u>₩ -</u>	<u>₩ 2,136,514</u>

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

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**14. Borrowings and bonds payable**

(1) Short-term borrowings

Details of short-term borrowings as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

Description	Financial institution	Interest rate (%)	June 30, 2021		December 31, 2020	
Working capital loan	KB Bank	1.83 ~ 1.87	₩	100,000	₩	-
Working capital loan	Shinhan Bank	1.69 ~ 1.87		50,000		-
Working capital loan	Hana Bank	1.71 ~ 1.76		50,000		-
Working capital loan	Woori Bank	1.90		35,000		-
Commercial paper	SK Securities	0.76 ~ 1.03		450,000		245,000
Commercial paper	KB Securities	0.79 ~ 1.03		450,000		210,000
Commercial paper	Shinyoung Securities	0.81 ~ 0.84		140,000		100,000
Commercial paper	Shinhan Bank	0.81		50,000		50,000
Commercial paper	Woori investment bank	-		-		110,000
			₩	<u>1,325,000</u>	₩	<u>715,000</u>

(2) Bonds payable

Details of bonds payable as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

Issuance number	Interest rate (%)	Maturity	Security	June 30, 2021	December 31, 2020
262-2nd	-	2021-02-12	Unsecured	₩ -	₩ 100,000
263-2nd	-	2021-05-30	Unsecured	-	100,000
264-2nd	3.25	2021-08-05	Unsecured	170,000	170,000
265-3rd	2.66	2021-12-02	Unsecured	100,000	100,000
266-2nd	2.39	2022-02-06	Unsecured	100,000	100,000
270-3rd	3.80	2022-11-02	Unsecured	50,000	50,000
273-2nd	-	2021-03-25	Unsecured	-	100,000
273-3rd	4.26	2024-03-25	Unsecured	100,000	100,000
274-3rd	2.34	2022-09-30	Unsecured	80,000	80,000
275-3rd	2.66	2022-12-07	Unsecured	60,000	60,000
276-2nd	-	2021-03-07	Unsecured	-	120,000
276-3rd	2.26	2023-03-07	Unsecured	150,000	150,000
277-2nd	-	2021-06-01	Unsecured	-	120,000
277-3rd	2.16	2023-06-01	Unsecured	120,000	120,000
277-4th	2.43	2026-06-01	Unsecured	60,000	60,000
278-2nd	1.65	2021-09-07	Unsecured	110,000	110,000
278-3rd	1.80	2023-09-07	Unsecured	110,000	110,000
279-2nd	2.34	2022-03-06	Unsecured	190,000	190,000
279-3rd	2.58	2024-03-06	Unsecured	120,000	120,000
280-2nd	2.39	2022-06-01	Unsecured	200,000	200,000
280-3rd	2.67	2024-06-01	Unsecured	110,000	110,000
281-2nd	2.40	2022-08-04	Unsecured	130,000	130,000
281-3rd	2.62	2024-08-04	Unsecured	70,000	70,000
282-2nd	2.79	2022-10-25	Unsecured	150,000	150,000
282-3rd	2.86	2024-10-25	Unsecured	80,000	80,000
283-1st	2.88	2023-02-27	Unsecured	150,000	150,000
283-2nd	2.99	2025-02-27	Unsecured	60,000	60,000
283-3rd	3.26	2028-02-27	Unsecured	100,000	100,000
284-1st	2.87	2023-06-08	Unsecured	170,000	170,000
284-2nd	3.01	2025-06-08	Unsecured	60,000	60,000
284-3rd	3.09	2028-06-08	Unsecured	100,000	100,000
285-1st	2.36	2023-09-06	Unsecured	150,000	150,000
285-2nd	2.47	2025-09-06	Unsecured	60,000	60,000
285-3rd	2.55	2028-09-06	Unsecured	120,000	120,000
286-1st	2.20	2021-11-29	Unsecured	130,000	130,000
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

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**14. Borrowings and bonds payable (cont'd)**

Issuance number	Interest rate (%)	Maturity	Security	June 30, 2021	December 31, 2020
289-1st	1.62	2022-09-20	Unsecured	₩ 130,000	₩ 130,000
289-2nd	1.76	2024-09-20	Unsecured	120,000	120,000
289-3rd	1.84	2029-09-20	Unsecured	70,000	70,000
290-1st	1.74	2022-11-28	Unsecured	80,000	80,000
290-2nd	1.83	2024-11-28	Unsecured	90,000	90,000
290-3rd	1.89	2029-11-28	Unsecured	70,000	70,000
291-1st	1.52	2023-02-20	Unsecured	70,000	70,000
291-2nd	1.63	2025-02-20	Unsecured	160,000	160,000
291-3rd	1.70	2027-02-20	Unsecured	40,000	40,000
291-4th	1.80	2030-02-20	Unsecured	60,000	60,000
292-1st	1.50	2023-06-03	Unsecured	110,000	110,000
292-2nd	1.69	2025-06-03	Unsecured	120,000	120,000
292-3rd	1.79	2030-06-03	Unsecured	50,000	50,000
293-1st	1.57	2025-09-07	Unsecured	200,000	200,000
293-2nd	1.74	2027-09-07	Unsecured	30,000	30,000
293-3rd	1.83	2030-09-07	Unsecured	120,000	120,000
294-1st	1.61	2025-12-03	Unsecured	150,000	150,000
294-2nd	1.93	2030-12-03	Unsecured	90,000	90,000
295-1st	1.24	2024-02-24	Unsecured	60,000	-
295-2nd	1.60	2026-02-24	Unsecured	150,000	-
295-3rd	1.75	2028-02-24	Unsecured	30,000	-
295-4th	2.03	2031-02-24	Unsecured	80,000	-
296-1st	1.53	2024-06-04	Unsecured	40,000	-
296-2nd	2.07	2026-06-04	Unsecured	220,000	-
296-3th	2.49	2031-06-04	Unsecured	70,000	-
				6,510,000	6,400,000
				(13,759)	(11,786)
Less: discount on bonds payable				(999,917)	(1,051,406)
Less: current portion					
				<u>₩ 5,496,324</u>	<u>₩ 5,336,808</u>

(3) The Company's bonds payable repayment schedule as of June 30, 2021 is as follows (Korean won in millions):

Year ending	Amount of repayment
July 1, 2021 ~ June 30, 2022	₩ 1,000,000
July 1, 2022 ~ June 30, 2023	1,450,000
July 1, 2023 ~ June 30, 2024	1,110,000
July 1, 2024 ~ June 30, 2025	760,000
July 1, 2025 and thereafter	<u>2,190,000</u>
	<u>₩ 6,510,000</u>

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**15. Provisions**

Changes in provisions for the six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

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

  

	For the six-month period ended June 30, 2020					
	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Provision for service warranties	₩ 3,948	₩ 1,126	₩ (1,774)	₩ 3,300	₩ 3,300	₩ -
Other provisions	2,598	280	(602)	2,276	1,996	280
	<u>₩ 6,546</u>	<u>₩ 1,406</u>	<u>₩ (2,376)</u>	<u>₩ 5,576</u>	<u>₩ 5,296</u>	<u>₩ 280</u>

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

**16. Defined benefit liabilities**

(1) Defined contribution plans

The Company partly operates a defined contribution plan for certain employees. The expenses related to the defined contributions plans recognized for the six-month period ended June 30, 2021, were ₩33 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, 2021 and December 31, 2020 are as follows (Korean won in millions):

	June 30, 2021	December 31, 2020
Present value of defined benefit obligation	₩ 435,670	₩ 414,384
Fair value of plan assets	(364,085)	(371,994)
	<u>₩ 71,585</u>	<u>₩ 42,390</u>

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

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

(4) Changes in the defined benefit liabilities for the six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

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

	<u>For the six-month period ended June 30, 2020</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Total</u>
Beginning balance	₩ 355,114	₩ (322,967)	₩ 32,147
Provision for pension benefits:			
Current service cost	21,569	-	21,569
Net interest expense (income)	3,710	(3,682)	28
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	-	353	353
Actuarial changes arising from changes in financial assumptions and others	4,555	-	4,555
Experience adjustments and others	13,347	-	13,347
Benefit paid	(18,475)	18,341	(134)
Others	7,142	(5,537)	1,605
Ending balance	<u>₩ 386,962</u>	<u>₩ (313,492)</u>	<u>₩ 73,470</u>

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**17. Other assets and liabilities**

(1) Details of other assets as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	<u>June 30, 2021</u>		<u>December 31, 2020</u>	
Current assets:				
Accrued income	₩	4,649	₩	66
Advanced payments		2,331		1,301
Prepaid expenses		27,100		14,135
Short-term loans		439,005		-
Guarantee deposits		8,299		8,886
Lease receivables		18,438		33,189
Derivative financial assets		66		1,237
Others		54		-
	₩	<u>499,942</u>	₩	<u>58,814</u>
Non-current assets:				
Long-term financial instruments	₩	3,268	₩	3,268
Long-term guarantee deposits		15,864		16,002
Derivative financial assets		175,924		175,913
Others		127		127
	₩	<u>195,183</u>	₩	<u>195,310</u>

(2) Details of other liabilities as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	<u>June 30, 2021</u>		<u>December 31, 2020</u>	
Current liabilities:				
Advances received	₩	100,922	₩	66,660
Withholdings		27,077		32,249
Income tax payable		326,231		284,916
Leasehold deposits received		5,622		5,639
Dividends payable		162		-
Lease liabilities		47,326		60,787
Derivative financial liabilities		232,772		133
	₩	<u>740,112</u>	₩	<u>450,384</u>
Non-current liabilities:				
Long-term leasehold deposits received	₩	30	₩	11
Long-term lease liabilities		57,916		67,634
Derivative financial liabilities		241,800		468,032
Long-term employee benefits		9,658		9,630
	₩	<u>309,404</u>	₩	<u>545,307</u>

**18. Derivative financial assets and liabilities**

The Company has entered into foreign currency forward contracts to manage fluctuations in currency exchange rates relating to its contracts denominated in foreign currencies and has entered total return swap contracts with certain of subsidiaries' common share investors and others. Details of assets and liabilities after valuation as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	<u>June 30, 2021</u>		<u>December 31, 2020</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Forward contract	₩	77	₩	1,237
Total return swap contract (see Note 29)		175,913		468,000
	₩	<u>175,990</u>	₩	<u>474,572</u>
			₩	<u>177,150</u>
			₩	<u>468,165</u>

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**19. Equity**

**19.1 Issued capital**

Details of issued capital as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions, except for number of shares):

	<u>June 30, 2021</u>		<u>December 31, 2020</u>
Number of shares authorized for issue	400,000,000		400,000,000
Par value per share (Korean won)	₩ 200	₩	200
Number of shares issued:			
Ordinary share	70,360,297		70,360,297
Preferred share	566,135		566,135
Issued capital:			
Ordinary share	₩ 15,272	₩	15,272
Preferred share	113		113
	<u>₩ 15,385</u>	<u>₩</u>	<u>15,385</u>

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

**19.2 Other paid-in capital**

Details of other paid-in capital as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	<u>June 30, 2021</u>		<u>December 31, 2020</u>
Additional paid-in capital (*1)	₩ 5,605,831	₩	5,605,831
Treasury share (*2)	(1,811,340)		(1,811,454)
Stock option	5,031		4,663
Others	(292,867)		(292,892)
	<u>₩ 3,506,655</u>	<u>₩</u>	<u>3,506,168</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, 2021, treasury share consists of those acquired to increase the enterprise value and to stabilize share price (7,033,831 ordinary shares), and those acquired from repurchase of shares from dissenting shareholders on business combination and shares arising from odd lot shares (11,019,129 ordinary shares and 1,787 preferred shares) during the year 2015.

**19.3 Retained earnings**

Details of retained earnings as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	<u>June 30, 2021</u>		<u>December 31, 2020</u>
Legal reserve (*1)	₩ 7,693	₩	7,693
Voluntary reserve	62,897		62,897
Unappropriated retained earnings	12,091,795		11,231,245
	<u>₩ 12,162,385</u>	<u>₩</u>	<u>11,301,835</u>

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

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**19.4 Other components of equity**

Details of other components of equity as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Gain on financial assets measured at FVOCI	₩ 8,175	₩ 8,175

**19.5 Stock option**

	<u>1-1</u>	<u>1-2</u>	<u>1-3</u>	<u>2</u>
Grant date	2017-03-24	2017-03-24	2017-03-24	2020-03-25
Type of shares to be issued	Ordinary shares			
Grant method	Reissue of treasury shares, but if the stock option's exercise price is lower than the stock's real price (evaluated based on exercise date), the Company may settle the difference in cash or with treasury share equivalent to the difference amount.			
Number of shares (shares)	41,429	41,430	41,431	214,038
Exercise price (Korean won)	₩ 226,290	₩ 244,400	₩ 263,950	₩ 153,450
Contractual life of options	2019.03.25 ~2022.03.24	2020.03.25 ~2023.03.24	2021.03.25 ~2024.03.24	2023.03.26 ~2027.03.25
Vesting conditions	2 year service from the grant date	3 year service from the grant date	4 year service from the grant date	2 year service from the grant date

Share compensation expense recognized during the current reporting period is ₩368 million (accumulated share compensation expense: ₩5,032 million) and the remaining share compensation expense to be recognized in later periods are ₩1,016 million. Apart from the above share options, the Company has entered into a Stock Grant in which the employees are granted with treasury shares free of charge. For the Stock Grant, there is no separate vesting condition, and may not be transferred within the term. As of June 30, 2021, the stock compensation expenses recognized in relation to Stock Grant are ₩119 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:

	<u>1-1</u>	<u>1-2</u>	<u>1-3</u>	<u>2</u>
Risk-free interest rate	1.86%	1.95%	2.07%	1.61%
Option life	5 years	6 years	7 years	7 years
Expected price (Closing price on the preceding day in Korean won)	₩ 236,000	₩ 236,000	₩ 236,000	₩ 134,000
Expected volatility	16.78%	16.78%	16.78%	15.35%
Rate of returns	1.60%	1.60%	1.60%	1.55%
Exercise price (Korean won)	₩ 226,290	₩ 244,400	₩ 263,950	₩ 154,450
Fair value per share (Korean won)	₩ 38,317	₩ 34,200	₩ 30,962	₩ 8,226

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**20. Operating revenues**

(1) Details of operating revenues for the three-month periods and six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

	June 30, 2021		June 30, 2020	
	Three months	Six months	Three months	Six months
Revenue from contracts with customers:				
IT service (*1)	₩ 418,458	₩ 809,120	₩ 438,762	₩ 824,238
Trademark usage income	<u>50,575</u>	<u>111,084</u>	<u>52,644</u>	<u>121,291</u>
	<u>469,033</u>	<u>920,204</u>	<u>491,406</u>	<u>945,529</u>
Revenue from other sources:				
Dividend income	-	446,356	6,395	996,976
Rental income	<u>288</u>	<u>465</u>	<u>271</u>	<u>527</u>
	<u>288</u>	<u>446,821</u>	<u>6,666</u>	<u>997,503</u>
	<u>₩ 469,321</u>	<u>₩ 1,367,025</u>	<u>₩ 498,072</u>	<u>₩ 1,943,032</u>

(\*1) Includes contract revenue of ₩502,911 and ₩526,029 million recognized from the cost-based input method for the six-month period ended June 30, 2021 and 2020.

(2) Details of revenue from contracts with customers for the three-month periods and six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

	June 30, 2021		June 30, 2020	
	Three months	Six months	Three months	Six months
Revenue from contracts with customers:				
IT service	₩ 418,458	₩ 809,120	₩ 438,762	₩ 824,238
Trademark usage income	<u>50,575</u>	<u>111,084</u>	<u>52,644</u>	<u>121,291</u>
	<u>₩ 469,033</u>	<u>₩ 920,204</u>	<u>₩ 491,406</u>	<u>₩ 945,529</u>
Geographical location:				
Korea	₩ 453,783	₩ 889,330	₩ 452,545	₩ 885,336
Asia	5,811	12,200	19,190	35,584
Europe	5,758	12,038	10,795	12,915
North America	<u>3,681</u>	<u>6,636</u>	<u>8,876</u>	<u>11,694</u>
	<u>₩ 469,033</u>	<u>₩ 920,204</u>	<u>₩ 491,406</u>	<u>₩ 945,529</u>
Timing of revenue recognition:				
Recognized at a point in time	₩ 23,395	₩ 43,897	₩ 51,077	₩ 81,190
Recognized over a period	<u>445,638</u>	<u>876,307</u>	<u>440,329</u>	<u>864,339</u>
	<u>₩ 469,033</u>	<u>₩ 920,204</u>	<u>₩ 491,406</u>	<u>₩ 945,529</u>

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**20. Operating revenues (cont'd)**

(3) Details of contract assets, contract liabilities related to revenue from contracts with customers as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	<u>June 30, 2021</u>		<u>December 31, 2020</u>	
Contract assets from IT service contract	₩	140,182	₩	115,626
Contract liabilities from IT service contract (*1)		85,920		66,660

(\*1) The amount recognized as revenue in the current period in relation to the contract liabilities as of December 31, 2020 is ₩48,985 million (previous period : ₩52,333 million).

(4) Details of profit variation by changes in accounting estimates related to the cost-based input method contracts as of June 30, 2021 are as follows (Korean won in millions):

	<u>Change in estimated construction revenue</u>		<u>Change in estimated cost</u>		<u>Impact on current period profit</u>		<u>Impact on future period profit</u>	
IT Service contracts (*1)	₩	(1,863)	₩	(4,403)	₩	1,785	₩	755

(\*1) The Company did not disclose information for each business segment because the reporting segment is a single segment in accordance with KIFRS 1108 Operating Segments.

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

**21. Operating expenses**

Details of operating expenses for the three-month periods and six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
	<u>Three months</u>	<u>Six months</u>	<u>Three months</u>	<u>Six months</u>
Material costs	₩ 22,249	₩ 37,481	₩ 46,175	₩ 70,773
Outsourcing costs	186,282	368,002	202,249	384,967
Salaries	106,682	198,808	99,936	179,461
Provision for pension benefits	10,040	25,632	8,551	21,750
Depreciation	20,196	39,656	19,409	38,547
Amortization	5,257	9,229	3,382	6,662
Rents	705	1,815	500	1,008
Communications	5,200	10,109	4,536	8,983
Employee welfare benefits	20,620	36,923	14,049	29,058
Commissions	25,716	45,058	14,014	22,881
Education and training	6,347	12,113	4,770	12,075
Research and development	6,921	17,239	8,151	20,856
Office management	8,824	18,282	8,674	17,318
Travel	2,675	5,069	2,167	4,916
Others	19,909	30,861	17,524	27,823
	<u>₩ 447,623</u>	<u>₩ 856,277</u>	<u>₩ 454,087</u>	<u>₩ 847,078</u>

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**22. Expenses classified based on nature of expense**

Details of classification based on nature of expenses for the three-month periods and six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

	June 30, 2021		June 30, 2020	
	Three months	Six months	Three months	Six months
Material costs	₩ 22,269	₩ 37,501	₩ 46,175	₩ 70,781
Outsourcing costs	186,514	368,234	202,249	384,986
Salaries	109,365	207,654	103,221	190,166
Provision for pension benefits	10,414	26,481	9,011	22,647
Depreciation and amortization	28,255	54,788	26,072	51,733
Rents	705	1,815	500	1,008
Communications	5,201	10,110	4,537	8,984
Employee welfare benefits	21,118	37,905	14,694	30,294
Commissions	25,975	45,361	14,470	23,891
Education and training	6,393	12,206	4,831	12,208
Office management	8,824	18,282	8,674	17,318
Travel	2,681	5,077	2,177	4,936
Others	19,909	30,863	17,476	28,126
	<u>₩ 447,623</u>	<u>₩ 856,277</u>	<u>₩ 454,087</u>	<u>₩ 847,078</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, 2021 and 2020 are as follows (Korean won in millions):

	June 30, 2021		June 30, 2020	
	Three months	Six months	Three months	Six months
Financial income:				
Interest income	₩ 3,820	₩ 5,952	₩ 1,650	₩ 2,648
Gain on foreign currency transactions	1,768	6,089	1,053	2,344
Gain on foreign currency translation	(200)	10,447	(308)	502
Gain on valuation of financial assets measured at FVTPL	-	49	165	213
Gain on valuation of derivative instruments	(85)	130	550	562
Gain on transactions of derivative instruments	830	2,616	149	170
	<u>₩ 6,133</u>	<u>₩ 25,283</u>	<u>₩ 3,259</u>	<u>₩ 6,439</u>
Financial costs:				
Interest expenses	₩ 39,437	₩ 80,149	₩ 44,353	₩ 92,787
Loss on foreign currency transactions	1,154	3,910	732	1,324
Loss on foreign currency translation	1,131	1,432	35	403
Loss on valuation of financial assets measured at FVTPL	(18,413)	15,780	-	-
Loss on valuation of derivative instruments	(5,462)	6,630	(535)	310
Loss on transactions of derivative instruments	5,141	5,811	554	1,016
	<u>₩ 22,988</u>	<u>₩ 113,712</u>	<u>₩ 45,139</u>	<u>₩ 95,840</u>

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

---

**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, 2021 and 2020 are as follows (Korean won in millions):

	June 30, 2021		June 30, 2020	
	Three months	Six months	Three months	Six months
Other non-operating income:				
Gain on disposal of investments in subsidiaries and associates	₩ -	₩ 1,066,744	₩ 257,115	₩ 257,115
Gain on disposal of property, plant and equipment	23	23	-	2
Gain on disposal of intangible assets	-	967	-	-
Others	255	2,540	279	2,014
	<u>₩ 278</u>	<u>₩ 1,070,274</u>	<u>₩ 257,394</u>	<u>₩ 259,131</u>
Other non-operating expenses:				
Loss on disposal of property, plant and equipment	₩ -	₩ 3	₩ 59	₩ 63
Loss on disposal of intangible assets	-	12	-	-
Donations	7,435	7,497	11,891	14,858
Others	643	2,947	685	1,205
	<u>₩ 8,078</u>	<u>₩ 10,459</u>	<u>₩ 12,635</u>	<u>₩ 16,126</u>

**24. Income taxes**

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

Effective tax rates for the six-month periods ended June 30, 2021 and 2020 were 20.44% and 17.07%, respectively.

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**25. Earnings (losses) per share**

(1) Basic earnings (losses) per share for the three-month periods and six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions, except per share and weighted-average number of ordinary shares outstanding):

	June 30, 2021		June 30, 2020	
	Three months	Six months	Three months	Six months
Profit (loss) for the period	₩ (5,430)	₩ 1,179,225	₩ 53,362	₩ 1,036,258
Less: Preferred share dividends	(1,700)	(2,554)	(1,136)	(1,707)
Profit (loss) for the period attributable to ordinary share owners of the Company	₩ (7,130)	₩ 1,176,671	₩ 52,226	₩ 1,034,551
Weighted-average number of issued shares outstanding (*1)	52,307,317	52,307,106	55,824,347	55,824,347
Basic earnings (losses) per share (Korean Won)	₩ (136)	₩ 22,495	₩ 999	₩ 19,779

(\*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, 2021 and 2020 are as follows:

	June 30, 2021		June 30, 2020	
	Three months	Six months	Three months	Six months
Weighted-average number of shares outstanding	70,360,297	70,360,297	70,360,297	70,360,297
Weighted-average number of treasury shares	(18,052,980)	(18,053,191)	(18,055,950)	(18,055,950)
Weighted-average number of issued shares outstanding	52,307,317	52,307,106	52,304,347	52,304,347

(2) Diluted earnings (losses) per share for the three-month periods and six-month periods ended June 30, 2021 and 2020 as follows (Korean won in millions, except per share and weighted-average number of diluted shares outstanding):

	June 30, 2021		June 30, 2020	
	Three months	Six months	Three months	Six months
Profit (loss) for the period attributable to ordinary shares	₩ (7,130)	₩ 1,176,671	₩ 52,226	₩ 1,034,551
Weighted-average number of diluted common shares outstanding	52,307,317	52,418,416	52,363,777	52,358,238
Diluted earnings (losses) per common share (Korean Won) (*1)	₩ (136)	₩ 22,448	₩ 997	₩ 19,759

(\*1) For the three months preceding the June 30, 2021 as there was no dilution effect on stock options, diluted earnings per share was the same as basic earnings per share.

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**25. Earnings (losses) per share (cont'd)**

The weighted-average diluted number of ordinary shares outstanding for calculating diluted for the three-month periods and six-month periods ended June 30, 2021 and 2020 are as follows:

	June 30, 2021		June 30, 2020	
	Three months	Six months	Three months	Six months
Weighted-average number of shares outstanding	52,307,317	52,307,106	52,304,347	52,304,347
Effect of exercise of stock option (*1)	-	111,310	59,430	53,891
Weighted-average number of issued shares outstanding	<u>52,307,317</u>	<u>52,418,416</u>	<u>52,363,777</u>	<u>52,358,238</u>

(\*1) For the three months preceding the June 30, 2021 as there was no dilution effect on stock options, diluted earnings per share was the same as basic earnings per share.

**26. Transactions with related parties**

Details of significant transactions with related parties for the six-month periods ended June 30, 2021 and 2020, and significant balances with related parties as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

(1) The subsidiaries of the Company as of June 30, 2021, are as follows:

	Subsidiary
Ultimate controlling party	Tae-won, Chey and related parties
Subsidiary (total 349)	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 Road Investment Co., Ltd., SK Energy Hong Kong Co., Ltd., SK Energy Road Investment (HK) Co., Ltd., SK Asphalt (Shanghai) Co., Ltd., GoodsFLOW Co., Ltd., Goods Core, Goods Post Co., Ltd., Open Garden, SK Global Chemical Co., Ltd., SK Global Chemical (China) Holding Co., Ltd., SK Global Chemical China Limited., Sino-Korea Green New Material (Jiangsu) Limited., SK Global Chemical International Trading (Shanghai) Co., Ltd., SK Global Chemical International Trading (Guangzhou) Co., Ltd., SK Global Chemical Americas, Inc., SK Primacor Americas LLC, SK Primacor Europe, S.L.U., SK Saran Americas LLC, SK Global Chemical Japan Co., Ltd., SK Global Chemical Singapore Pte. Ltd., SK Global Chemical Investment Hong Kong Ltd., Ningbo SK Performance Rubber Co., Ltd., Happymoeum Co., Ltd., SK Functional Polymer, S.A.S, SK Incheon Petrochem Co., Ltd., SK Trading International Co., Ltd., SK Energy International Pte. Ltd., SK Energy Europe, Ltd., SK Energy Americas, Inc., SK Terminal B.V., SK Lubricants Co., Ltd., Yubase Manufacturing Asia Corporation, SK Energy Lubricants (Tianjin) Co., Ltd., SK Lubricants Americas, Inc., SK Lubricants Europe B.V., SK Lubricants Japan Co., Ltd., SK Lubricants & Oils India Pvt. Ltd., Iberian Lube Base Oils S.A., SK Lubricants Russia LLC, SK ie technology Co., Ltd., SK Hi-tech Battery Materials(Jiang Su) Co., Ltd., SK Hi-tech Battery Materials Poland Sp. Zo.o., SK Mobile Energy Co., Ltd., Mobile Energy Battery America, LLC, SK Innovation Insurance (Bermuda), Ltd., SK USA, Inc., Super Seed NY, LLC, Blue Dragon Energy Co., Limited., Jiangsu SK Battery Certification Center, SK Battery Hungary Kft., SK Battery America, Inc., SK Battery Manufacturing Kft., Happy Kium Co., Ltd., SK Future Energy(Shanghai) Co., Ltd., SK E&P Company, Ltd., SK E&P America, Inc., SK Plymouth, LLC, SK Permian, LLC, SK E&P Operations America, LLC, SK Nemaha, LLC, SK Battery (Jiangsu) Co., Ltd., SK Telecom Co., Ltd., SK Telink Co., Ltd., SK Broadband Co. Ltd., Home&Service Co., Ltd., Media S Co., Ltd., Broadband Nowon Broadcasting Corporation, SK Stoa Co., Ltd., PS&Marketing Corp., Serviceace Co., Ltd., Service Top Co., Ltd., SK O&S Co., Ltd., One store Co., Ltd., Rokmedia Co., Ltd., SK Communications Co., Ltd., 11Street Co., Ltd., Quantum Innovation Private Equity Joint Venture, Panasia Semiconductor Materials LLC, ADT Caps Co., Ltd. (formerly, SK Infosec Co., Ltd.), CAPSTEC Co., Ltd., SK infosec Information Technology (Wuxi) Co., Ltd., SK Planet Co., Ltd., SK M & Service Co., Ltd., SK Planet Global Holdings Pte. Ltd., SKP America, LLC, K-Net Culture & Contents Venture Fund, SK Telecom China Holdings Co., Ltd., SK Global Healthcare Business Group, Ltd., SKT Americas, Inc., YTK

26. Transactions with related parties (cont'd)

Subsidiary (total 349)	Subsidiary
	Investment, Ltd., Atlas Investment, Ltd., SK Telecom Innovation Fund, L.P., SK Telecom China Fund I L.P., SK Telecom TMT Investment Corp., Dreamus Company Co., Ltd., Iriver Enterprise Ltd., Iriver China Co., Ltd., Dongguan Iriver Electronics Co., Ltd., Life Design Company Japan Inc., Studio Dolphin Co., Ltd., SK Telecom Japan Inc., SK Planet Japan, K. K., Id Quantique SA, Id Quantique Ltd., FSK L&S Co., Ltd., FSK L&S(Shanghai) Co., Ltd., FSK L&S(Hungary) Co., Ltd., FSK L&S Vietnam Co., Ltd., FSK L&S(Jiangsu) Co., Ltd., Incross Co., Ltd., Infra Communications Co., Ltd., Mindknock Co., Ltd., Happy Hanool Co., Ltd., SK MENA Investment B.V., SK Latin Americas Investment S.A., SK Technology Innovation Company, Tmap Mobility Co., Ltd., YLP 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 Networks Retails Malaysia Sdn. Bhd., SK Rent-a-Car Co., Ltd., SK Rent-A-car Service Co., Ltd., SK Networks (China) Holdings Co., Ltd., Shenyang SK Bus Terminal Co., Ltd., SK Networks (Liaoning) Logistics Co., Ltd., SK Networks (Dandong) Energy Co., Ltd., Shenyang SK Networks Energy Co., Ltd., SK Networks (Shanghai) Co., Ltd., POSK (Pinghu) Steel Processing Center Co., Ltd., SK Networks Hong Kong Ltd., SK (Guangzhou) Metal Co., Ltd., SK Networks (Xiamen) 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., SK NETWORKS BRASIL INTERMEDIACAO DE NEGOCIOS LTDA., Networks Tejarat Pars, MINTIT Co., Ltd., MINTIT VINA, TenX Capital, SK Networks Resources Australia (Wyong) Pty. Ltd., SK Networks Resources Pty Ltd., SKC Co., Ltd., Woori Fine Chem Co., Ltd., SK Telesys Co., Ltd., Techdream Co., Ltd., SKC INFRA SERVICE Co., Ltd., SKC Solmics Co., Ltd., Solmics Taiwan Co., Ltd., Solmics Shanghai Co., Ltd., SKC Solmics Hong Kong Co., Ltd., SKC Semiconductor Materials (Wuxi) Co., Ltd., SKC (Jiangsu) High Tech Plastics Co., Ltd., SKC, Inc., SKC Europe GmbH, SKC Hi-Tech&Marketing Co., Ltd., SKC Hi-Tech&Marketing (Suzhou) Co., Ltd., SKC Hi-Tech&Marketing Polska SP.Z.O.O, SKC Hi-Tech&Marketing USA LLC, SKC Hi-Tech&Marketing Vina Co., Ltd., SKC PU Specialty Co., Ltd., SKC (Nantong) PU Specialty Co., Ltd., SKC-ENF Electronic Materials Ltd., SKC (Nantong) Semiconductor Materials Technology Co., Ltd., SE (JIANGSU) Electronic Materials Co., Ltd., SK PIC Global Co., Ltd., SKCFTH Co., Ltd., SK Nexilis Co., Ltd., SK NEXILIS MALAYSIA SDN. BHD., 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., Pusan 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., SK E&S LNG, LLC, DewBlaine Energy, LLC, CAILIP Gas Marketing, LLC, Rnes Holdings, LLC, Pnes Investments, LLC, Prism Energy International China Limited, Prism Energy International Zhoushan Limited, Prism Energy International Pte., Ltd., Fajar Energy International Pte. Ltd., Prism Energy International Hong Kong, Ltd., PT Prism Nusantara International, SK E&S Dominicana S.R.L, Hae-Ssal Solar Power Co., Ltd., Prism DLNG Pte. Ltd., BU12 Australia Pty. Ltd., BU13 Australia Pty. Ltd., Energy Solution Holdings Inc., Ariul Solar Power Co., Ltd., Busan Jungkwan Energy Co., Ltd., IGE Co., Ltd., New&Company Two Pte. Ltd., SK ecoplant Co. Ltd. (formerly, SK Engineering & Construction Co., Ltd.), Seosuwon Development Company, SKEC Nanjing Co., Ltd., SKEC (Thai), Ltd., Thai Woo Ree Engineering Co., Ltd., SKEC Anadolu, LLC, SK E&C Betek Corporation, Mesa Verde RE Ventures, LLC, SKEC Consultores Ecquador, S.A., Sunlake Co., Ltd., SK HOLDCO PTE. LTD., Silvertown Investco Limited, SEONGJU TECH Co., Ltd., DDS Co., Ltd., SAMWON ENT Co., Ltd., The Eco Platform Co., Ltd., Environment Management Corporation Co., Ltd., Maeripji Management 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., Environment Energy Company Co., Ltd., Chungcheong Environment Energy Co., Ltd., Gyeonggi Environment Energy Co., Ltd., Gyeongbuk Environment Energy Co., Ltd., Gyeongin Environment Energy Company, SK Materials Co., Ltd., SK Materials Japan Co., Ltd., SK Materials Taiwan Co., Ltd., SK Materials Jiangsu Co., Ltd., SK Materials (Xian) Co., Ltd., SK Materials (Shanghai) Co., Ltd., SK Tri Chem Co., Ltd., SK Showa Denko Co., Ltd., Happy Companion Co., Ltd., SK Materials airplus Inc., SK Meterials Ri New Tech Co., Ltd. (formerly, Hanyu chemical Co., Ltd.), SK Materials Performance Co., Ltd., SK Materials JNC Co., Ltd., SK JNC Japan Co., Ltd., SK Siltron Co., Ltd., SK Siltron

**26. Transactions with related parties (cont'd)**

	Subsidiary
Subsidiary (total 349)	America, Inc., SK Siltron Japan, Inc., SK Siltron Shanghai Co., Ltd., SK Siltron USA, Inc., SK Siltron CSS, LLC, Happyfilling Co., Ltd., SK Biopharmaceuticals Co., Ltd., SK Life Science, Inc., SK Bio-Pharma Tech (Shanghai) Co., Ltd., SK S.E.Asia Pte. Ltd., Essencore Limited, Essencore (Shenzhen) Limited, SK China Company, Ltd., SK Bio Energy Hong Kong Co., Ltd., SK Property Investment Management Co., Ltd., SK Industrial Development China Co., Ltd., SKY Invetment Co., Ltd., SK China Real Estate Co., Ltd., SK C&C Chengdu Co., Ltd., SK C&C India Pvt. Ltd., SK C&C USA, Inc., SK Auto Service Hong Kong Co., Ltd., 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., Plutus Capital NY II, Inc., Grove Energy Capital II, LLC, Hudson Energy NY, LLC, Hudson Energy NY II, LLC, Hudson Energy NY III, LLC, Plutus Fashion NY, Inc., Wonderland NY, LLC., Atlas NY LLC, SK South East Asia Investment Pte. Ltd., SK Investment Vina I Pte. Ltd., SK Investment Vina II Pte. Ltd., SK Investment Vina III Pte. Ltd., SK Investment Vina IV Pte. Ltd., SK Pharmteco Inc., SK Biotek Co., Ltd., SK BIOTEK IRELAND LIMITED, SK BIOTEK USA, Inc., Crest Acquisition LLC, Yposkesi, SAS, Abrasax Investment Inc., Fine Chemicals Holdings Corp., AMPAC Fine Chemicals, LLC, AMPAC Fine Chemicals Texas, LLC, AMPAC Fine Chemicals Virginia, LLC, Golden Pearl EV Solutions Limited, Socar Mobility Malaysia, Sdn. Bhd., Future Mobility Solutions Sdn. Bhd., PT Future Mobility Solutions, Einstein Cayman Limited, I Cube Capital Inc.

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**26. Transactions with related parties (cont'd)**

(2) Details of significant financial transactions with the related parties for the three-month periods and six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

Company name		June 30, 2021			
		Sales and others (*1)		Purchase and others (*2)	
		Three months	Six months	Three months	Six months
Subsidiary	SK Innovation Co., Ltd.	₩ 31,035	₩ 56,193	₩ 2,993	₩ 4,204
	SK Energy Co., Ltd.	15,714	45,220	-	-
	SK Global Chemical Co., Ltd.	7,760	17,149	-	-
	SK Incheon Petrochem Co., Ltd.	2,537	7,663	-	-
	SK Lubricants Co., Ltd.	2,480	6,085	-	-
	SK USA, Inc.	12	24	581	779
	SK Hi-tech Battery Materials (Jiang su) Co., Ltd.	548	2,216	-	-
	SK Battery America, Inc.	3,021	5,203	-	-
	SK ecoplant Co., Ltd. (formerly, SK Engineering & Construction Co., Ltd.)	8,474	27,226	-	-
	SKC Co., Ltd.	4,039	25,270	-	-
	SK E&S Co., Ltd.	4,908	144,629	-	-
	SK Biopharmaceuticals Co., Ltd.	569	1,288	-	-
	Hana Land Chip PEF 33 (*4)	-	3,872	-	8,594
	ADT Caps Co., Ltd. (formerly, SK Infosec Co., Ltd.)	7,955	9,690	4,602	7,243
	SK C&C Beijing Co., Ltd.	1,034	5,576	2,200	3,401
	SK S.E.ASIA Pte. Ltd.	-	51,580	-	-
	SK Networks Co., Ltd.	10,390	34,087	419	2,722
	SK Telecom Co., Ltd.	81,925	351,503	4,704	6,371
	SK Broadband Co., Ltd.	23,389	42,461	3,280	3,938
	SK Planet Co., Ltd.	3,755	7,164	113	114
	SK Matrics Co., Ltd.	2,677	24,996	-	-
	SK Siltron Co., Ltd.	7,215	14,743	-	-
	Others	40,143	75,507	3,028	6,035
Other related parties	SK hynix Inc.	111,868	219,894	6,078	7,292
	Happynarae Co., Ltd.	338	748	5,120	5,730
	THIRA-UTECH Co., Ltd.	-	-	4,221	5,216
	Others	2,047	4,324	919	1,188
Others (*3)	SK Gas Co., Ltd.	4,068	8,710	-	-
	SK Chemicals Co., Ltd.	1,364	2,396	-	-
	Others	4,038	5,978	238	318
		<u>₩ 383,303</u>	<u>₩ 1,201,395</u>	<u>₩ 38,496</u>	<u>₩ 63,145</u>

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

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

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

(\*4) During the six-month period ended June 30, 2021, the Company acquired additional 34.80% shares of Hana Land Chip PEF 33 and gained control. Accordingly, the Company reclassified it from other related parties to investment in subsidiaries.

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**26. Transactions with related parties (cont'd)**

		June 30, 2020			
		Sales and others (*1)		Purchase and others (*2)	
	Company name	Three months	Six months	Three months	Six months
Subsidiary	SK Innovation Co., Ltd.	₩ 27,916	₩ 93,027	₩ 1,636	₩ 3,874
	SK Energy Co., Ltd.	26,458	52,734	62	62
	SK Global Chemical Co., Ltd.	7,493	16,364	-	-
	SK Incheon Petrochem Co., Ltd.	4,351	10,379	-	-
	SK Lubricants Co., Ltd.	4,714	7,183	-	-
	SK Hi-tech Battery Materials (Jiang su) Co., Ltd.	2,142	6,157	-	-
	SK Battery America, Inc.	6,621	6,623	-	-
	SK ecoplant Co., Ltd. (formerly, SK Engineering & Construction Co., Ltd.)	9,501	25,744	-	-
	SKC Co., Ltd.	1,876	20,268	-	-
	SK E&S Co., Ltd.	6,117	667,859	-	-
	SK Biopharmaceuticals Co., Ltd.	1,877	3,839	-	-
	ADT Caps Co., Ltd. (formerly, SK Infosec Co., Ltd.)	798	1,543	4,552	7,322
	SK C&C Beijing Co., Ltd.	7,908	10,619	3,140	4,211
	SK S.E.ASIA Pte. Ltd.	-	37,219	-	-
	SK Networks Co., Ltd.	11,583	32,773	728	2,732
	SK Telecom Co., Ltd.	77,260	347,210	3,655	7,330
	SK Broadband Co., Ltd.	22,624	44,880	1,985	3,909
	SK Planet Co., Ltd.	4,896	8,470	64	64
	SK Matrics Co., Ltd.	1,772	23,048	-	-
	SK Siltron Co., Ltd.	6,133	12,318	-	-
	Others	29,250	50,310	4,276	9,551
Other related parties	Hana Land Chip PEF 33	-	1,693	8,593	17,187
	SK hynix Inc.	114,108	221,501	3,707	7,398
	SK hynix Semiconductor (China) Ltd.	1,995	4,318	-	-
	Socar, Inc. (*4)	-	-	15,000	15,000
	THIRA-UTECH Co., Ltd.	-	-	2,982	4,698
	Others	839	5,713	2,926	5,875
Others (*3)	SK Gas Co., Ltd.	3,650	7,045	-	-
	SK Chemicals Co., Ltd.	1,566	3,406	-	-
	Others	4,026	7,226	218	316
		<u>₩ 387,474</u>	<u>₩ 1,729,469</u>	<u>₩ 53,524</u>	<u>₩ 89,529</u>

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

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

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

(\*4) For the six-month period ended June 30, 2020, the Company acquired equity ownership of Socar Mobility Malaysia, SDN. BHD. from Socar, Inc..

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**26. Transactions with related parties (cont'd)**

(3) Details of outstanding balances of receivables and payables with the related parties as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

		June 30, 2021					
		Receivables			Payables		
Company name		Trade	Other	Total	Trade	Other	Total
		receivables	receivables		payables	payables	
Subsidiaries	SK Innovation Co., Ltd.	₩ 22,676	₩ 18,437	₩ 41,113	₩ -	₩ 11,877	₩ 11,877
	SK Energy Co., Ltd.	9,038	-	9,038	-	150	150
	SK Global Chemical Co., Ltd.	3,692	-	3,692	-	2,080	2,080
	SK Incheon Petrochem Co., Ltd.	965	-	965	-	-	-
	SK Lubricants Co., Ltd.	715	-	715	-	106	106
	SK USA, Inc.	1	-	1	-	537	537
	Plutus Capital NY, Inc.	-	439,005	439,005	-	-	-
	SK Hi-tech Battery Materials (Jiang su) Co., Ltd.	1,638	-	1,638	-	2	2
	SK Battery America, Inc.	4,744	-	4,744	-	889	889
	SK ecoplant Co., Ltd. (formerly, SK Engineering & Construction Co., Ltd.)	5,418	-	5,418	-	39	39
	SKC Co., Ltd.	5,164	-	5,164	-	145	145
	SK E&S Co., Ltd.	2,608	110	2,718	-	1,376	1,376
	SK Biopharmaceuticals Co., Ltd.	285	-	285	-	-	-
	Hana Land Chip PEF 33 (*2)	-	5,983	5,983	-	19,627	19,627
	ADT Caps Co., Ltd. (formerly, SK infosec Co., Ltd.)	10,036	-	10,036	951	2,094	3,045
	SK C&C Beijing Co., Ltd.	1,195	-	1,195	-	183	183
	SK Networks Co., Ltd.	8,222	-	8,222	-	649	649
	SK Telecom Co., Ltd.	46,162	361	46,523	738	6,394	7,132
	SK Broadband Co., Ltd.	23,518	-	23,518	338	1,742	2,080
	SK Planet Co., Ltd.	2,128	-	2,128	-	29	29
	SK Materials Co., Ltd.	1,059	-	1,059	-	277	277
	SK Siltron Co., Ltd.	9,526	-	9,526	-	256	256
	Others	36,439	321	36,760	455	14,665	15,120
Other related parties	SK hynix Inc.	193,695	8,046	201,741	-	88,806	88,806
	THIRA-UTECH Co., Ltd.	-	-	-	1,139	70	1,209
	ProteoVant Sciences, Inc.	-	-	-	-	113,130	113,130
	Others	1,783	140	1,923	660	1,451	2,111
Others (*1)	SK Gas Co., Ltd.	2,423	-	2,423	-	190	190
	SK Chemicals Co., Ltd.	1,508	-	1,508	-	260	260
	Others	3,129	19	3,148	89	441	530
		<u>₩ 397,767</u>	<u>₩ 472,422</u>	<u>₩ 870,189</u>	<u>₩ 4,370</u>	<u>₩ 267,465</u>	<u>₩ 271,835</u>

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

(\*2) During the six-month period ended June 30, 2021, the Company acquired additional 34.80% shares of Hana Land Chip PEF 33 and gained control. Accordingly, the Company reclassified it from investment in joint ventures to investment in subsidiaries.

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**26. Transactions with related parties (cont'd)**

		December 31, 2020					
		Receivables			Payables		
Company name		Trade	Other	Total	Trade	Other	Total
		receivables	receivables		payables	payables	
Subsidiary	SK Innovation Co., Ltd.	₩ 24,315	₩ 33,894	₩ 58,209	₩ -	₩ 17,183	₩ 17,183
	SK Energy Co., Ltd.	8,123	-	8,123	-	708	708
	SK Global Chemical Co., Ltd.	4,145	-	4,145	-	3,515	3,515
	SK Incheon Petrochem Co., Ltd.	2,422	-	2,422	-	62	62
	SK Lubricants Co., Ltd.	27	-	27	-	1,589	1,589
	SK USA, Inc.	14	-	14	-	1,557	1,557
	SK Hi-tech Battery Materials (Jiang su) Co., Ltd.	7,085	-	7,085	-	458	458
	SK Battery America, Inc.	1,578	-	1,578	-	1,336	1,336
	SK ecoplant Co., Ltd. (formerly, SK Engineering Construction Co., Ltd.)	6,295	-	6,295	-	1,001	1,001
	SKC Co., Ltd.	3,282	-	3,282	-	717	717
	SK E&S Co., Ltd.	5,091	-	5,091	-	205	205
	SK Biopharmaceuticals Co., Ltd.	461	-	461	-	94	94
	ADT Caps Co., Ltd. (formerly, SK infosec Co., Ltd.)	1,156	-	1,156	2,006	2,086	4,092
	SK C&C Beijing Co., Ltd.	1,284	-	1,284	849	124	973
	SK Networks Co., Ltd.	6,613	-	6,613	-	1,119	1,119
	SK Telecom Co., Ltd.	46,745	361	47,106	740	7,497	8,237
	SK Broadband Co., Ltd.	20,379	-	20,379	344	969	1,313
	SK Planet Co., Ltd.	2,283	-	2,283	353	107	460
	SK Materials Co., Ltd.	495	-	495	-	229	229
	SK Siltron Co., Ltd.	10,559	-	10,559	-	441	441
	Others	53,090	133	53,223	584	20,000	20,584
Other related parties	Hana Land Chip PEF 33	-	5,983	5,983	-	8,579	8,579
	SK hynix Inc.	177,572	7,929	185,501	-	75,940	75,940
	SK hynix system ic (Wuxi) Co., Ltd.	703	-	703	-	26	26
	THiRA-UTECH Co., Ltd.	-	-	-	1,304	10	1,314
	Others	2,706	135	2,841	350	2,146	2,496
Others (*1)	SK Gas Co., Ltd.	2,653	-	2,653	-	51	51
	SK Chemicals Co., Ltd.	1,428	-	1,428	-	3	3
	Others	4,628	-	4,628	215	409	624
		<u>₩ 395,132</u>	<u>₩ 48,435</u>	<u>₩ 443,567</u>	<u>₩ 6,745</u>	<u>₩ 148,161</u>	<u>₩ 154,906</u>

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

(4) Compensation for key management personnel of the Company for the three-month periods and six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

	June 30, 2021		June 30, 2020	
	Three months	Six months	Three months	Six months
Salaries	₩ 4,189	₩ 8,245	₩ 3,757	₩ 7,130
Provision for pension benefits	973	7,152	944	5,658
Share compensation expense	147	487	227	426
	<u>₩ 5,309</u>	<u>₩ 15,884</u>	<u>₩ 4,928</u>	<u>₩ 13,214</u>

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

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

**26. Transactions with related parties (cont'd)**

(5) Details of significant transactions with related parties in relation to the investments for the six-month period ended June 30, 2021 are as follows (USD and EUR in thousands):

	Currency	Amount	Transactions
SK Pharmteco Inc.	USD	305,957	Share capital increase
Plutus Capital NY, Inc.	USD	234,300	Share capital increase
Belstar Superfreeze Holdings, LLC	USD	10,273	Share capital increase
SK Investment Management Co., Ltd.	USD	808	Share capital increase
I Cube Capital, Inc.	USD	656	Share capital increase
I Cube Capital II, Inc.	USD	25,000	Share capital increase
SES Holdings Pte. Ltd.	USD	36,000	Share capital increase
Hummingbird Bioscience Holdings Pte., Ltd.	USD	4,999	Share capital increase
Visible Patient S.A.S	EUR	2,240	Share capital increase

(6) Details of significant financial transactions with related-parties for the six-month periods ended June 30, 2021 and 2020 are as follows (USD in thousands):

	Currency	For the six-month periods ended			
		June 30, 2021		June 30, 2020	
		Loan	Withdraw	Loan	Withdraw
Plutus Capital NY, Inc.	USD	388,500	-	-	-
Halio, Inc. (formerly, Kinestral Technologies Inc.)	USD	-	-	-	2,483

(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, 2021 are as follows (Korean won in millions):

		June 30, 2021	December 31, 2020
Investment securities	ESR Cayman Limited (*1)	₩ 681,350	₩ 697,130

(\*1) The Company has decided to sell the investment stock of the related company, ESR Cayman Limited, during the year ended December 31, 2020. The Company has sold some of the shares in the year ended December 31, 2020 and the sale of remaining shares is underway. Meanwhile, the current carrying amount as of June 30, 2021, includes the valuation loss ₩15,780 million on investment securities.

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

---

**28. Cash flow information**

(1) Details of non-cash adjustments for the six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

	For the six-month periods ended	
	June 30, 2021	June 30, 2020
Provision for pension benefits	₩ 25,807	₩ 21,597
Depreciation	40,092	39,133
Amortization	14,748	12,651
Bad debt expenses (return)	(97)	72
Provisions transferred in	329	1,126
Interest expenses	80,149	92,787
Loss on foreign currency translation	1,432	403
Loss on valuation of financial assets measured at FVTPL	15,780	-
Loss on valuation of derivative instruments	6,630	310
Loss on disposal of property, plant and equipment	3	63
Loss on disposal of intangible assets	12	-
Share-based payment expenses	487	426
Income tax expense	302,909	213,299
Dividends income	(446,356)	(996,976)
Interest income	(5,952)	(2,648)
Gain on foreign currency translation	(10,447)	(502)
Gain on valuation of financial assets measured at FVTPL	(49)	(214)
Gain on valuation of derivative instruments	(130)	(562)
Gain on disposal of investments in subsidiaries, associates and joint ventures	(1,066,744)	(257,115)
Gain on disposal of property, plant and equipment	(23)	(2)
Gain on disposal of intangible assets	(967)	-
Others	(42)	420
	<u>₩ (1,042,429)</u>	<u>₩ (875,732)</u>

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

---

**28. Cash flow information (cont'd)**

(2) Details of working capital adjustments for the six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

	For the six-month period ended	
	June 30, 2021	June 30, 2020
Trade receivables	₩ 7,554	₩ (31,233)
Other receivables	2,457	(110)
Inventories	(31)	(149)
Advanced payments	(1,032)	(127)
Lease receivables	17,518	16,771
Prepaid expenses	(13,568)	(10,160)
Trade payables	21,804	(55,155)
Advances received	34,262	95,402
Withholdings	(5,177)	(2,255)
Other payables	(52,105)	(7,493)
Accrued expenses	(28,109)	(30,398)
Leasehold deposits received	2	67
Provision	(1,626)	(2,376)
Defined benefit obligation	(4,896)	(11,333)
Plan assets	6,412	12,804
Others	972	204
	<u>₩ (15,563)</u>	<u>₩ (25,541)</u>

(3) Details of significant non-cash transactions for the six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

	For the six-month period ended	
	June 30, 2021	June 30, 2020
Transfer of long-term bonds payable to current-portion	₩ 489,672	₩ 541,457
Decrease in other payables regarding the acquisition of property, plant and equipment	6,811	1,753
Increase in other payables regarding the acquisition of investments in associates, and joint ventures	113,130	-
Transfer of investments in joint ventures to investments in subsidiaries	(40,000)	-
Transfer of investment in associates due to the exercise of convertible bonds	(22,500)	-

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

---

**29. Commitments and contingencies**

(1) Guarantees provided by others for the Company's obligations and indebtedness as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	Currency	June 30, 2021	December 31, 2020
Seoul Guarantee Insurance	KRW	9,537	7,623
Korea Software Financial Cooperative	KRW	402,332	379,526

(2) Pending litigation

There are no major pending litigations as of June 30, 2021.

(3) Significant commitments

- 1) SK Innovation Co., Ltd., SK Energy Co., Ltd., SK Global Chemical Co., Ltd., SK Lubricants Co., Ltd., SK Incheon Petrochem Co., Ltd., SK Trading International Co., Ltd. and SK ie technology 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.
- 2) The Company entered into a contract to lease the headquarters building from NH Bank, the trustee of Hana Asset Management Co., Ltd. Under the terms of the lease, the lease period is until December 31, 2021, and the Company has the preemptive right to purchase the building at the fair value when the lessor elects to dispose the property. Meanwhile, the Company exercised the preferred purchase right during the previous year, and SK REITs Co., Ltd., a subsidiary, purchased SK Seorin building from NH Bank (a trust operator of Hana Land Chip PEF 33) on July 6, 2021.
- 3) The Company holds IT outsourcing and IT system maintenance agreements to provide hardware and information systems maintenance, and development service entered into between the Company and the affiliates of SK Group companies and others.
- 4) The Company entered into a contract with Gyeonggi province on May 31, 2011 to purchase land located in Pangyo Land Development District. The total agreement amount is ₩82,964 million (the Company's portion: ₩45,536 million (54.9%)), which will be used for the construction of urban infrastructure facilities ("designated purpose" of the land). On the other hand, the building was completed and registered to preserve ownership in August, 2014, and the transfer of destination land and buildings to third parties is limited for 10 years from the time of registration of preservation of ownership.

**29. Commitments and contingencies (cont'd)**

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

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

- 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:

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

**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 details are as follows:

	Total return swap contracts
Investor	MD Prime 1st Co., Ltd. and others
Number of shares	4,640,199
Contract date	November 14, 2017
Expiry date	November 13, 2022
Settlement	The Company and the investors settle the amount that deducts the issue price from the net selling price in cash. If the amount is positive, the investor shall pay to the Company, and if the amount is negative, the Company shall pay to the investor. In case where the sale is not complete, the selling price of the shares is considered to be 0.
Premium	The Company shall pay to the investors the amount equivalent to 3.07% of the total shares held by investors annually. When the investor receives dividends on the shares held, the amount shall be paid to the Company.
Call option	On the premium payment date and on a three-month basis between the date on which the resolution is made by the Board of Directors with regards to designation of IPO supervisor and the submission date of demand of preliminary assessment for listing ("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.

- 8) SK E&S LNG, LLC, one of the subsidiaries, is scheduled to be provided with liquefaction service for 20 years from FLNG Liquefaction 3, LLC, Which plans to operate natural gas liquefaction plants in Texas starting from 2019. As of June 30, 2021, SK E&S Co., Ltd., one of the subsidiaries, is responsible for performance guarantee in case of SK E&S LNG, LLC's inability to make payments for service or for claims against breach of obligation. In regard to this, the Company provides performance guarantee for SK E&S Co., Ltd.'s guarantee.
- 9) The Company entered into a cash deficiency support agreement with Hudson Energy NY, LLC, a subsidiary of Plutus Capital NY, Inc., to lend funds for the shortfall of payment for loans and credit limit of USD 226,000 thousand.
- 10) The Company entered into a cash deficiency support agreement with Abrasax Investment Inc., a subsidiary of subsidiary SK Pharmteco Inc., which is a subsidiary of the Company, to lend funds for the shortfall of payment for loans and credit of up to USD 315,000 thousand.
- (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, 2021.

### 30. Financial risk management

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

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

#### 30.1 Market risk

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

##### 30.1.1 Interest rate risk

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

##### 30.1.2 Foreign currency risk

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

Significant monetary assets and liabilities denominated in foreign currencies as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions, and USD, EUR and Others in thousands):

	Currency	June 30, 2021		December 31, 2020	
		Foreign currencies	Korea won equivalent	Foreign currencies	Korea won equivalent
Assets	USD	396,164	₩ 447,666	14,344	₩ 15,606
	EUR	1,081	1,453	638	853
	Others		7,543		4,043
			₩ 456,662		₩ 20,502
Liabilities	USD	101,226	₩ 114,385	2,429	₩ 2,643
	EUR	-	-	12	16
	Others		270		2,130
			₩ 114,655		₩ 4,789

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, 2021		December 31, 2020	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Increase (decrease) in income before tax expense	₩ 34,201	₩ (34,201)	₩ 1,571	₩ (1,571)

### 30.1.3 Other price risk

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

### 30.2 Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of June 30, 2021 and December 31, 2020 is as follows and for cash and cash equivalents, credit risk exposure is low (Korean won in millions):

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Short-term and long-term financial instruments	₩ 256,069	₩ 241,314
Trade receivables	327,113	359,109
Other receivables	1,301	3,747
Accrued income	4,649	66
Short-term and long-term investment securities	379,803	375,161
Short-term and long-term guarantee deposits	24,163	24,888
Short-term lease receivables	18,438	33,189
Short-term loans	439,005	-
Financial derivatives asset	175,990	175,913
	<u>₩ 1,626,531</u>	<u>₩ 1,213,387</u>

#### 30.2.1 Trade and other receivables

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

Maximum exposure to credit risk at the reporting date is the book value of each class of financial assets. The Company apply 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.

**SK Inc.**  
**Notes to the interim condensed separate financial statements**  
**June 30, 2021 and 2020 (Unaudited)**

---

**30.2.3 Liquidity risk**

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

The contractual maturity of financial liabilities as of June 30, 2021 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
Borrowings	₩ 1,325,000	₩ 1,326,579	₩ 1,326,579	₩ -	₩ -	₩ -
Bonds payable	6,496,241	6,981,943	315,310	816,199	4,558,711	1,291,723
Financial derivatives liabilities	474,572	474,572	70	232,702	241,800	-
Trade accounts payables	113,984	113,984	113,984	-	-	-
Lease liabilities	105,242	107,109	14,027	33,151	59,931	-
Other liabilities	239,694	239,694	210,500	29,164	30	-
	<u>₩ 8,754,733</u>	<u>₩ 9,243,881</u>	<u>₩ 1,980,470</u>	<u>₩ 1,111,216</u>	<u>₩ 4,860,472</u>	<u>₩ 1,291,723</u>

**30.2.4 Capital management**

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

The Company maintains a debt ratio of 61.26% as of June 30, 2021. 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, 2021 and December 31, 2020 is as follows (Korean won in millions):

	June 30, 2021	December 31, 2020
Total liabilities	₩ 9,613,414	₩ 8,760,834
Total equity	15,692,600	14,831,563
Debt ratio	61.26%	59.07%

### **31. Subsequent events**

#### **31.1 Share acquisition of Signet EV Inc.**

On April 15, 2021, the board of directors decided to acquire a total of 7,540,087 convertible preferred shares (53.4%) of Signet EV Inc. including old and new shares in order to expand the Company's portfolio of electric vehicle charging business which are the high growth businesses in the future. The acquisition amount is ₩293,236 million on August 12, 2021.

#### **31.2 Interim dividend**

The Company declared to pay interim dividend in accordance with the board's resolution on July 21, 2021 as follows:

	<u>Details</u>
Amount of interim dividend	₩1,500 per share (total amount of dividend: ₩79,308 millions)
Ratio of dividend to market value	ordinary shares: 0.5%, preferred shares: 0.6%
Basic date for dividend	June 30, 2021
Date of dividend payment	Within 1 month from the resolution date by Commercial Act Article 464-2 (1)

#### **31.3 Additional investment in SK REITs Co., Ltd.**

On June 29, 2021, the board of directors decided to make an additional investment of ₩387,251 million in SK REITs Co., Ltd., a subsidiary, and the investment was completed in July 2021.