



# **SK Holdings Co., Ltd. and its subsidiaries**

Interim condensed consolidated financial statements  
for the six-month periods ended June 30, 2020 and 2019  
with the independent auditor's review report

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Report on review of interim condensed consolidated financial statements

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## Report on review of interim condensed consolidated financial statements

### The Shareholders and Board of Directors SK Holdings Co., Ltd.

We have reviewed the accompanying interim condensed consolidated financial statements of SK Holdings Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as, the “Group”), which comprise the interim condensed consolidated statement of financial position as of June 30, 2020, and the interim condensed consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2020 and 2019, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows for the six-month periods ended June 30, 2020 and 2019, and a summary of significant accounting policies and other explanatory information.

### Management’s responsibility for the interim condensed consolidated financial statements

Management is responsible for the preparation and presentation of these interim condensed consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor’s responsibility

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

We conducted our review in accordance with the review standards 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, 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 consolidated financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

### **Other matter**

We have audited the consolidated statement of financial position of the Group as of December 31, 2019, and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended (not presented herein) in accordance with KGAAS, and our report dated March 10, 2020 expressed an unqualified opinion thereon. The accompanying consolidated statement of financial position as of December 31, 2019, presented for comparative purposes, is not different, in all material respects, from the above audited consolidated statement of financial position.



August 14, 2020

This review report is effective as of August 14, 2020, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's review report date to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed consolidated financial statements and may result in modification to this review report.

## **SK Holdings Co., Ltd. and its subsidiaries**

Interim condensed consolidated financial statements  
for the six-month periods ended June 30, 2020 and 2019

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

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

**SK Holdings Co., Ltd. and its subsidiaries**  
**Interim condensed consolidated statements of financial position**  
**as of June 30, 2020 and December 31, 2019**

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

|  | Notes             | Korean won                      |                      | Translation into U.S. dollar<br>(Note 2) |                       |
|--|-------------------|---------------------------------|----------------------|--|-----------------------|
|  |                   | June 30,<br>2020<br>(Unaudited) | December 31,<br>2019 | June 30,<br>2020<br>(Unaudited)          | December 31,<br>2019  |
| <b>Assets</b>                                    |                   |                                 |                      |  |                       |
| Current assets:                                  |                   |                                 |                      |  |                       |
| Cash and cash equivalents                        | 5                 | ₩ 13,164,041                    | ₩ 7,981,755          | \$ 10,963,639                            | \$ 6,647,585          |
| Short-term financial instruments                 | 5, 32             | 3,591,541                       | 3,694,344            | 2,991,206                                | 3,076,825             |
| Trade receivables, net                           | 5, 6, 27, 34      | 8,476,969                       | 10,377,328           | 7,060,022                                | 8,642,732             |
| Other receivables                                | 5, 27, 31, 34     | 2,074,089                       | 1,912,498            | 1,727,400                                | 1,592,819             |
| Inventories, net                                 | 7                 | 6,754,608                       | 9,138,361            | 5,625,558                                | 7,610,861             |
| Short-term investment securities                 | 5, 8, 32, 34      | 81,359                          | 185,101              | 67,760                                   | 154,161               |
| Other current assets                             | 5, 18, 19, 32, 34 | 4,698,820                       | 4,431,557            | 3,913,401                                | 3,690,811             |
| Assets held for sale                             | 29                | 931,671                         | 2,308,204            | 775,940                                  | 1,922,382             |
| Total current assets                             |                   | <u>39,773,098</u>               | <u>40,029,148</u>    | <u>33,124,926</u>                        | <u>33,338,176</u>     |
| Non-current assets:                              |                   |                                 |                      |  |                       |
| Long-term financial instruments                  | 5, 32             | 97,516                          | 7,598                | 81,216                                   | 6,328                 |
| Long-term trade receivables, net                 | 5, 6, 34          | 188,832                         | 130,171              | 157,268                                  | 108,413               |
| Long-term other receivables                      | 5, 31, 34         | 264,092                         | 354,622              | 219,948                                  | 295,346               |
| Long-term investment securities                  | 5, 8, 32, 34      | 3,613,381                       | 2,810,412            | 3,009,395                                | 2,340,645             |
| Investments in associates and joint ventures     | 9, 32             | 20,955,511                      | 21,894,716           | 17,452,745                               | 18,234,960            |
| Property, plant and equipment, net               | 10, 32            | 44,863,945                      | 42,846,379           | 37,364,825                               | 35,684,499            |
| Right-of-use assets, net                         | 11                | 4,503,047                       | 4,543,546            | 3,750,351                                | 3,784,081             |
| Investment property, net                         | 12, 32            | 421,248                         | 487,758              | 350,835                                  | 406,228               |
| Goodwill   | 13, 35            | 4,329,360                       | 2,598,464            | 3,605,697                                | 2,164,124             |
| Intangible assets, net                           | 14                | 12,602,909                      | 12,067,786           | 10,496,301                               | 10,050,625            |
| Deferred tax assets                              |                   | 890,860                         | 798,454              | 741,951                                  | 664,990               |
| Other non-current assets                         | 5, 18, 19, 27, 34 | 3,603,199                       | 3,451,622            | 3,000,915                                | 2,874,675             |
| Total non-current assets                         |                   | <u>96,333,900</u>               | <u>91,991,528</u>    | <u>80,231,447</u>                        | <u>76,614,914</u>     |
| <b>Total assets</b>                              |                   | <b>₩ 136,106,998</b>            | <b>₩ 132,020,676</b> | <b>\$ 113,356,373</b>                    | <b>\$ 109,953,090</b> |
| <b>Liabilities and equity</b>                    |                   |                                 |                      |  |                       |
| <b>Liabilities</b>                               |                   |                                 |                      |  |                       |
| Current liabilities:                             |                   |                                 |                      |  |                       |
| Short-term borrowings                            | 5, 15, 34         | ₩ 8,497,756                     | ₩ 5,888,357          | \$ 7,077,335                             | \$ 4,904,103          |
| Trade payables                                   | 5, 27, 34         | 6,231,555                       | 8,809,856            | 5,189,935                                | 7,337,267             |
| Other payables                                   | 5, 27, 34         | 4,588,564                       | 3,961,150            | 3,821,574                                | 3,299,034             |
| Provisions                                       | 16                | 579,140                         | 584,093              | 482,335                                  | 486,460               |
| Current portion of long-term debt                | 5, 15, 34         | 5,433,047                       | 6,029,722            | 4,524,900                                | 5,021,839             |
| Other current liabilities                        | 5, 11, 18, 19     | 10,418,909                      | 10,032,433           | 8,677,362                                | 8,355,487             |
| Liabilities held for sale                        | 29                | 105,841                         | 257,526              | 88,149                                   | 214,480               |
| Total current liabilities                        |                   | <u>35,854,812</u>               | <u>35,563,137</u>    | <u>29,861,590</u>                        | <u>29,618,670</u>     |
| Non-current liabilities:                         |                   |                                 |                      |  |                       |
| Bonds payable and long-term borrowings           | 5, 15, 31, 34     | 36,069,510                      | 32,374,161           | 30,040,401                               | 26,962,740            |
| Long-term trade payables                         | 5, 27, 34         | 1,551                           | 2,391                | 1,292                                    | 1,991                 |
| Long-term other payables                         | 5, 34             | 1,186,527                       | 1,565,043            | 988,196                                  | 1,303,442             |
| Defined benefit liabilities                      | 17                | 651,891                         | 414,682              | 542,926                                  | 345,367               |
| Provisions                                       | 16                | 180,534                         | 210,606              | 150,357                                  | 175,403               |
| Deferred tax liabilities                         |                   | 4,640,683                       | 5,493,581            | 3,864,981                                | 4,575,315             |
| Other non-current liabilities                    | 5, 11, 18, 19, 34 | 4,333,820                       | 4,214,440            | 3,609,411                                | 3,509,986             |
| Total non-current liabilities                    |                   | <u>47,064,516</u>               | <u>44,274,904</u>    | <u>39,197,564</u>                        | <u>36,874,244</u>     |
| Total liabilities                                |                   | <u>82,919,328</u>               | <u>79,838,041</u>    | <u>69,059,154</u>                        | <u>66,492,914</u>     |
| <b>Equity</b>                                    |                   |                                 |                      |  |                       |
| Equity attributable to owners of the parent:     |                   |                                 |                      |  |                       |
| Issued capital                                   | 1, 20             | 15,385                          | 15,385               | 12,813                                   | 12,813                |
| Other paid-in capital                            | 20                | 5,342,775                       | 4,074,176            | 4,449,717                                | 3,393,167             |
| Retained earnings                                | 20                | 12,141,114                      | 12,558,584           | 10,111,697                               | 10,459,385            |
| Other components of equity                       | 20                | 410,244                         | 37,624               | 341,671                                  | 31,335                |
| Total equity attributable to owner of the parent |                   | <u>17,909,518</u>               | <u>16,685,769</u>    | <u>14,915,898</u>                        | <u>13,896,700</u>     |
| Non-controlling interests                        |                   | 35,278,152                      | 35,496,866           | 29,381,321                               | 29,563,476            |
| Total equity                                     |                   | <u>53,187,670</u>               | <u>52,182,635</u>    | <u>44,297,219</u>                        | <u>43,460,176</u>     |
| <b>Total liabilities and equity</b>              |                   | <b>₩ 136,106,998</b>            | <b>₩ 132,020,676</b> | <b>\$ 113,356,373</b>                    | <b>\$ 109,953,090</b> |

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

**SK Holdings Co., Ltd. and its subsidiaries**  
**Interim condensed consolidated statements of comprehensive income**  
**for the three months and six months ended June 30, 2020 and 2019**

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

|  | Notes      | Korean won                   |                    |                              |                    |
|--|------------|------------------------------|--------------------|------------------------------|--------------------|
|  |            | June 30, 2020<br>(unaudited) |                    | June 30, 2019<br>(unaudited) |                    |
|  |            | Three months                 | Six months         | Three months                 | Six months         |
| <b>Sales</b>   | 4, 27      | ₩ 18,780,904                 | ₩ 42,503,190       | ₩ 24,847,444                 | ₩ 50,118,425       |
| <b>Cost of sales</b>   | 24, 27     | <u>17,307,357</u>            | <u>40,572,353</u>  | <u>22,504,549</u>            | <u>45,368,612</u>  |
| <b>Gross profit</b>  |            | <b>1,473,547</b>             | <b>1,930,837</b>   | <b>2,342,895</b>             | <b>4,749,813</b>   |
| Selling and administrative expenses  | 21, 24, 27 | <u>1,284,543</u>             | <u>2,661,808</u>   | <u>1,184,887</u>             | <u>2,306,660</u>   |
| <b>Operating income</b>  | 4          | <b>189,004</b>               | <b>(730,971)</b>   | <b>1,158,008</b>             | <b>2,443,153</b>   |
| Finance income   | 22         | 574,567                      | 3,252,070          | 915,012                      | 2,055,596          |
| Finance costs  | 22         | 820,973                      | 3,822,752          | 1,312,890                    | 2,747,466          |
| Gain on investments in associates<br>and joint ventures, net                                 | 9          | 243,750                      | 368,057            | 197,368                      | 451,870            |
| Other non-operating income   | 23         | 555,905                      | 948,911            | 78,074                       | 213,684            |
| Other non-operating expenses   | 23         | <u>362,544</u>               | <u>722,673</u>     | <u>159,122</u>               | <u>238,455</u>     |
| <b>Profit (loss) from continuing operations<br/>before income tax expense</b>                | 4          | <b>379,709</b>               | <b>(707,358)</b>   | <b>876,450</b>               | <b>2,178,382</b>   |
| <b>Income tax expense from continuing operations</b>   | 25         | <b>357,237</b>               | <b>58,543</b>      | <b>391,032</b>               | <b>702,942</b>     |
| <b>Profit (loss) for the period from continuing operations</b>                               | 4          | <b>22,472</b>                | <b>(765,901)</b>   | <b>485,418</b>               | <b>1,475,440</b>   |
| <b>Gain (loss) from discontinued operation</b>   | 28         | <b>95,111</b>                | <b>51,100</b>      | <b>(509)</b>                 | <b>(9,074)</b>     |
| <b>Profit (loss) for the period</b>  |            | <b>₩ 117,583</b>             | <b>₩ (714,801)</b> | <b>₩ 484,909</b>             | <b>₩ 1,466,366</b> |
| Attributable to:   |            |                              |                    |                              |                    |
| Owners of the parent   |            | 11,141                       | (176,299)          | 117,402                      | 577,803            |
| Non-controlling interests  |            | 106,442                      | (538,502)          | 367,507                      | 888,563            |
| <b>Other comprehensive income (loss):</b>  |            |                              |                    |                              |                    |
| Items that will not be reclassified to profit or<br>loss in subsequent periods (net of tax): |            |                              |                    |                              |                    |
| Remeasurement gain(loss) on defined benefit plans  |            | (8,990)                      | (52,723)           | (28,388)                     | (81,429)           |
| Net gain(loss) on valuation of financial assets at FVOCI                                     |            | 213,044                      | 136,582            | (19,822)                     | (22,223)           |
| Items that may be reclassified to profit or loss<br>in subsequent periods (net of tax):      |            |                              |                    |                              |                    |
| Equity adjustments of investments in associates<br>and joint ventures                        |            | (97,041)                     | 47,345             | 30,165                       | 154,166            |
| Gain (loss) on valuation of derivative financial instruments                                 |            | (10,157)                     | 26,213             | 11,440                       | 16,831             |
| Net gain(loss) on translation of foreign operations  |            | <u>(165,212)</u>             | <u>597,473</u>     | <u>183,509</u>               | <u>366,071</u>     |
|  |            | <u>(68,356)</u>              | <u>754,890</u>     | <u>176,904</u>               | <u>433,416</u>     |
| <b>Total comprehensive income for the period</b>   |            | <b>₩ 49,227</b>              | <b>₩ 40,089</b>    | <b>₩ 661,813</b>             | <b>₩ 1,899,782</b> |
| Attributable to:   |            |                              |                    |                              |                    |
| Owners of the parent   |            | (95,881)                     | 166,863            | 228,751                      | 815,812            |
| Non-controlling interests  |            | 145,108                      | (126,774)          | 433,062                      | 1,083,970          |
| <b>Earnings per share (Korean won):</b>  | 26         |                              |                    |                              |                    |
| Basic earnings (losses) per share  |            | ₩ 191                        | ₩ (3,403)          | ₩ 2,083                      | ₩ 10,320           |
| Basic earnings (losses) per share from continuing operations                                 |            | (613)                        | (3,844)            | 2,093                        | 10,392             |

(Continued)

**SK Holdings Co., Ltd. and its subsidiaries**  
**Interim condensed consolidated statements of comprehensive income**  
**for the three months and six months ended June 30, 2020 and 2019**

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

|  | Notes      | Translation into U.S. dollar (Note 2) |                     |                              |                     |
|--|------------|---------------------------------------|---------------------|------------------------------|---------------------|
|  |            | June 30, 2020<br>(unaudited)          |                     | June 30, 2019<br>(unaudited) |                     |
|  |            | Three months                          | Six months          | Three months                 | Six months          |
| <b>Sales</b>   | 4, 27      | \$ 15,641,629                         | \$ 35,398,676       | \$ 20,694,132                | \$ 41,741,005       |
| <b>Cost of sales</b>   | 24, 27     | 14,414,389                            | 33,790,583          | 18,742,857                   | 37,785,135          |
| <b>Gross profit</b>  |            | <b>1,227,240</b>                      | <b>1,608,093</b>    | <b>1,951,275</b>             | <b>3,955,870</b>    |
| Selling and administrative expenses  | 21, 24, 27 | 1,069,828                             | 2,216,880           | 986,830                      | 1,921,096           |
| <b>Operating income</b>  | 4          | <b>157,412</b>                        | <b>(608,787)</b>    | <b>964,445</b>               | <b>2,034,774</b>    |
| Finance income   | 22         | 478,527                               | 2,708,478           | 762,065                      | 1,711,998           |
| Finance costs  | 22         | 683,745                               | 3,183,769           | 1,093,437                    | 2,288,220           |
| Gain on investments in associates<br>and joint ventures, net                                 | 9          | 203,007                               | 306,535             | 164,377                      | 376,339             |
| Other non-operating income   | 23         | 462,984                               | 790,298             | 65,024                       | 177,966             |
| Other non-operating expenses   | 23         | 301,944                               | 601,876             | 132,524                      | 198,597             |
| <b>Profit (loss) from continuing operations<br/>before income tax expense</b>                | 4          | <b>316,241</b>                        | <b>(589,121)</b>    | <b>729,950</b>               | <b>1,814,260</b>    |
| <b>Income tax expense from continuing operations</b>   | 25         | <b>297,524</b>                        | <b>48,758</b>       | <b>325,670</b>               | <b>585,443</b>      |
| <b>Profit (loss) for the period from continuing operations</b>                               | 4          | <b>18,717</b>                         | <b>(637,879)</b>    | <b>404,280</b>               | <b>1,228,817</b>    |
| <b>Gain (loss) from discontinued operation</b>   | 28         | <b>79,213</b>                         | <b>42,559</b>       | <b>(424)</b>                 | <b>(7,557)</b>      |
| <b>Profit (loss) for the period</b>  |            | <b>\$ 97,930</b>                      | <b>\$ (595,320)</b> | <b>\$ 403,856</b>            | <b>\$ 1,221,260</b> |
| Attributable to:   |            |                                       |                     |                              |                     |
| Owners of the parent   |            | 9,279                                 | (146,830)           | 97,778                       | 481,222             |
| Non-controlling interests  |            | 88,651                                | (448,490)           | 306,078                      | 740,038             |
| <b>Other comprehensive income (loss):</b>  |            |                                       |                     |                              |                     |
| Items that will not be reclassified to profit or<br>loss in subsequent periods (net of tax): |            |                                       |                     |                              |                     |
| Remeasurement gain(loss) on defined benefit plans  |            | (7,487)                               | (43,910)            | (23,643)                     | (67,818)            |
| Net gain(loss) on valuation of financial assets at FVOCI                                     |            | 177,433                               | 113,752             | (16,509)                     | (18,508)            |
| Items that may be reclassified to profit or loss<br>in subsequent periods (net of tax):      |            |                                       |                     |                              |                     |
| Equity adjustments of investments in associates<br>and joint ventures                        |            | (80,820)                              | 39,431              | 25,123                       | 128,397             |
| Gain (loss) on valuation of derivative financial instruments                                 |            | (8,459)                               | 21,831              | 9,528                        | 14,018              |
| Net gain (loss) on translation of foreign operations   |            | (137,596)                             | 497,604             | 152,835                      | 304,881             |
|  |            | (56,929)                              | 628,708             | 147,334                      | 360,970             |
| <b>Total comprehensive income for the period</b>   |            | <b>\$ 41,001</b>                      | <b>\$ 33,388</b>    | <b>\$ 551,190</b>            | <b>\$ 1,582,230</b> |
| Attributable to:   |            |                                       |                     |                              |                     |
| Owners of the parent   |            | (79,852)                              | 138,971             | 190,515                      | 679,447             |
| Non-controlling interests  |            | 120,853                               | (105,583)           | 360,675                      | 902,783             |
| <b>Earnings per share (U.S. dollar):</b>   | 26         |                                       |                     |                              |                     |
| Basic earnings (losses) per share  |            | \$ 0.16                               | \$ (2.83)           | \$ 1.73                      | \$ 8.59             |
| Basic earnings (losses) per share from continuing operations                                 |            | (0.51)                                | (3.20)              | 1.74                         | 8.65                |

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

**SK Holdings Co., Ltd. and its subsidiaries**  
**Interim condensed consolidated statements of changes in equity**  
**for the six months ended June 30, 2020 and 2019**

(Korean won in millions)

|  | Issued capital | Other paid-in capital | Retained earnings | Other components of equity | Total equity attributable to owners of the | Non-controlling interests | Total equity |
|--|----------------|-----------------------|-------------------|----------------------------|--|---------------------------|--------------|
| <b>As of January 1, 2019</b>                                       | ₩ 15,385       | ₩ 4,631,955           | ₩ 12,217,319      | ₩ (237,143)                | ₩ 16,627,516                               | ₩ 34,260,356              | ₩ 50,887,872 |
| <b>Effect of changes in accounting policies</b>                    |                |                       |                   |                            |  |                           |              |
| <b>As of January 1, 2019 (Restated)</b>                            | ₩ 15,385       | ₩ 4,631,955           | ₩ 12,212,220      | ₩ (237,143)                | ₩ 16,622,417                               | ₩ 34,238,242              | ₩ 50,860,659 |
| Total comprehensive income:  |                |                       |                   |                            |  |                           |              |
| Profit for the period  | -              | -                     | 577,803           | -                          | 577,803                                    | 888,563                   | 1,466,366    |
| Remeasurement loss on defined benefit plans                        | -              | -                     | (47,269)          | -                          | (47,269)                                   | (34,160)                  | (81,429)     |
| Net loss on valuation of financial instruments at FVOCI            | -              | -                     | -                 | (14,484)                   | (14,484)                                   | (7,739)                   | (22,223)     |
| Equity adjustments of investments in associates and joint ventures | -              | -                     | -                 | 82,837                     | 82,837                                     | 71,329                    | 154,166      |
| Gain (loss) on valuation of derivative financial instruments       | -              | -                     | -                 | (1,098)                    | (1,098)                                    | 17,929                    | 16,831       |
| Net gain on translation of foreign operations                      | -              | -                     | -                 | 218,023                    | 218,023                                    | 148,048                   | 366,071      |
| Transaction with shareholders:                                     |                |                       |                   |                            |  |                           |              |
| Dividends  | -              | -                     | (225,583)         | -                          | (225,583)                                  | (1,257,050)               | (1,482,633)  |
| Equity transactions within consolidated entities                   | -              | 381,715               | (15,099)          | -                          | 366,616                                    | 1,377,694                 | 1,744,310    |
| Changes in the scope of consolidation                              | -              | -                     | -                 | -                          | -  | 367,341                   | 367,341      |
| Others   | -              | (878)                 | 21,726            | -                          | 20,848                                     | 13,032                    | 33,880       |
| <b>As of June 30, 2019 (Unaudited)</b>                             | ₩ 15,385       | ₩ 5,012,792           | ₩ 12,523,798      | ₩ 48,135                   | ₩ 17,600,110                               | ₩ 35,823,229              | ₩ 53,423,339 |
| <b>As of January 1, 2020</b>                                       | ₩ 15,385       | ₩ 4,074,176           | ₩ 12,558,584      | ₩ 37,624                   | ₩ 16,685,769                               | ₩ 35,496,866              | ₩ 52,182,635 |
| Total comprehensive income:  |                |                       |                   |                            |  |                           |              |
| Loss for the period  | -              | -                     | (176,299)         | -                          | (176,299)                                  | (538,502)                 | (714,801)    |
| Remeasurement loss on defined benefit plans                        | -              | -                     | (29,458)          | -                          | (29,458)                                   | (23,265)                  | (52,723)     |
| Net loss on valuation of financial instruments at FVOCI            | -              | -                     | -                 | 30,064                     | 30,064                                     | 106,518                   | 136,582      |
| Equity adjustments of investments in associates and joint ventures | -              | -                     | -                 | 10,701                     | 10,701                                     | 36,644                    | 47,345       |
| Gain (loss) on valuation of derivative financial instruments       | -              | -                     | -                 | 39,801                     | 39,801                                     | (13,588)                  | 26,213       |
| Net gain on translation of foreign operations                      | -              | -                     | -                 | 292,054                    | 292,054                                    | 305,419                   | 597,473      |
| Transaction with shareholders:                                     |                |                       |                   |                            |  |                           |              |
| Dividends  | -              | -                     | (211,503)         | -                          | (211,503)                                  | (798,426)                 | (1,009,929)  |
| Equity transactions within consolidated entities                   | -              | 1,267,196             | -                 | -                          | 1,267,196                                  | 709,058                   | 1,976,254    |
| Changes in the scope of consolidation                              | -              | -                     | -                 | -                          | -  | (2,768)                   | (2,768)      |
| Others   | -              | 1,403                 | (210)             | -                          | 1,193                                      | 196                       | 1,389        |
| <b>As of June 30, 2020 (Unaudited)</b>                             | ₩ 15,385       | ₩ 5,342,775           | ₩ 12,141,114      | ₩ 410,244                  | ₩ 17,909,518                               | ₩ 35,278,152              | ₩ 53,187,670 |

(Continued)

**SK Holdings Co., Ltd. and its subsidiaries**  
**Interim condensed consolidated statements of changes in equity**  
**for the six months ended June 30, 2020 and 2019 (cont'd)**  
(U.S. dollar in thousands)

|  | Issued capital | Other paid-in capital | Retained earnings | Other components of equity | Total equity attributable to owners of the parent | Non-controlling interests | Total equity  |
|--|----------------|-----------------------|-------------------|----------------------------|---|---------------------------|---------------|
| <b>As of January 1, 2019</b>                                       | \$ 12,813      | \$ 3,857,712          | \$ 10,175,164     | \$ (197,504)               | \$ 13,848,185                                     | \$ 28,533,652             | \$ 42,381,837 |
| <b>Effect of changes in accounting policies</b>                    | -              | -                     | (4,247)           | -                          | (4,247)   | (18,418)                  | (22,665)      |
| <b>As of January 1, 2019 (Restated)</b>                            | \$ 12,813      | \$ 3,857,712          | \$ 10,170,917     | \$ (197,504)               | \$ 13,843,938                                     | \$ 28,515,234             | \$ 42,359,172 |
| Total comprehensive income:  |                |                       |                   |                            |   |                           |               |
| Profit for the period  | -              | -                     | 481,222           | -                          | 481,222   | 740,038                   | 1,221,260     |
| Remeasurement loss on defined benefit plans                        | -              | -                     | (39,368)          | -                          | (39,368)  | (28,450)                  | (67,818)      |
| Net loss on valuation of financial instruments measured at FVOCI   | -              | -                     | -                 | (12,063)                   | (12,063)  | (6,445)                   | (18,508)      |
| Equity adjustments of investment in associates and joint ventures  | -              | -                     | -                 | 68,991                     | 68,991  | 59,406                    | 128,397       |
| Gain (loss) on valuation of derivative financial instruments       | -              | -                     | -                 | (914)                      | (914)   | 14,932                    | 14,018        |
| Net gain on translation of foreign operations                      | -              | -                     | -                 | 181,580                    | 181,580   | 123,301                   | 304,881       |
| Transaction with shareholders:                                     |                |                       |                   |                            |   |                           |               |
| Dividends  | -              | -                     | (187,876)         | -                          | (187,876)   | (1,046,931)               | (1,234,807)   |
| Equity transactions within consolidated entities                   | -              | 317,910               | (12,575)          | -                          | 305,335   | 1,147,409                 | 1,452,744     |
| Changes in the scope of consolidation                              | -              | -                     | -                 | -                          | -   | 305,939                   | 305,939       |
| Others   | -              | (731)                 | 18,094            | -                          | 17,363  | 10,854                    | 28,217        |
| <b>As of June 30, 2019 (Unaudited)</b>                             | \$ 12,813      | \$ 4,174,891          | \$ 10,430,414     | \$ 40,090                  | \$ 14,658,208                                     | \$ 29,835,287             | \$ 44,493,495 |
| <b>As of January 1, 2020</b>                                       | \$ 12,813      | \$ 3,393,167          | \$ 10,459,385     | \$ 31,335                  | \$ 13,896,700                                     | \$ 29,563,476             | \$ 43,460,176 |
| Total comprehensive income:  |                |                       |                   |                            |   |                           |               |
| Loss for the period  | -              | -                     | (146,830)         | -                          | (146,830)   | (448,490)                 | (595,320)     |
| Remeasurement loss on defined benefit plans                        | -              | -                     | (24,534)          | -                          | (24,534)  | (19,376)                  | (43,910)      |
| Net loss on valuation of financial instruments measured at FVOCI   | -              | -                     | -                 | 25,039                     | 25,039  | 88,713                    | 113,752       |
| Equity adjustments of investments in associates and joint ventures | -              | -                     | -                 | 8,912                      | 8,912   | 30,519                    | 39,431        |
| Gain (loss) on valuation of derivative financial instruments       | -              | -                     | -                 | 33,148                     | 33,148  | (11,317)                  | 21,831        |
| Net gain on translation of foreign operations                      | -              | -                     | -                 | 243,237                    | 243,237   | 254,367                   | 497,604       |
| Transaction with shareholders:                                     |                |                       |                   |                            |   |                           |               |
| Dividends  | -              | -                     | (176,150)         | -                          | (176,150)   | (664,967)                 | (841,117)     |
| Equity transactions within consolidated entities                   | -              | 1,055,381             | -                 | -                          | 1,055,381   | 590,537                   | 1,645,918     |
| Changes in the scope of consolidation                              | -              | -                     | -                 | -                          | -   | (2,305)                   | (2,305)       |
| Others   | -              | 1,169                 | (174)             | -                          | 995   | 164                       | 1,159         |
| <b>As of June 30, 2020 (Unaudited)</b>                             | \$ 12,813      | \$ 4,449,717          | \$ 10,111,697     | \$ 341,671                 | \$ 14,915,898                                     | \$ 29,381,321             | \$ 44,297,219 |

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

**SK Holdings Co., Ltd. and its subsidiaries**  
**Interim condensed consolidated statements of cash flows**  
**for the six months ended June 30, 2020 and 2019**

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

|  |   | For the six months ended June 30 |                     |  |                     |
|--|---|----------------------------------|---------------------|--|---------------------|
|  |   | Korean won                       |                     | Translation into<br>U.S. dollar (Note 2) |                     |
| Notes  |   | 2020<br>(Unaudited)              | 2019<br>(Unaudited) | 2020<br>(Unaudited)                      | 2019<br>(Unaudited) |
| <b>Cash flows from operating activities:</b> |   |                                  |                     |  |                     |
|  | Profit (loss) for the period  | ₩ (714,801)                      | ₩ 1,466,366         | \$ (595,320)                             | \$ 1,221,260        |
|  | Non-cash adjustments  | 30 3,953,487                     | 4,485,834           | 3,292,652                                | 3,736,016           |
|  | Working capital adjustments   | 30 2,144,069                     | (1,247,203)         | 1,785,683                                | (1,038,730)         |
|  | Interest received   | 90,906                           | 120,142             | 75,711                                   | 100,060             |
|  | Interest paid   | (739,582)                        | (714,021)           | (615,959)                                | (594,671)           |
|  | Dividends received  | 232,492                          | 314,228             | 193,630                                  | 261,704             |
|  | Income tax paid   | (735,117)                        | (788,461)           | (612,240)                                | (656,668)           |
|  | <b>Net cash provided by operating activities</b>                              | <b>4,231,454</b>                 | <b>3,636,885</b>    | <b>3,524,157</b>                         | <b>3,028,971</b>    |
| <b>Cash flows from investing activities:</b> |   |                                  |                     |  |                     |
|  | Increase (decrease) in short-term and long-term financial instruments, net    | 13,386                           | 82,034              | 11,148                                   | 68,322              |
|  | Increase (decrease) in short-term and long-term loans, net                    | (35,833)                         | 6,381               | (29,843)                                 | 5,314               |
|  | Increase in short-term investment securities                                  | 56,465                           | 109,455             | 47,027                                   | 91,159              |
|  | Proceeds from disposal of long-term investment securities                     | 42,257                           | 253,542             | 35,194                                   | 211,162             |
|  | Proceeds from disposal of investments in associates and joint ventures        | 2,102,578                        | 12,808              | 1,751,127                                | 10,667              |
|  | Proceeds from disposal of property, plant and equipment                       | 39,555                           | 54,521              | 32,943                                   | 45,408              |
|  | Proceeds from disposal of intangible assets                                   | 12,801                           | 14,466              | 10,661                                   | 12,048              |
|  | Acquisition of long-term investment securities                                | (295,949)                        | (269,629)           | (246,480)                                | (224,560)           |
|  | Acquisition of investments in associates and joint ventures                   | (283,562)                        | (2,176,489)         | (236,164)                                | (1,812,683)         |
|  | Acquisition of property, plant and equipment                                  | (4,345,748)                      | (3,187,706)         | (3,619,345)                              | (2,654,873)         |
|  | Acquisition of intangible assets  | (282,646)                        | (278,344)           | (235,401)                                | (231,818)           |
|  | Net changes in cash due to changes in the scope of consolidation              | (1,027,167)                      | (278,968)           | (855,473)                                | (232,338)           |
|  | Transfer of business  | 1,269,922                        | -                   | 1,057,651                                | -                   |
|  | Others, net   | (1,034,386)                      | (27,763)            | (861,486)                                | (23,122)            |
|  | <b>Net cash used in investing activities</b>                                  | <b>(3,768,327)</b>               | <b>(5,685,692)</b>  | <b>(3,138,441)</b>                       | <b>(4,735,314)</b>  |
| <b>Cash flows from financing activities:</b> |   |                                  |                     |  |                     |
|  | Increase in short-term borrowings, net  | 2,563,695                        | 669,548             | 2,135,167                                | 557,631             |
|  | Increase in bonds payable and borrowings                                      | 6,829,697                        | 5,079,610           | 5,688,096                                | 4,230,541           |
|  | Decrease in bonds payable and borrowings                                      | (4,099,634)                      | (2,430,369)         | (3,414,370)                              | (2,024,127)         |
|  | Decrease in other payables  | (427,068)                        | (433,777)           | (355,683)                                | (361,270)           |
|  | Decrease in lease liabilities   | (501,570)                        | (404,060)           | (417,731)                                | (336,520)           |
|  | Payment of dividends  | (1,010,483)                      | (1,484,816)         | (841,578)                                | (1,236,625)         |
|  | Cash inflows (outflows) from equity transactions within consolidated entities | 1,230,400                        | 1,942,492           | 1,024,736                                | 1,617,800           |
|  | Others, net   | (5,079)                          | (39,775)            | (4,230)                                  | (33,127)            |
|  | <b>Net cash provided by (used in) financing activities</b>                    | <b>4,579,958</b>                 | <b>2,898,853</b>    | <b>3,814,407</b>                         | <b>2,414,303</b>    |
|  | <b>Net increase in cash and cash equivalents</b>                              | <b>5,043,085</b>                 | <b>850,046</b>      | <b>4,200,123</b>                         | <b>707,960</b>      |
|  | <b>Net foreign exchange effects</b>   | <b>139,201</b>                   | <b>58,491</b>       | <b>115,931</b>                           | <b>48,714</b>       |
|  | <b>Cash and cash equivalents at the beginning of the year</b>                 | <b>7,981,755</b>                 | <b>6,783,035</b>    | <b>6,647,585</b>                         | <b>5,649,234</b>    |
|  | <b>Cash and cash equivalents at the end of the year</b>                       | <b>₩ 13,164,041</b>              | <b>₩ 7,691,572</b>  | <b>\$ 10,963,639</b>                     | <b>\$ 6,405,908</b> |

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

**SK Holdings Co., Ltd. and its subsidiaries**  
**Notes to the interim condensed consolidated financial statements**  
**June 30, 2020 and 2019 (Unaudited)**

**1. Corporate information**

**1.1 Parent**

SK Holdings Co., Ltd. (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 Holdings Co., Ltd. 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, 2020, the issued capital of the Company amounts to ₩15,385 million (including ₩113 million of preferred shares), and the major shareholders are Tae-won Chey, National Pension Service and Ki-won Choi holding equity ownership of 18.44%, 7.93%, and 6.85%, respectively.

**1.2 Consolidated subsidiaries**

The Company and its subsidiaries (collectively, the “Group”) are engaged in petroleum refining, telecommunications, wholesale and retail, chemicals, construction and other industries. Subsidiaries whose accounts are included in the consolidated financial statements as of June 30, 2020 are as follows:

| Subsidiaries   | Domicile    | Principal business activity                             | The largest shareholders                     | Equity ownership (*1) |
|--|-------------|---|--|-----------------------|
| SK Innovation Co., Ltd. (*2)                                   | Korea       | Resource development                                    | SK Holdings Co., Ltd.                        | 33.40%                |
| SK Energy Co., Ltd.  | Korea       | Crude oil refining and sales                            | SK Innovation Co., Ltd.                      | 100.00%               |
| Netruck Co., Ltd.  | Korea       | Transportation and oil sales                            | SK Energy Co., Ltd.                          | 100.00%               |
| Jeju United FC Corporation                                     | Korea       | Sports association sponsoring                           | SK Energy Co., Ltd.                          | 100.00%               |
| Happy Didim Co., Ltd.  | Korea       | Service   | SK Energy Co., Ltd.                          | 100.00%               |
| SK Energy Road Investment Co., Ltd.                            | Cayman      | Investment  | SK Energy Co., Ltd.                          | 100.00%               |
| SK Energy Hong Kong Co., Ltd.                                  | Hong Kong   | Investment  | SK Energy Co., Ltd.                          | 100.00%               |
| SK Energy Road Investment (HK) Co., Ltd.                       | Hong Kong   | Investment  | SK Energy Road Investment Co., Ltd.          | 100.00%               |
| Ningbo SK Baoying Asphalt Storage Co., Ltd.                    | China       | Asphalt manufacturing                                   | SK Energy Road Investment (HK) Co., Ltd.     | 51.00%                |
| Hefei SK Baoying Asphalt Co., Ltd.                             | China       | Asphalt manufacturing                                   | SK Energy Road Investment (HK) Co., Ltd.     | 51.00%                |
| Chongqing SK Asphalt Co., Ltd.                                 | China       | Asphalt manufacturing                                   | SK Energy Road Investment (HK) Co., Ltd.     | 100.00%               |
| SK Asphalt (Shanghai) Co., Ltd.                                | China       | Logistics   | SK Energy Road Investment (HK) Co., Ltd.     | 100.00%               |
| SK Global Chemical Co., Ltd.                                   | Korea       | Chemicals manufacturing and sales                       | SK Innovation Co., Ltd.                      | 100.00%               |
| SK Global Chemical (China) Holding Co., Ltd.                   | China       | Investment  | SK Global Chemical Co., Ltd.                 | 100.00%               |
| SK Global Chemical China Limited                               | Hong Kong   | Investment  | SK Global Chemical Co., Ltd.                 | 100.00%               |
| SK Global Chemical International Trading (Shanghai) Co., Ltd.  | China       | Petrochemicals sales                                    | SK Global Chemical China Limited             | 100.00%               |
| SK Global Chemical International Trading (Guangzhou) Co., Ltd. | China       | Petrochemicals sales                                    | SK Global Chemical China Limited             | 100.00%               |
| SK Global Chemical Americas, Inc.                              | USA         | Petrochemicals sales                                    | SK Global Chemical Co., Ltd.                 | 100.00%               |
| SK Primacor Americas LLC                                       | USA         | Petrochemicals sales                                    | SK Global Chemical Americas, Inc.            | 100.00%               |
| SK Primacor Europe, S.L.U.                                     | Spain       | Petrochemicals sales                                    | SK Global Chemical Americas, Inc.            | 100.00%               |
| SK Saran Americas LLC  | USA         | Petrochemicals sales                                    | SK Global Chemical Americas, Inc.            | 100.00%               |
| SK Global Chemical Japan Co., Ltd.                             | Japan       | Petrochemicals sales                                    | SK Global Chemical Co., Ltd.                 | 100.00%               |
| SK Global Chemical Singapore Pte. Ltd.                         | Singapore   | Petrochemicals sales                                    | SK Global Chemical Co., Ltd.                 | 100.00%               |
| SK Global Chemical Investment Hong Kong Ltd.                   | Hong Kong   | Investment  | SK Global Chemical Co., Ltd.                 | 100.00%               |
| Ningbo SK Performance Rubber Co., Ltd.                         | China       | Synthetic rubber manufacturing                          | SK Global Chemical Investment Hong Kong Ltd. | 80.00%                |
| Happymoem Co., Ltd.  | Korea       | Service   | SK Global Chemical Co., Ltd.                 | 100.00%               |
| SK Functional Polymer, S.A.S                                   | France      | Petrochemicals sales                                    | SK Global Chemical Co., Ltd.                 | 100.00%               |
| SK Incheon Petrochem Co., Ltd.                                 | Korea       | Chemicals manufacturing and sales                       | SK Innovation Co., Ltd.                      | 100.00%               |
| SK Trading International Co., Ltd.                             | Korea       | Trading business  | SK Innovation Co., Ltd.                      | 100.00%               |
| SK Energy International Pte. Ltd.                              | Singapore   | Trading business  | SK Trading International Co., Ltd.           | 100.00%               |
| SK Energy Europe, Ltd.   | UK          | Trading business  | SK Energy International Pte. Ltd.            | 100.00%               |
| SK Energy Americas, Inc.                                       | USA         | Trading business  | SK Energy International Pte. Ltd.            | 100.00%               |
| SK Terminal B.V.   | Netherlands | Investment  | SK Energy International Pte. Ltd.            | 100.00%               |
| SK Lubricants Co., Ltd.  | Korea       | Lubricants oil manufacturing and sales                  | SK Innovation Co., Ltd.                      | 100.00%               |
| Yubase Manufacturing Asia Corporation                          | Korea       | Lubricants oil processing                               | SK Lubricants Co., Ltd.                      | 70.00%                |
| SK Energy Lubricants (Tianjin) Co., Ltd.                       | China       | Lubricants oil manufacturing and sales                  | SK Lubricants Co., Ltd.                      | 100.00%               |
| SK Lubricants Americas, Inc.                                   | USA         | Lubricants oil sales                                    | SK Lubricants Co., Ltd.                      | 100.00%               |
| SK Lubricants Europe B.V.                                      | Netherlands | Lubricants oil sales                                    | SK Lubricants Co., Ltd.                      | 100.00%               |
| SK Lubricants Japan Co., Ltd.                                  | Japan       | Lubricants oil sales                                    | SK Lubricants Co., Ltd.                      | 100.00%               |
| SK Lubricants & Oils India Pvt. Ltd.                           | India       | Lubricants oil sales                                    | SK Lubricants Co., Ltd.                      | 100.00%               |
| Iberian Lube Base Oils, S.A.                                   | Spain       | Lubricants oil manufacturing and sales                  | SK Lubricants Co., Ltd.                      | 70.00%                |
| SK Lubricants Russia LLC                                       | Russia      | Lubricants oil sales                                    | SK Lubricants Co., Ltd.                      | 100.00%               |
| SK Ietechnology Co., Ltd.                                      | Korea       | Plastic film manufacturing                              | SK Innovation Co., Ltd.                      | 100.00%               |
| SK Hi-tech Battery Materials(Jiang Su) Co., Ltd.               | China       | Separation membrane for secondary battery manufacturing | SK Ietechnology Co., Ltd.                    | 100.00%               |
| SK Hi-tech Battery Materials Poland Sp. Zo.o.                  | Poland      | Separation membrane for secondary battery manufacturing | SK Ietechnology Co., Ltd.                    | 100.00%               |
| SK Mobile Energy Co., Ltd.                                     | Korea       | Lithium battery manufacturing                           | SK Innovation Co., Ltd.                      | 100.00%               |
| SK Innovation Insurance (Bermuda), Ltd.                        | Bermuda     | Insurance   | SK Innovation Co., Ltd.                      | 100.00%               |
| SK USA, Inc.   | USA         | Management consulting services                          | SK Innovation Co., Ltd.                      | 100.00%               |
| Super Seed NY, LLC   | USA         | Investment  | SK USA, Inc.                                 | 100.00%               |
| Blue Dragon Energy Co., Limited.                               | Hong Kong   | Investment  | SK Innovation Co., Ltd.                      | 100.00%               |
| Jiangsu SK Battery Certification Center                        | China       | Lithium Battery Certification and Evaluation            | Blue Dragon Energy Co., Limited.             | 100.00%               |

**SK Holdings Co., Ltd. and its subsidiaries**  
**Notes to the interim condensed consolidated financial statements**  
**June 30, 2020 and 2019 (Unaudited)**

**1.2 Consolidated subsidiaries (cont'd)**

| Subsidiaries                                       | Domicile    | Principal business activity   | The largest shareholders           | Equity ownership (*1) |
|--|-------------|---|------------------------------------|-----------------------|
| SK Battery Hungary Kft.                            | Hungary     | Lithium battery manufacturing   | SK Innovation Co., Ltd.            | 100.00%               |
| SK Battery America, Inc.                           | USA         | Lithium battery manufacturing   | SK Innovation Co., Ltd.            | 100.00%               |
| SK Battery Manufacturing Kft.                      | Hungary     | Lithium battery manufacturing   | SK Innovation Co., Ltd.            | 100.00%               |
| Happy Kium Co., Ltd.                               | Korea       | Service   | SK Innovation Co., Ltd.            | 100.00%               |
| SK Future Energy(Shanghai) Co.,Ltd.                | China       | Battery sales   | SK Innovation Co., Ltd.            | 100.00%               |
| SK E&P Company, Ltd.                               | USA         | Crude oil development   | SK Innovation Co., Ltd.            | 100.00%               |
| SK E&P America, Inc.                               | USA         | Investment  | SK Innovation Co., Ltd.            | 100.00%               |
| SK Plymouth, LLC                                   | USA         | Crude oil development   | SK E&P America, Inc.               | 100.00%               |
| SK Permian, LLC                                    | USA         | Crude oil development   | SK E&P America, Inc.               | 100.00%               |
| SK E&P Operations America, LLC                     | USA         | Crude oil development   | SK E&P America, Inc.               | 100.00%               |
| SK Nemaha, LLC                                     | USA         | Crude oil development   | SK E&P America, Inc.               | 100.00%               |
| Blue Sky United Energy Co., Ltd.                   | China       | Lithium battery manufacturing   | SK Innovation Co., Ltd.            | 100.00%               |
| SK Telecom Co., Ltd. (*2)                          | Korea       | Mobile telecommunications   | SK Holdings Co., Ltd.              | 26.78%                |
| SK Telink Co., Ltd.                                | Korea       | International call and MVNO business                                    | SK Telecom Co., Ltd.               | 100.00%               |
| SK Telink Vietnam Co., Ltd.                        | Vietnam     | Resale communication business   | SK Telink Co., Ltd.                | 100.00%               |
| SK Broadband Co., Ltd. (*3)                        | Korea       | Wire communications   | SK Telecom Co., Ltd.               | 74.34%                |
| Home&Service Co., Ltd.                             | Korea       | Information and communication facilities management business            | SK Broadband Co., Ltd.             | 100.00%               |
| Broadband Nowon Broadcasting Corporation           | Korea       | Broadcasting business   | SK Telecom Co., Ltd.               | 55.00%                |
| SK Stoa Co., Ltd.                                  | Korea       | Other resale communication business                                     | SK Telecom Co., Ltd.               | 100.00%               |
| PS&Marketing Corp                                  | Korea       | Resale communication business   | SK Telecom Co., Ltd.               | 100.00%               |
| Serviceace Co., Ltd.                               | Korea       | Call center and telemarketing business                                  | SK Telecom Co., Ltd.               | 100.00%               |
| Service Top Co., Ltd.                              | Korea       | Call center and telemarketing business                                  | SK Telecom Co., Ltd.               | 100.00%               |
| SK O&S Co., Ltd.                                   | Korea       | Maintenance management  | SK Telecom Co., Ltd.               | 100.00%               |
| One store Co., Ltd.                                | Korea       | Telecommunication service   | SK Telecom Co., Ltd.               | 52.06%                |
| SK Communications Co., Ltd.                        | Korea       | Internet portal service   | SK Telecom Co., Ltd.               | 100.00%               |
| 11street Co., Ltd.                                 | Korea       | E-commerce  | SK Telecom Co., Ltd.               | 80.30%                |
| Life & Security Holdings Co., Ltd.                 | Korea       | Holding company   | SK Telecom Co., Ltd.               | 55.00%                |
| ADT Caps Co., Ltd.                                 | Korea       | Automatic security  | Life & Security Holdings Co., Ltd. | 100.00%               |
| CAPSTEC Co., Ltd.                                  | Korea       | Manned security   | Life & Security Holdings Co., Ltd. | 100.00%               |
| Quantum Innovation Private Equity Joint Venture I  | Korea       | Investment  | SK Telecom Co., Ltd.               | 59.90%                |
| SK Infosec Co., Ltd.                               | Korea       | Information security service  | SK Telecom Co., Ltd.               | 100.00%               |
| SK infosec Information Technology (Wuxi) Co., Ltd. | China       | System software development and supplying                               | SK Infosec Co., Ltd.               | 100.00%               |
| SK Planet Co., Ltd.                                | Korea       | Telecommunication service and system software development and supplying | SK Telecom Co., Ltd.               | 98.65%                |
| SK M & Service Co., Ltd.                           | Korea       | Internet website service  | SK Planet Co., Ltd.                | 100.00%               |
| SK Planet Global Holdings Pte. Ltd.                | Singapore   | Holding company   | SK Planet Co., Ltd.                | 100.00%               |
| SKP America, LLC                                   | USA         | Digital contents sourcing and presenting                                | SK Planet Co., Ltd.                | 100.00%               |
| K-Net Culture & Contents Venture Fund              | Korea       | Investment fund   | SK Planet Co., Ltd.                | 59.00%                |
| SK Telecom China Holding Co., Ltd.                 | China       | Holding company   | SK Telecom Co., Ltd.               | 100.00%               |
| SK Global Healthcare Business Group, Ltd.          | Hong Kong   | Investment  | SK Telecom Co., Ltd.               | 100.00%               |
| SKT Americas, Inc.                                 | USA         | Management consulting and information gathering                         | SK Telecom Co., Ltd.               | 100.00%               |
| YTK Investment, Ltd.                               | Cayman      | Investment  | SK Telecom Co., Ltd.               | 100.00%               |
| Atlas Investment, Ltd.                             | Cayman      | Investment  | SK Telecom Co., Ltd.               | 100.00%               |
| SK Telecom Innovation Fund, L.P.                   | USA         | Investment  | Atlas Investment, Ltd.             | 100.00%               |
| SK Telecom China Fund I L.P.                       | Cayman      | Investment  | Atlas Investment, Ltd.             | 100.00%               |
| SK Telecom TMT investment Corp.                    | USA         | Investment  | SK Telecom Co., Ltd.               | 100.00%               |
| Dreamus Company Co., Ltd.                          | Korea       | Video and audio equipment manufacturing                                 | SK Telecom Co., Ltd.               | 51.44%                |
| Iriver Enterprise Ltd.                             | Hong Kong   | Chinese subsidiary management   | Dreamus Company Co., Ltd.          | 100.00%               |
| Iriver China Co., Ltd.                             | China       | MP3,4 production and sales  | Iriver Enterprise, Ltd.            | 100.00%               |
| Dongguan iriver Electronics Co., Ltd.              | China       | Electronic book production and sales                                    | Iriver Enterprise, Ltd.            | 100.00%               |
| Life Design Company Japan Inc.                     | Japan       | Japan goods sales   | Dreamus Company Co., Ltd.          | 100.00%               |
| SK Telecom Japan Inc.                              | Japan       | Management consulting and information gathering                         | SK Telecom Co., Ltd.               | 100.00%               |
| SK Planet Japan, K. K.                             | Japan       | Digital contents sourcing and presenting                                | SK Telecom Japan Inc.              | 79.78%                |
| Id Quantique SA                                    | Swiss       | Quantum information and communication business                          | SK Telecom Co., Ltd.               | 66.80%                |
| Id Quantique Ltd.                                  | Korea       | Quantum information and communication business                          | Id Quantique SA                    | 100.00%               |
| FSK L&S Co., Ltd.                                  | Korea       | Cargo transport shipment and Logistics consulting project               | SK Telecom Co., Ltd.               | 60.00%                |
| FSK L&S (Shanghai) Co., Ltd.                       | China       | Transportation industry   | FSK L&S Co., Ltd.                  | 100.00%               |
| FSK L&S(Hungary) Co., Ltd.                         | Hungary     | Transportation industry   | FSK L&S Co., Ltd.                  | 100.00%               |
| FSK L&S Vietnam Co., Ltd.                          | Vietnam     | Transportation industry   | FSK L&S Co., Ltd.                  | 100.00%               |
| Incross Co., Ltd. (*2)                             | Korea       | Media agency  | SK Telecom Co., Ltd.               | 34.60%                |
| Infra Communications Co., Ltd.                     | Korea       | Service operation business  | Incross Co., Ltd.                  | 100.00%               |
| Mindknock Co., Ltd.                                | Korea       | Software development  | Incross Co., Ltd.                  | 100.00%               |
| Happy Hanool Co., Ltd.                             | Korea       | Service   | SK Telecom Co., Ltd.               | 100.00%               |
| SK MENA Investment B.V.                            | Netherlands | Investment  | SK Telecom Co., Ltd.               | 100.00%               |
| SK Latin America Investment S.A.                   | Spain       | Investment  | SK Telecom Co., Ltd.               | 100.00%               |
| SK Technology Innovation Company                   | Cayman      | Research and development  | SK Telecom Co., Ltd.               | 96.88%                |
| SK Networks Co., Ltd. (*2)                         | Korea       | Distribution and trading business                                       | SK Holdings Co., Ltd.              | 39.14%                |
| SK Networks Service Co., Ltd.                      | Korea       | Communications equipment repair service                                 | SK Networks Co., Ltd.              | 86.50%                |
| SK Pinx Co., Ltd.                                  | Korea       | Golf club operating   | SK Networks Co., Ltd.              | 100.00%               |
| SK Magic Co., Ltd.                                 | Korea       | Household appliances manufacturing, sales and rent                      | SK Networks Co., Ltd.              | 100.00%               |
| SK Magic Service Co., Ltd.                         | Korea       | House appliances repair and others                                      | SK Magic Co., Ltd.                 | 100.00%               |
| SK Magic Vietnam Company Limited                   | Vietnam     | Household appliances sales and rent                                     | SK Magic Co., Ltd.                 | 100.00%               |
| SK Networks Retails Malaysia Sdn. Bhd.             | Malaysia    | Household appliances sales and rent                                     | SK Magic Co., Ltd.                 | 100.00%               |
| SK Rent-a-Car Co., Ltd.                            | Korea       | Car rental  | SK Networks Co., Ltd.              | 64.23%                |
| SK Rent-a-Car Service Co., Ltd.                    | Korea       | Business support services   | SK Rent-a-Car Co., Ltd.            | 100.00%               |

**SK Holdings Co., Ltd. and its subsidiaries**  
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**1.2 Consolidated subsidiaries (cont'd)**

| Subsidiaries   | Domicile  | Principal business activity  | The largest shareholders                   | Equity Ownership (%) |
|--|-----------|--|--|----------------------|
| SK Networks (China) Holdings Co., Ltd.   | China     | Holding company  | SK Networks Co., Ltd.                      | 100.00%              |
| Liaoning SK Networks Real Industrial Estate Development Co., Ltd.                  | China     | Real estate development  | SK Networks (China) Holdings Co., Ltd.     | 100.00%              |
| Shenyang SK Bus Terminal Co., Ltd.   | China     | Bus terminal business  | SK Networks (China) Holdings Co., Ltd.     | 75.00%               |
| SK Networks (Liaoning) Logistics Co., Ltd.   | China     | Distribution and logistics   | SK Networks (China) Holdings Co., Ltd.     | 100.00%              |
| SK Networks (Dandong) Energy Co., Ltd.   | China     | Petroleum sales  | SK Networks (China) Holdings Co., Ltd.     | 100.00%              |
| Shenyang SK Networks Energy Co., Ltd.  | China     | Petroleum sales  | SK Networks Co., Ltd.                      | 100.00%              |
| SK (GZ FreeZone) Co., Ltd.   | China     | Trading business   | SK Networks Co., Ltd.                      | 100.00%              |
| SK Networks (Shanghai) Co., Ltd.   | China     | Trading business   | SK Networks Co., Ltd.                      | 100.00%              |
| POSK (Pinghu) Steel Processing Center Co., Ltd.                                    | China     | Steel processing and sales   | SK Networks Co., Ltd.                      | 80.00%               |
| SK Networks Hong Kong Ltd.   | Hong Kong | Trading business   | SK Networks Co., Ltd.                      | 100.00%              |
| SK (Guangzhou) Metal Co., Ltd.   | China     | Steel processing and sales   | SK Networks Hong Kong Ltd.                 | 100.00%              |
| SK Networks (Xiamen) Steel Processing Center Co., Ltd.                             | China     | Steel processing and sales   | SK Networks Hong Kong Ltd.                 | 100.00%              |
| SK Networks Japan Co., Ltd.  | Japan     | Trading business   | SK Networks Co., Ltd.                      | 100.00%              |
| SK Networks Deutschland GmbH   | Germany   | Trading business   | SK Networks Co., Ltd.                      | 100.00%              |
| Daiyang SK Networks SAN. VE TIC. Ltd. STI (*5)                                     | Turkey    | Steel processing and sales   | SK Networks Co., Ltd.                      | 51.22%               |
| SK Networks Resources Australia Pty. Ltd.  | Australia | Resource development   | SK Networks Co., Ltd.                      | 100.00%              |
| SK Networks Middle East FZE  | UAE       | Trading business   | SK Networks Co., Ltd.                      | 100.00%              |
| SK BRASIL LTDA   | Brazil    | Trading business   | SK Networks Co., Ltd.                      | 100.00%              |
| SK Networks Trading Malaysia Sdn Bhd   | Malaysia  | Trading business   | SK Networks Co., Ltd.                      | 100.00%              |
| SK Networks America, Inc.  | USA       | Trading business   | SK Networks Co., Ltd.                      | 100.00%              |
| SK NETWORKS BRASIL INTERMEDIACAO DE NEGOCIOS LTDA.                                 | Brazil    | Trading business   | SK Networks Co., Ltd.                      | 100.00%              |
| Networks Tejarat Pars  | Iran      | Trading business   | SK Networks Co., Ltd.                      | 100.00%              |
| SKC Co., Ltd. (*2)   | Korea     | Petrochemicals manufacturing   | SK Holdings Co., Ltd.                      | 41.00%               |
| Woori Fine Chem Co., Ltd.  | Korea     | Petrochemicals manufacturing   | SKC Co., Ltd.                              | 100.00%              |
| SK Telesys Co., Ltd.   | Korea     | Communications equipment manufacturing and sales                               | SKC Co., Ltd.                              | 79.39%               |
| Techdream Co., Ltd.  | Hong Kong | Semiconductor component  | SK Telesys Co., Ltd.                       | 100.00%              |
| SKC INFRA SERVICE CO., Ltd.  | Korea     | Electric work business and information communication business                  | SK Telesys Co., Ltd.                       | 100.00%              |
| SKC Solmics Co., Ltd.  | Korea     | Semiconductor component manufacturing  | SKC Co., Ltd.                              | 57.70%               |
| Solmics Taiwan Co., Ltd.   | Taiwan    | Semiconductor component distribution   | SKC Solmics Co., Ltd.                      | 100.00%              |
| Solmics Shanghai Co., Ltd.   | China     | Semiconductor component distribution   | SKC Solmics Co., Ltd.                      | 100.00%              |
| SKC Solmics Hong kong Co., Ltd.  | Hong Kong | SPC  | SKC Solmics Co., Ltd.                      | 100.00%              |
| SKC Semiconductor Materials (Wuxi) Co., Ltd.                                       | China     | Semiconductor material cleaning  | SKC Solmics Co., Ltd.                      | 100.00%              |
| SKC-Eco Solution Co., Ltd.   | Korea     | Film manufacturing   | SKC Co., Ltd.                              | 100.00%              |
| SKC (Jiangsu) High tech Plastics Co., Ltd.   | China     | Film manufacturing   | SKC Co., Ltd.                              | 100.00%              |
| SKC, Inc.  | USA       | Manufacturing  | SKC Co., Ltd.                              | 100.00%              |
| SKC Europe GmbH  | Germany   | Sales  | SKC Co., Ltd.                              | 100.00%              |
| SK Bioland Co., Ltd. (*2)  | Korea     | Manufacturing  | SKC Co., Ltd.                              | 27.94%               |
| Bioland Biotec Co., Ltd.   | China     | Research and manufacturing   | SK Bioland Co., Ltd.                       | 100.00%              |
| Bioland Haimen Co., Ltd.   | China     | Manufacturing  | SK Bioland Co., Ltd.                       | 100.00%              |
| SKC Hi-Tech&Marketing Co., Ltd.  | Korea     | Film manufacturing   | SKC Co., Ltd.                              | 100.00%              |
| SKC Hi-Tech&Marketing (Suzhou) Co., Ltd.   | China     | Film manufacturing   | SKC Hi-Tech&Marketing Co., Ltd.            | 100.00%              |
| SKC Hi-Tech&Marketing Taiwan Co., Ltd.   | Taiwan    | Film manufacturing   | SKC Hi-Tech&Marketing Co., Ltd.            | 100.00%              |
| SKC Hi-Tech&Marketing Polska SP.Z.O.O  | Poland    | Film manufacturing   | SKC Hi-Tech&Marketing Co., Ltd.            | 100.00%              |
| SKC Hi-Tech&Marketing USA LLC  | USA       | Film manufacturing   | SKC Hi-Tech&Marketing Co., Ltd.            | 100.00%              |
| SKC PU Specialty Co., Ltd.   | Hong Kong | Special purpose company  | SKC Co., Ltd.                              | 100.00%              |
| SKC (Nantong) PU Specialty Co., Ltd.   | China     | Electronic materials manufacturing   | SKC PU Specialty Co., Ltd.                 | 100.00%              |
| SKC-ENF Electronic Materials Ltd.  | Hong Kong | Special purpose company  | SKC Co., Ltd.                              | 75.10%               |
| SKC (Nantong) Semiconductor Materials Technology Co., Ltd.                         | China     | Electronic materials manufacturing   | SKC-ENF Electronic Materials Ltd.          | 100.00%              |
| SE (JIANGSU) Electronic Materials Co., Ltd.  | China     | Sales of raw chemical materials and chemical products related to semiconductor | SKC-ENF Electronic Materials Ltd.          | 100.00%              |
| SK PICGlobal Co., Ltd.   | Korea     | Petrochemicals sales   | SKC Co., Ltd.                              | 51.00%               |
| SKCFTH Co., Ltd.   | Korea     | Professional, scientific technology services                                   | SKC Co., Ltd.                              | 100.00%              |
| SK Nexilis Co., Ltd. ( Formerly, KCF Technologies Co., Ltd.)                       | Korea     | Manufacturing  | SKCFTH Co., Ltd.                           | 100.00%              |
| SK E&S Co., Ltd.   | Korea     | City gas business and power generation   | SK Holdings Co., Ltd.                      | 90.00%               |
| Kangwon City Gas Co., Ltd.   | Korea     | City gas business  | SK E&S Co., Ltd.                           | 100.00%              |
| Yeongnam Energy Service Co., Ltd.  | Korea     | City gas business  | SK E&S Co., Ltd.                           | 100.00%              |
| Ko-one Energy Service Co., Ltd.  | Korea     | City gas business  | SK E&S Co., Ltd.                           | 100.00%              |
| Narae Energy Service Co., Ltd. (*6)<br>(Formerly, Wiryu Energy Services Co., Ltd.) | Korea     | Integrated energy service  | SK E&S Co., Ltd.                           | 100.00%              |
| Pusan City Gas Co., Ltd.   | Korea     | City gas business  | SK E&S Co., Ltd.                           | 67.32%               |
| Jeonbuk Energy Service Co., Ltd.   | Korea     | City gas business  | SK E&S Co., Ltd.                           | 100.00%              |
| Chonnam City Gas Co., Ltd.   | Korea     | City gas business  | SK E&S Co., Ltd.                           | 100.00%              |
| Chungcheong Energy Service Co., Ltd.   | Korea     | City gas business  | SK E&S Co., Ltd.                           | 100.00%              |
| Paju Energy Service Co., Ltd.  | Korea     | Energy business  | SK E&S Co., Ltd.                           | 51.00%               |
| Yeosu Energy Service Co., Ltd.   | Korea     | Energy business  | SK E&S Co., Ltd.                           | 100.00%              |
| Jeonnam Offshore Wind Power Co., Ltd.  | Korea     | New regeneration project   | SK E&S Co., Ltd.                           | 100.00%              |
| Shinaneungdo Sunlight Co., Ltd.  | Korea     | New regeneration project   | SK E&S Co., Ltd.                           | 100.00%              |
| SK E&S Hong Kong Co., Ltd.   | Hong Kong | City gas business  | SK E&S Co., Ltd., Pusan City Gas Co., Ltd. | 100.00%              |
| SK E&S Australia Pty. Ltd.   | Australia | Resource development   | SK E&S Co., Ltd.                           | 100.00%              |
| SK E&S Americas, Inc.  | USA       | Holding company  | SK E&S Co., Ltd.                           | 100.00%              |
| SK E&S LNG, LLC  | USA       | Liquefied natural gas sales  | SK E&S Americas, Inc.                      | 100.00%              |
| DewBlaine Energy, LLC  | USA       | Resource development   | SK E&S Americas, Inc.                      | 100.00%              |
| CALIP Gas Marketing, LLC   | USA       | LNG sales and purchase   | SK E&S Americas, Inc.                      | 100.00%              |
| Rnes Holdings, LLC   | USA       | Renewable / electric power business  | SK E&S Americas, Inc.                      | 100.00%              |
| Storage Solution Holdings, LLC   | USA       | Electric power business  | Rnes Holdings, LLC                         | 100.00%              |
| CAES, LLC  | USA       | Electric power business  | Storage Solution Holdings, LLC             | 100.00%              |
| Prism Energy International China Limited.  | China     | Liquefied natural gas sales  | SK E&S Co., Ltd.                           | 100.00%              |
| Prism Energy International Zhoushan Limited.                                       | China     | Liquefied natural gas sales  | Prism Energy International China Limited.  | 100.00%              |
| Prism Energy International Pte. Ltd.   | Singapore | Liquefied natural gas sales  | SK E&S Co., Ltd.                           | 100.00%              |
| Fajar Energy International Pte. Ltd.   | Singapore | Liquefied natural gas sales  | Prism Energy International Pte. Ltd.       | 100.00%              |
| Prism Energy International Hong Kong, Ltd.   | Hong Kong | Liquefied natural gas sales  | Prism Energy International Pte. Ltd.       | 100.00%              |
| PT Prism Nusantara International   | Indonesia | Liquefied natural gas sales  | SK E&S Co., Ltd.                           | 100.00%              |
| SK E&S Dominicana S.R.L  | Dominica  | Liquefied natural gas sales  | SK E&S Co., Ltd.                           | 100.00%              |
| SK Engineering & Construction Co., Ltd. (*2)                                       | Korea     | Construction   | SK Holdings Co., Ltd.                      | 44.48%               |
| Seosuwon Development Company (*2)  | Korea     | Real estate development and construction                                       | SK Engineering & Construction Co., Ltd.    | 19.90%               |
| SK TNS Co., Ltd. (*4)  | Korea     | Construction and services  | SK Engineering & Construction Co., Ltd.    | 100.00%              |
| SKEC Nanjing Co., Ltd.   | China     | Construction   | SK Engineering & Construction Co., Ltd.    | 100.00%              |
| SKEC (Thai), Ltd.  | Thailand  | Construction   | SK Engineering & Construction Co., Ltd.    | 100.00%              |

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**1.2 Consolidated subsidiaries (cont'd)**

| Subsidiaries   | Domicile       | Principal business activity  | The largest shareholders   | Equity ownership (%) |
|--|----------------|--|--|----------------------|
| Thai Woo Ree Engineering Co., Ltd.                             | Thailand       | Construction   | SKEC (Thai), Ltd.  | 99.77%               |
| SKEC Anadolu EC, LLC   | Turkey         | Construction   | SK Engineering & Construction Co., Ltd.  | 100.00%              |
| SK E&C Betek Corporation                                       | USA            | Real estate development and construction                                       | SK Engineering & Construction Co., Ltd.  | 100.00%              |
| Mesa Verde RE Ventures, LLC                                    | USA            | Real estate development  | SK E&C Betek Corporation   | 100.00%              |
| SKEC Consultores Ecuator, S.A                                  | Ecuador        | Construction   | SK Engineering & Construction Co., Ltd.  | 100.00%              |
| Sunlake Co., Ltd.  | Canada         | Construction and services  | SK Engineering & Construction Co., Ltd.  | 100.00%              |
| SK HOLDCO PTE. LTD.  | Singapore      | Holding company  | SK Engineering & Construction Co., Ltd.  | 63.51%               |
| Silvertown Investco Limited.                                   | UK             | Construction   | SK Engineering & Construction Co., Ltd.  | 100.00%              |
| SK Materials Co., Ltd. (*2)                                    | Korea          | Special gas manufacturing and sales  | SK Holdings Co., Ltd.  | 49.10%               |
| SK Materials Japan Co., Ltd.                                   | Japan          | Special gas sales  | SK Materials Co., Ltd.   | 95.00%               |
| SK Materials Taiwan Co., Ltd.                                  | Taiwan         | Special gas sales  | SK Materials Co., Ltd.   | 100.00%              |
| SK Materials Jiangsu Co., Ltd.                                 | China          | Special gas manufacturing and sales  | SK Materials Co., Ltd.   | 100.00%              |
| SK Materials (Xian) Co., Ltd.                                  | China          | Trading business and warehouse operation                                       | SK Materials Co., Ltd.   | 100.00%              |
| SK Airgas Co., Ltd.  | Korea          | Industrial gas sales   | SK Materials Co., Ltd.   | 100.00%              |
| SK Tri Chem Co., Ltd.  | Korea          | Manufacturing and sales of precursors and others                               | SK Materials Co., Ltd.   | 65.00%               |
| SK Showa Denko Co., Ltd.                                       | Korea          | Sales of raw chemical materials and chemical products related to semiconductor | SK Materials Co., Ltd.   | 51.00%               |
| SK Materials (Shanghai) Co., Ltd.                              | China          | Special gas sales  | SK Materials Co., Ltd.   | 100.00%              |
| Happy Companion Co., Ltd.                                      | Korea          | Cleaning, Laundry service  | SK Materials Co., Ltd.   | 100.00%              |
| HANYU CHEMICAL CO.,LTD.  | Korea          | Industrial gas manufacturing   | SK Materials Co., Ltd.   | 80.00%               |
| SK Materials Performance Co., Ltd.                             | Korea          | Semiconductor materials manufacturing and selling                              | SK Materials Co., Ltd.   | 100.00%              |
| SK Siltron Co., Ltd.   | Korea          | Silicon wafer for electronic industry manufacturing and sales                  | SK Holdings Co., Ltd.  | 51.00%               |
| SK Siltron America, Inc.                                       | USA            | Silicon wafer for electronic industry manufacturing and sales                  | SK Siltron Co., Ltd.   | 100.00%              |
| SK Siltron Japan, Inc.   | Japan          | Silicon wafer for electronic industry manufacturing and sales                  | SK Siltron Co., Ltd.   | 100.00%              |
| SK Siltron Shanghai Co., Ltd.                                  | China          | Silicon wafer for electronic industry  | SK Siltron Co., Ltd.   | 100.00%              |
| SK Siltron USA, Inc.   | USA            | Investment   | SK Siltron Co., Ltd.   | 100.00%              |
| SK Siltron CSS, LLC  | USA            | Silicon wafer for electronic industry manufacturing and sales                  | SK Siltron USA, Inc.   | 100.00%              |
| Happyfilling Co., Ltd.   | Korea          | Service  | SK Siltron Co., Ltd.   | 100.00%              |
| SK Biopharmaceuticals Co., Ltd. (*7)                           | Korea          | Medicine and life science  | SK Holdings Co., Ltd.  | 75.00%               |
| SK Life Science, Inc.  | USA            | Life science   | SK Biopharmaceuticals Co., Ltd.  | 100.00%              |
| SK Bio-Pharma Tech (Shanghai) Co., Ltd.                        | China          | Life science   | SK Biopharmaceuticals Co., Ltd.  | 100.00%              |
| SK S.E.Asia Pte. Ltd.  | Singapore      | Investment   | SK Holdings Co., Ltd.  | 100.00%              |
| Essencore Limited  | Hong Kong      | Manufacturing and distribution of semiconductor modules                        | SK S.E.Asia Pte. Ltd.  | 100.00%              |
| Essencore (ShenZhen) Limited                                   | China          | Consulting for computer system integration                                     | Essencore Limited  | 100.00%              |
| SK China Company, Ltd.   | Hong Kong      | Consulting and investment  | SK Holdings Co., Ltd.  | 88.13%               |
| SKY Property Mgmt (Beijing) Co., Ltd.                          | China          | Real estate management   | SK China Company, Ltd.   | 100.00%              |
| SK Bio Energy Hong Kong Co., Ltd.                              | Hong Kong      | Biomass electricity generation   | SK China Company, Ltd.   | 69.40%               |
| SK Property Investment Management Co., Ltd.                    | Hong Kong      | Real estate investment   | SK China Company, Ltd.   | 100.00%              |
| SK Industrial Development China Co., Ltd.                      | Hong Kong      | Investment   | SK China Company, Ltd.   | 100.00%              |
| Beijing Lizhi Weixin Technology Co., Ltd.                      | China          | Investment   | SK China Company, Ltd.   | 100.00%              |
| Shanghai SKY Real Estate Development Co., Ltd.                 | China          | Real estate investment   | SK Industrial Development China Co., Ltd.  | 100.00%              |
| SK China Investment Management Co., Ltd.                       | Hong Kong      | Real estate investment   | SK China Company, Ltd.   | 100.00%              |
| SK International Agro-Products Logistics Development Co., Ltd. | Hong Kong      | Agriculture product logistics  | SK China Investment Management Co., Ltd.   | 100.00%              |
| SK International Agro-Sideline Products Park Co., Ltd.         | China          | Agriculture product logistics  | SK International Agro-Products Logistics Development Co., Ltd.                             | 76.00%               |
| SK Auto Service Hong Kong Co., Ltd.                            | Hong Kong      | Holding company  | SK China Company, Ltd.   | 100.00%              |
| SK (Shenyang) auto rental Co., Ltd.                            | China          | Car rental   | SK Auto Service Hong Kong Co., Ltd.  | 100.00%              |
| SK (Beijing) auto rental Co., Ltd.                             | China          | Car rental   | SK Auto Service Hong Kong Co., Ltd.  | 100.00%              |
| SK Rent-A-Car (Qingdao) Co., Ltd.                              | China          | Car rental   | SK Auto Service Hong Kong Co., Ltd.  | 100.00%              |
| Skyline Auto Financial Leasing Co., Ltd.                       | Hong Kong      | Investment   | SK Auto Service Hong Kong Co., Ltd.  | 100.00%              |
| SK Financial Leasing Co., Ltd.                                 | China          | Financial lease  | Skyline Auto Financial Leasing Co., Ltd.   | 100.00%              |
| SK China (Beijing) Co., Ltd.                                   | China          | Consulting   | SK China Company, Ltd.   | 100.00%              |
| SKY Property Management Ltd.                                   | Virgin Islands | Investment   | SK China Company, Ltd.   | 100.00%              |
| SKY Investment Co., Ltd.                                       | China          | Real estate management   | SKY Property Management Ltd.   | 100.00%              |
| SK China Real Estate Co., Ltd.                                 | Hong Kong      | Real estate investment   | SKY Property Management Ltd.   | 100.00%              |
| SK China Creative Industry Development Co., Ltd.               | China          | Service  | SKY Property Management Ltd.   | 100.00%              |
| SK C&C Beijing Co., Ltd.                                       | China          | Consulting for computer system integration and others                          | SK Holdings Co., Ltd.  | 100.00%              |
| SK C&C Chengdu Co., Ltd.                                       | China          | Consulting for computer system integration and others                          | SK C&C Beijing Co., Ltd.   | 100.00%              |
| SK C&C India Pvt. Ltd.   | India          | Consulting for computer system integration and others                          | SK Holdings Co., Ltd.  | 100.00%              |
| S&G Technology   | Saudi Arabia   | Consulting for computer system integration and others                          | SK Holdings Co., Ltd.  | 51.00%               |
| Saturn Agriculture Investment Co., Ltd.                        | Hong Kong      | Investment   | SK Holdings Co., Ltd.  | 81.00%               |
| SK Investment Management Co., Ltd.                             | Hong Kong      | Investment   | SK Holdings Co., Ltd.  | 100.00%              |
| SK Semiconductor Investments Co., Ltd.                         | Hong Kong      | Investment management  | SK Investment Management Co., Ltd.   | 100.00%              |
| Gemini Partners Pte. Ltd.                                      | Singapore      | Consulting   | SK Holdings Co., Ltd., SK Innovation Co., Ltd., SK Telecom Co., Ltd., and SK E&S Co., Ltd. | 80.00%               |
| Solaris Partners Pte. Ltd.                                     | Singapore      | Consulting   | Gemini Partners Pte. Ltd.  | 100.00%              |
| Solaris GEIF Investment  | USA            | Investment   | Solaris Partners Pte. Ltd.   | 100.00%              |
| SK GI Management   | Cayman         | Investment   | SK Holdings Co., Ltd.  | 100.00%              |
| Plutus Capital NY, Inc.  | USA            | Investment   | SK Holdings Co., Ltd.  | 100.00%              |
| Hudson Energy NY, LLC  | USA            | Investment   | Plutus Capital NY, Inc.  | 50.13%               |
| Hudson Energy NY II, LLC                                       | USA            | Investment   | Plutus Capital NY, Inc.  | 50.00%               |
| Hudson Energy NY III, LLC                                      | USA            | Investment   | Plutus Capital NY, Inc.  | 50.50%               |
| Plutus Fashion NY, Inc.  | USA            | Fashion  | SK Holdings Co., Ltd.  | 100.00%              |
| Wonderland NY, Inc.  | USA            | Investment   | Plutus Fashion NY, Inc.  | 100.00%              |
| Atlas NY LLC   | USA            | Investment   | Plutus Fashion NY, Inc.  | 61.24%               |
| SK South East Asia Investment Pte. Ltd.                        | Singapore      | Investment   | SK Holdings Co., Ltd., SK Innovation Co., Ltd., SK Telecom Co., Ltd., and SK E&S Co., Ltd. | 80.00%               |
| SK Investment Vina I Pte. Ltd.                                 | Singapore      | Investment   | SK South East Asia Investment Pte. Ltd.  | 50.01%               |
| SK Investment Vina II Pte. Ltd.                                | Singapore      | Investment   | SK South East Asia Investment Pte. Ltd.  | 50.01%               |
| SK Investment Vina III Pte. Ltd.                               | Singapore      | Investment   | SK South East Asia Investment Pte. Ltd.  | 100.00%              |
| SK Pharmteco Inc.  | USA            | Investment   | SK Holdings Co., Ltd.  | 100.00%              |
| SK Biotek Co., Ltd.  | Korea          | Drug medicine  | SK Pharmteco Inc.  | 100.00%              |
| SK BIOTEK IRELAND LIMITED                                      | Ireland        | Pharmaceutical manufacturing   | SK Pharmteco Inc.  | 100.00%              |

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**1.2 Consolidated subsidiaries (cont'd)**

| Subsidiaries                            | Domicile  | Principal business activity              | The largest shareholders           | Equity ownership<br>(*1) |
|---|-----------|--|------------------------------------|--------------------------|
| SK BIOTEK USA, Inc.                     | USA       | Medicine and life science                | SK Pharmteco Inc.                  | 100.00%                  |
| Abrasax Investment Inc.                 | USA       | Investment                               | SK Pharmteco Inc.                  | 100.00%                  |
| Fine Chemicals Holdings Corp.           | USA       | Investment                               | Abrasax Investment Inc.            | 100.00%                  |
| AMPAC Fine Chemicals, LLC               | USA       | Drug medicine                            | Fine Chemicals Holdings Corp.      | 100.00%                  |
| AMPAC Fine Chemicals Texas, LLC         | USA       | Drug medicine                            | AMPAC Fine Chemicals, LLC          | 100.00%                  |
| AMPAC Fine Chemicals Virginia, LLC      | USA       | Drug medicine                            | AMPAC Fine Chemicals, LLC          | 100.00%                  |
| Golden Pearl EV Solutions Limited       | Hong Kong | Investment                               | SK Holdings Co., Ltd.              | 100.00%                  |
| Socar Mobility Malaysia, Sdn. Bhd. (*8) | Malaysia  | Car sharing service                      | SK Holdings Co., Ltd.              | 79.43%                   |
| Future Mobility Solutions Sdn. Bhd.     | Malaysia  | Online brokerage services for car rental | Socar Mobility Malaysia, Sdn. Bhd. | 100.00%                  |
| PT Future Mobility Solutions            | Indonesia | Online brokerage services for car rental | Socar Mobility Malaysia, Sdn. Bhd. | 100.00%                  |
| SK Forest Co., Ltd.                     | Korea     | Landscaping and planting business        | SK Holdings Co., Ltd.              | 100.00%                  |
| Hweechean Co., Ltd.                     | Korea     | Condo, Resort operation                  | SK Holdings Co., Ltd.              | 100.00%                  |

- (\*1) The equity ownership is based on ordinary shares and includes indirect investments held by the consolidated subsidiaries.
- (\*2) SK Innovation Co., Ltd. and 8 other companies are included in the interim condensed consolidated financial statements as the Company is able to exercise de facto control. The remaining voting rights of SK Innovation Co., Ltd. and 8 other companies are widely dispersed, so it is determined that the Company has voting rights to exercise de facto control.
- (\*3) The equity ownership has decreased due to the new shares from merger issued as consideration transferred from business combination (see Note 35).
- (\*4) The Group owns 100% of the ordinary shares of SK TNS Co., Ltd. but holds 73.1% of equity ownership respectively, due to the issuance of its preferred shares having voting rights.
- (\*5) The assets and liabilities of Daiyang SK Networks SAN. VE TIC. Ltd. STI are classified as assets and liabilities held for sale (see Note 29 Non-current assets and non-current liabilities classified as held for sale).
- (\*6) Wirye Energy Services Co., Ltd. (formerly) and Narae Energy Services Co., Ltd. (formerly), the subsidiaries of the Group, merged on January 1, 2020, and Narae Energy Services Co., Ltd. became the surviving entity after the merger.
- (\*7) During the current reporting period, the equity ownership fell due to the sale of old shares and non-proportional capital increase with consideration.
- (\*8) The entity was changed from a joint venture to a subsidiary due to the purchase of old shares from existing shareholders.

**SK Holdings Co., Ltd. and its subsidiaries**  
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**1.3 Changes in consolidated subsidiaries**

Changes in the consolidated subsidiaries for the six months ended June 30, 2020 are as follows:

| December 31, 2019 | Inclusion | Exclusion | June 30, 2020 |
|-------------------|-----------|-----------|---------------|
| 288               | 18        | 4         | 302           |

For the six months ended June 30, 2020, subsidiaries newly included in consolidation are as follows:

| Subsidiaries   | Reasons for changes             |                              |
|--|---------------------------------|------------------------------|
| Super Seed NY, LLC   | Establishment<br>(11 companies) |                              |
| SKC Semiconductor Materials (Wuxi) Co., Ltd.                 |                                 |                              |
| SK PICGlobal Co., Ltd.                                       |                                 |                              |
| SKCFTH Co., Ltd.   |                                 |                              |
| Jeonnam Offshore Wind Power Co., Ltd.                        |                                 |                              |
| SK Materials Performance Co., Ltd. and two other companies   |                                 |                              |
| SK Future Energy(Shanghai) Co.,Ltd.                          |                                 |                              |
| FSK L&S Vietnam Co., Ltd.                                    |                                 |                              |
| SK Investment Vina III Pte. Ltd.                             |                                 |                              |
| SK Nexilis Co., Ltd. ( Formerly, KCF Technologies Co., Ltd.) |                                 | Acquisition<br>(7 companies) |
| Broadband Nowon Broadcasting Corporation                     |                                 |                              |
| Shinanjeungdo Sunlight Co., Ltd.                             |                                 |                              |
| Beijing Lizhi Weixin Technology Co., Ltd                     |                                 |                              |
| Socar Mobility Malaysia, Sdn. Bhd.                           |                                 |                              |
| Future Mobility Solutions Sdn. Bhd.                          |                                 |                              |
| PT Future Mobility Solutions                                 |                                 |                              |

For the six months ended June 30, 2020, subsidiaries excluded from consolidation are as follows:

| Subsidiaries                               | Reasons for changes            |
|--|--------------------------------|
| Mokgam Service                             | Disposal<br>(1 company)        |
| Shandong SK Hightech Oil Co., Ltd.         |                                |
| Narae Energy Services Co., Ltd. (formerly) | Loss of control<br>(1 company) |
| ADT Security Co., Ltd.                     |                                |
|  | Merge<br>(2 companies)         |

**SK Holdings Co., Ltd. and its subsidiaries**  
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**1.4 Condensed financial information of significant consolidated subsidiaries**

Details of condensed financial information of the significant subsidiaries as of and for the six months ended June 30, 2020 are as follows (Korean won in millions):

| Subsidiaries   | Total<br>assets | Total<br>liabilities | Sales       | Net income<br>(loss) |
|--|-----------------|----------------------|-------------|----------------------|
| SK Innovation Co., Ltd.  | ₩ 17,246,642    | ₩ 3,360,756          | ₩ 2,635,712 | ₩ 1,443,665          |
| SK Energy Co., Ltd.  | 13,717,826      | 10,049,406           | 10,862,109  | (1,342,569)          |
| SK Global Chemical Co., Ltd.   | 5,527,919       | 2,644,885            | 3,688,749   | (117,221)            |
| SK Incheon Petrochem Co., Ltd.   | 4,844,066       | 3,175,694            | 2,429,327   | (506,333)            |
| SK Trading International Co., Ltd.   | 1,073,194       | 289,007              | 3,924,484   | 186,878              |
| SK Lubricants Co., Ltd.  | 2,224,079       | 1,351,705            | 988,965     | 60,131               |
| SK Global Chemical International Trading (Shanghai) Co., Ltd.              | 215,941         | 179,369              | 518,673     | 8,114                |
| SK Energy International Pte. Ltd.  | 1,906,588       | 1,149,614            | 9,094,331   | 7,962                |
| SK Energy Americas, Inc.   | 94,249          | 7,819                | 1,670,080   | 6,073                |
| SK Energy Europe, Ltd.   | 288,453         | 200,884              | 694,940     | 5,933                |
| SK Telecom Co., Ltd.   | 30,738,752      | 13,265,810           | 5,862,677   | 574,742              |
| SK Broadband Co., Ltd.   | 5,629,254       | 3,064,665            | 1,741,112   | 67,838               |
| PS&Marketing Corp.   | 437,681         | 228,707              | 650,336     | (5,061)              |
| SK Planet Co., Ltd.  | 544,117         | 223,035              | 126,640     | 3,681                |
| Life & Security Holdings Co., Ltd. (*1)                                    | 2,663,331       | 2,373,579            | 474,400     | (303)                |
| SK Networks Co., Ltd.  | 6,617,158       | 4,630,692            | 4,118,046   | 39,088               |
| SK Magic Co., Ltd.   | 912,882         | 627,255              | 489,997     | 34,156               |
| SK Rent-a-Car Co., Ltd.  | 1,885,793       | 1,529,526            | 424,277     | 11,284               |
| SKC Co., Ltd.  | 3,135,391       | 1,141,625            | 307,817     | 498,150              |
| SK E&S Co., Ltd.   | 6,364,854       | 2,882,427            | 319,326     | 1,290,318            |
| Yeongnam Energy Service Co., Ltd.  | 370,102         | 158,355              | 356,422     | 14,041               |
| Ko-one Energy Service Co., Ltd.  | 629,700         | 288,763              | 586,219     | 16,541               |
| Pusan City Gas Co., Ltd.   | 1,133,170       | 306,284              | 548,379     | 171,083              |
| Chungcheong Energy Service Co., Ltd.                                       | 278,354         | 151,996              | 284,766     | 15,052               |
| Paju Energy Service Co., Ltd.  | 1,752,378       | 1,127,031            | 499,538     | 48,049               |
| Narae Energy Service Co., Ltd. (formerly, Wirye Energy Services Co., Ltd.) | 1,425,103       | 986,286              | 258,075     | 16,471               |
| SK Engineering & Construction Co., Ltd.                                    | 5,035,506       | 4,198,102            | 3,809,606   | 76,319               |
| SK TNS Co., Ltd.   | 278,820         | 247,078              | 242,338     | 8,246                |
| SK Materials Co., Ltd. (*1)  | 1,859,687       | 1,300,446            | 439,788     | 76,721               |
| SK Siltron Co., Ltd. (*1)  | 3,314,558       | 2,337,117            | 833,589     | 102,071              |
| SK Biopharmaceuticals Co., Ltd.  | 744,420         | 241,675              | 53,893      | (87,305)             |

(\*1) The condensed financial information is consolidated financial information.

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**1.5 Disclosure of significant non-controlling interests in subsidiaries**

Information about significant non-controlling interests in subsidiaries as of and for the six months ended June 30, 2020 is as follows (Korean won in millions):

|   | June 30, 2020 |             |             |             |             |                                 |
|---|---------------|-------------|-------------|-------------|-------------|---------------------------------|
|   | SK Innovation | SK Telecom  | SK Networks | SKC         | SK E&S      | SK Engineering&<br>Construction |
|   | Co., Ltd.     | Co., Ltd.   | Co., Ltd.   | Co., Ltd.   | Co., Ltd.   | Co., Ltd.                       |
| Percentage of the non-controlling ownership   | 63.05%        | 70.43%      | 55.57%      | 56.55%      | 10.00%      | 53.79%                          |
| Current assets  | ₩ 15,044,771  | ₩ 8,261,328 | ₩ 3,100,951 | ₩ 1,433,944 | ₩ 3,389,006 | ₩ 3,585,524                     |
| Non-current assets  | 24,219,916    | 37,695,822  | 6,367,081   | 4,332,073   | 8,103,445   | 2,091,659                       |
| Current liabilities   | 11,621,735    | 7,435,399   | 4,074,649   | 1,598,985   | 2,675,906   | 3,732,436                       |
| Non-current liabilities   | 11,810,568    | 14,505,028  | 3,124,720   | 1,952,650   | 4,018,023   | 886,927                         |
| Net assets  | 15,832,384    | 24,016,723  | 2,268,663   | 2,214,382   | 4,798,522   | 1,057,820                       |
| Book value of the non-controlling interests   | 10,448,433    | 16,383,048  | 1,327,251   | 1,333,396   | 2,340,804   | 722,475                         |
| Sales   | 18,362,579    | 9,053,209   | 5,308,091   | 1,313,443   | 3,156,503   | 4,496,522                       |
| Net income (loss)   | (1,897,989)   | 739,001     | 102,648     | 93,914      | 1,155,211   | 151,972                         |
| Total comprehensive income (loss)   | (1,737,716)   | 996,705     | 105,684     | 104,410     | 1,275,228   | 157,832                         |
| Net income (loss) of the non-controlling interests  | (1,202,229)   | 477,512     | 427         | 17,850      | 159,777     | 51,515                          |
| Total comprehensive income (loss) of the non-controlling interests                              | (1,125,323)   | 639,092     | (2,701)     | 27,829      | 169,914     | 94,104                          |
| Net cash flows from operating activities  | 1,117,339     | 2,884,728   | (162,693)   | 67,118      | (117,442)   | 51,075                          |
| Net cash flows from investing activities  | (2,313,332)   | (1,869,373) | 1,100,960   | (1,000,807) | 1,448,605   | (56,044)                        |
| Net cash flows from financing activities before dividends paid to the non-controlling interests | 3,156,671     | (324,478)   | (605,929)   | 1,365,385   | (87,480)    | 52,502                          |
| Dividends paid to the non-controlling interests   | (90,928)      | (472,681)   | (16,703)    | (23,814)    | (156,733)   | (10,964)                        |
| Net increase in cash and cash equivalents   | 1,869,750     | 218,196     | 315,635     | 407,882     | 1,086,950   | 36,569                          |

The aforementioned condensed financial information is consolidated financial information of each subsidiary and non-controlling interests include hybrid bonds.

## **2. Basis of preparation and summary of significant accounting policies**

### **2.1 Basis of preparation**

The Group prepares statutory interim condensed consolidated 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 consolidated 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 auditors' review report thereon, the Korean version, which used for regulatory reporting purposes, shall prevail.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of December 31, 2019.

The accompanying interim condensed consolidated financial statements are stated in Korean won, the currency of the country in which the Group 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 consolidated financial statements and has been made at the rate of ₩1,200.7 to USD 1.00, the basic exchange rate in the Seoul Money Brokerage Service for cable transfers in Korean won on the last business day of the six months ended June 30, 2020. Such translations into U.S. dollars should not be construed as representations that the Korean won amounts could be converted into U.S. dollars at that or any other rate.

### **2.2 Significant accounting policies**

The significant accounting policies used for the preparation of the accompanying the interim condensed consolidated financial statements as of and for the six months ended June 30, 2020, are the same as the accounting policies adopted for the preparation of consolidated financial statements as of and for the year ended December 31, 2019, except for adoption of new and revised KIFRSs applied in the current period, which are summarized below.

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

The Group has applied amendments to KIFRS issued that are mandatorily effective for accounting periods beginning on or after January 1, 2020.

##### **KIFRS 1001 *Presentation of Financial Statements* and KIFRS 1008 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amended)**

The amendments align the definition of 'material' across the standards and clarify certain aspects of the definition. The new definition states that, 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. These amendments had no significant impact on the Group's financial position or management performance.

##### **KIFRS 1103 *Business Combination* (Amended)**

The amendment to KIFRS 1103 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no significant impact on the Group's financial position or management performance.

### **2.2.1 New and revised KIFRSs adopted in the current period (cont'd)**

#### **KIFRS 1107 *Financial Instruments: Disclosures*, KIFRS 1109 *Financial Instruments*, KIFRS 1039 *Financial Instruments: Recognition and Measurements* (Amended)**

The amendments provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no significant impact on the Group's financial position or management performance.

#### **KIFRS 1116 *COVID-19 related Rent Concessions* (Amended)**

The amendment to KIFRS 1116 provides lessees with a practical expedient to elect not to assess whether rent concessions arising as a direct consequence of the COVID-19 pandemic constitutes a lease modification. Lessees may apply the practical expedient only if all conditions of the practical expedient are met and lessees that makes this election accounts for any change in lease payments resulting from the rent concessions the same way it would account for the change applying this standard if the change were not a lease modification. The amendment may be retrospectively applied to annual reporting periods beginning on or after June 1, 2020 and earlier application is permitted. The amendment had no significant impact on the Group's financial position or management performance.

### **2.2.2 New and revised KIFRS issued, but not yet effective**

The Group has no new and revised KIFRSs that have been issued, but are not yet effective for this accounting periods.

## **3. Significant accounting judgements, estimates and assumptions**

When preparing the interim condensed consolidated 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 consolidated financial statements for the six months ended June 30, 2020, are consistent with those followed in the preparation of consolidated financial statements for the year ended December 31, 2019.

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. In particular, the Group conducts operations in the petroleum refining, telecommunications, wholesale and retail, chemicals, construction and other industries, and the Group is exposed to the uncertainties of the market due to the impact of COVID-19. As of the end of the reporting period, uncertainties due to the effects of COVID-19 have not been resolved, and these uncertainties may have a significant impact on the financial performance and cash flows of the Group.

**SK Holdings Co., Ltd. and its subsidiaries**  
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**4. Operating segments**

(1) Overview of operating segments

The Group makes decisions on resources to be allocated to business segments and divides the business segments based on the internal reports which the chief operating decision maker periodically reviews to evaluate the performances of the sales segments. Details of segment operations of each segment are as follows:

| Operating segments                      | Business  |
|---|---|
| SK Innovation Co., Ltd.                 | Refining, chemical, and resources development   |
| SK Telecom Co., Ltd.                    | Telecommunication and security service  |
| SK Networks Co., Ltd.                   | Information communication, rental and trade   |
| SKC Co., Ltd.                           | Chemical, industry and mobility material business                                     |
| SK E&S Co., Ltd.                        | Gas and energy  |
| SK Engineering & Construction Co., Ltd. | Civil engineering, housing, plant and others  |
| Others                                  | IT services, special gas manufacturing and sale, medicine and life science and others |

(2) Details of financial information for each operating segment as of and for the six months ended June 30, 2020 and 2019 are as follows (Korean won in billions):

|  | As of and for the six months ended June 30, 2020 |                            |                             |                  |                     |   |         |                                      |          |
|--|--|----------------------------|-----------------------------|------------------|---------------------|---|---------|--------------------------------------|----------|
|  | SK<br>Innovation<br>Co., Ltd.                    | SK<br>Telecom<br>Co., Ltd. | SK<br>Networks<br>Co., Ltd. | SKC<br>Co., Ltd. | SK E&S<br>Co., Ltd. | SK Engineering<br>& Construction<br>Co., Ltd. | Others  | Consolidation<br>adjustments<br>(*1) | Total    |
| Total sales  | ₩ 18,363   | ₩ 9,053                    | ₩ 5,308                     | ₩ 1,313          | ₩ 3,157             | ₩ 4,497                                       | ₩ 4,211 | ₩ (3,399)                            | ₩ 42,503 |
| Internal sales   | (339)  | (154)                      | (734)                       | (129)            | (81)                | (310)   | (1,652) | 3,399                                | -        |
| Net sales  | 18,024   | 8,899                      | 4,574                       | 1,184            | 3,076               | 4,187   | 2,559   | -                                    | 42,503   |
| Profit (loss) from continuing operations before income tax expense | (2,528)  | 918                        | 18                          | 191              | 1,547               | 222   | 1,448   | (2,523)                              | (707)    |
| Profit (loss) for the period from continuing operations            | (1,898)  | 739                        | 14                          | 131              | 1,155               | 152   | 1,157   | (2,216)                              | (766)    |
| Total assets   | 39,265   | 45,957                     | 9,468                       | 5,766            | 11,492              | 5,677   | 40,963  | (22,481)                             | 136,107  |
| Total liabilities  | 23,432   | 21,940                     | 7,199                       | 3,552            | 6,694               | 4,619   | 14,143  | 1,340                                | 82,919   |
| Depreciation   | 581  | 1,546                      | 395                         | 80               | 196                 | 31  | 283     | (15)                                 | 3,097    |
| Amortization   | 34   | 505                        | 10                          | 15               | 2                   | 3   | 42      | 167                                  | 778      |

|  | As of and for the six months ended June 30, 2019 |                            |                             |                  |                     |   |         |                                      |          |
|--|--|----------------------------|-----------------------------|------------------|---------------------|---|---------|--------------------------------------|----------|
|  | SK<br>Innovation<br>Co., Ltd.                    | SK<br>Telecom<br>Co., Ltd. | SK<br>Networks<br>Co., Ltd. | SKC<br>Co., Ltd. | SK E&S<br>Co., Ltd. | SK Engineering<br>& Construction<br>Co., Ltd. | Others  | Consolidation<br>adjustments<br>(*1) | Total    |
| Total sales  | ₩ 25,952   | ₩ 8,772                    | ₩ 6,101                     | ₩ 1,210          | ₩ 3,531             | ₩ 3,986                                       | ₩ 4,266 | ₩ (3,700)                            | ₩ 50,118 |
| Internal sales   | (525)  | (90)                       | (783)                       | (136)            | (47)                | (392)   | (1,727) | 3,700                                | -        |
| Net sales  | 25,427   | 8,682                      | 5,318                       | 1,074            | 3,484               | 3,594   | 2,539   | -                                    | 50,118   |
| Profit (loss) from continuing operations before income tax expense | 563  | 821                        | 18                          | 49               | 476                 | 150   | 1,643   | (1,542)                              | 2,178    |
| Profit (loss) for the period from continuing operations            | 380  | 633                        | 11                          | 37               | 330                 | 110   | 1,458   | (1,484)                              | 1,475    |
| Total assets   | 38,908   | 42,591                     | 10,652                      | 4,042            | 10,053              | 5,668   | 36,230  | (19,618)                             | 128,526  |
| Total liabilities  | 19,228   | 20,161                     | 8,214                       | 2,333            | 5,996               | 4,781   | 12,541  | 1,848                                | 75,102   |
| Depreciation   | 504  | 1,437                      | 404                         | 66               | 205                 | 32  | 232     | 14                                   | 2,894    |
| Amortization   | 59   | 467                        | 9                           | 4                | 2                   | 3   | 32      | 163                                  | 739      |

(\*1) Consolidation adjustments of the parent company, excluding consolidation adjustments of each subsidiary.

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**4. Operating segments (cont'd)**

(3) Details of financial information by geographical location as of and for the six months ended June 30, 2020 and 2019 (Korean won in billions):

|  | As of and for the six months ended June 30, 2020 |          |         |               |        |                           |          | Total |
|--|--|----------|---------|---------------|--------|---------------------------|----------|-------|
|  | Korea  | Asia     | Europe  | North America | Others | Consolidation adjustments |          |       |
| Total sales  | ₩ 52,647   | ₩ 11,962 | ₩ 1,644 | ₩ 2,616       | ₩ 40   | ₩ (26,406)                | ₩ 42,503 |       |
| Operating profit (loss)  | 2,081  | 110      | 45      | (60)          | 12     | (2,919)                   | (731)    |       |
| Profit (loss) from continuing operations before income tax expense | 4,539  | 129      | 68      | (107)         | 9      | (5,345)                   | (707)    |       |
| Profit (loss) for the period                                       | 4,085  | 110      | 63      | (107)         | 7      | (4,924)                   | (766)    |       |
| Total assets   | 152,699  | 13,516   | 4,129   | 10,153        | 1,394  | (45,784)                  | 136,107  |       |
| Total liabilities  | 75,391   | 3,657    | 1,950   | 2,909         | 172    | (1,160)                   | 82,919   |       |

|  | As of and for the six months ended June 30, 2019 |          |         |               |        |                           |          | Total |
|--|--|----------|---------|---------------|--------|---------------------------|----------|-------|
|  | Korea  | Asia     | Europe  | North America | Others | Consolidation adjustments |          |       |
| Total sales  | ₩ 63,318   | ₩ 15,775 | ₩ 3,560 | ₩ 2,733       | ₩ 45   | ₩ (35,313)                | ₩ 50,118 |       |
| Operating profit (loss)  | 5,319  | 47       | 27      | (37)          | 14     | (2,927)                   | 2,443    |       |
| Profit (loss) from continuing operations before income tax expense | 6,037  | 191      | 29      | (65)          | 6      | (4,020)                   | 2,178    |       |
| Profit (loss) for the period                                       | 5,140  | 179      | 23      | (57)          | 2      | (3,812)                   | 1,475    |       |
| Total assets   | 146,073  | 11,552   | 2,676   | 9,036         | 1,349  | (42,160)                  | 128,526  |       |
| Total liabilities  | 70,335   | 4,182    | 1,339   | 2,443         | 230    | (3,427)                   | 75,102   |       |

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**4. Operating segments (cont'd)**

(4) Details of financial information by revenue from contracts with customers for the six months ended June 30, 2020 and 2019 are as follows (Korean won in billions):

| As of and for the six months ended June 30, 2020 |                               |                            |                             |                  |                     |   |              |                              |               |
|--|-------------------------------|----------------------------|-----------------------------|------------------|---------------------|---|--------------|------------------------------|---------------|
|  | SK<br>Innovation<br>Co., Ltd. | SK<br>Telecom<br>Co., Ltd. | SK<br>Networks<br>Co., Ltd. | SKC<br>Co., Ltd. | SK E&S<br>Co., Ltd. | SK Engineering<br>& Construction<br>Co., Ltd. | Others       | Consolidation<br>adjustments | Total         |
| 1. Total sales                                   | ₩ 18,363                      | ₩ 9,053                    | ₩ 5,308                     | ₩ 1,313          | ₩ 3,157             | ₩ 4,497                                       | ₩ 4,211      | ₩ (3,399)                    | ₩ 42,503      |
| 2. Revenue from contracts with customers         | 18,348                        | 9,053                      | 4,446                       | 1,313            | 3,153               | 4,492   | 3,184        | (2,396)                      | 41,593        |
| Categories:                                      |                               |                            |                             |                  |                     |   |              |                              |               |
| Service sales                                    | 153                           | 8,122                      | 186                         | 35               | -                   | 4,476   | 1,112        | (1,032)                      | 13,052        |
| Finished goods sales                             | 17,653                        | 15                         | 228                         | 1,082            | 1,076               | -   | 1,696        | (540)                        | 21,210        |
| Merchandise sales                                | 169                           | 665                        | 4,030                       | 178              | 2,018               | 16  | 198          | (756)                        | 6,518         |
| Other sales                                      | 373                           | 251                        | 2                           | 18               | 59                  | -   | 178          | (68)                         | 813           |
|  | <u>18,348</u>                 | <u>9,053</u>               | <u>4,446</u>                | <u>1,313</u>     | <u>3,153</u>        | <u>4,492</u>                                  | <u>3,184</u> | <u>(2,396)</u>               | <u>41,593</u> |
| Timing of revenue recognition:                   |                               |                            |                             |                  |                     |   |              |                              |               |
| Recognition at a point in time                   | 18,195                        | 931                        | 4,260                       | 1,278            | 84                  | 16  | 2,072        | (1,399)                      | 25,437        |
| Recognition over a period of time                | 153                           | 8,122                      | 186                         | 35               | 3,069               | 4,476   | 1,112        | (997)                        | 16,156        |
|  | <u>18,348</u>                 | <u>9,053</u>               | <u>4,446</u>                | <u>1,313</u>     | <u>3,153</u>        | <u>4,492</u>                                  | <u>3,184</u> | <u>(2,396)</u>               | <u>41,593</u> |
| 3. Revenue from other sources                    | 15                            | -                          | 862                         | -                | 4                   | 5   | 1,027        | (1,003)                      | 910           |

  

| As of and for the six months ended June 30, 2019 |                               |                            |                             |                  |                     |   |              |                              |               |
|--|-------------------------------|----------------------------|-----------------------------|------------------|---------------------|---|--------------|------------------------------|---------------|
|  | SK<br>Innovation<br>Co., Ltd. | SK<br>Telecom<br>Co., Ltd. | SK<br>Networks<br>Co., Ltd. | SKC<br>Co., Ltd. | SK E&S<br>Co., Ltd. | SK Engineering<br>& Construction<br>Co., Ltd. | Others       | Consolidation<br>adjustments | Total         |
| 1. Total sales                                   | ₩ 25,952                      | ₩ 8,772                    | ₩ 6,101                     | ₩ 1,210          | ₩ 3,531             | ₩ 3,986                                       | ₩ 4,266      | ₩ (3,700)                    | ₩ 50,118      |
| 2. Revenue from contracts with customers         | 25,933                        | 8,772                      | 5,353                       | 1,210            | 3,528               | 3,980   | 3,790        | (2,520)                      | 50,046        |
| Categories:                                      |                               |                            |                             |                  |                     |   |              |                              |               |
| Service sales                                    | 68                            | 8,063                      | 209                         | 37               | -                   | 3,968   | 1,716        | (1,019)                      | 13,042        |
| Finished goods sales                             | 24,797                        | 13                         | 240                         | 932              | 1,474               | -   | 1,595        | (673)                        | 28,378        |
| Merchandise sales                                | 86                            | 696                        | 4,903                       | 222              | 2,009               | 12  | 394          | (793)                        | 7,529         |
| Other sales                                      | 982                           | -                          | 1                           | 19               | 45                  | -   | 85           | (35)                         | 1,097         |
|  | <u>25,933</u>                 | <u>8,772</u>               | <u>5,353</u>                | <u>1,210</u>     | <u>3,528</u>        | <u>3,980</u>                                  | <u>3,790</u> | <u>(2,520)</u>               | <u>50,046</u> |
| Timing of revenue recognition:                   |                               |                            |                             |                  |                     |   |              |                              |               |
| Recognition at a point in time                   | 25,865                        | 709                        | 5,144                       | 1,174            | 463                 | 12  | 2,074        | (1,501)                      | 33,940        |
| Recognition over a period of time                | 68                            | 8,063                      | 209                         | 36               | 3,065               | 3,968   | 1,716        | (1,019)                      | 16,106        |
|  | <u>25,933</u>                 | <u>8,772</u>               | <u>5,353</u>                | <u>1,210</u>     | <u>3,528</u>        | <u>3,980</u>                                  | <u>3,790</u> | <u>(2,520)</u>               | <u>50,046</u> |
| 3. Revenue from other sources                    | 19                            | -                          | 748                         | -                | 3                   | 6   | 476          | (1,180)                      | 72            |

**SK Holdings Co., Ltd. and its subsidiaries**  
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**June 30, 2020 and 2019 (Unaudited)**

**5. Financial instruments**

**5.1 Financial assets**

Details of financial assets as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|                                  | June 30, 2020                            |  |   |   | Total               |
|----------------------------------|--|--|---|---|---------------------|
|                                  | Financial assets<br>measured at<br>FVTPL | Financial assets<br>measured at<br>FVOCI | Financial assets<br>measured at<br>amortized cost | Financial assets<br>designated<br>as hedging<br>instruments |                     |
| <b>Current assets:</b>           |  |  |   |   |                     |
| Cash and cash equivalents        | ₩ 2,567,931                              | ₩ -                                      | ₩ 10,596,110                                      | ₩ -   | ₩ 13,164,041        |
| Short-term financial instruments | 2,105,152                                | -  | 1,486,389   | -   | 3,591,541           |
| Trade receivables (*1)           | 164,560                                  | -  | 7,438,612   | -   | 7,603,172           |
| Other receivables                | 169,599                                  | -  | 1,904,490   | -   | 2,074,089           |
| Short-term loans                 | -  | -  | 160,641   | -   | 160,641             |
| Accrued income                   | -  | -  | 88,964  | -   | 88,964              |
| Short-term investment securities | 81,314                                   | -  | 45  | -   | 81,359              |
| Guarantee deposits               | -  | -  | 523,657   | -   | 523,657             |
| Derivative financial assets      | 69,270                                   | -  | -   | 57,419  | 126,689             |
| Lease receivables                | -  | -  | 26,399  | -   | 26,399              |
|                                  | <u>5,157,826</u>                         | <u>-</u>                                 | <u>22,225,307</u>                                 | <u>57,419</u>   | <u>27,440,552</u>   |
| <b>Non-current assets:</b>       |  |  |   |   |                     |
| Long-term financial instruments  | 4,525                                    | -  | 92,991  | -   | 97,516              |
| Long-term trade receivables      | -  | -  | 188,832   | -   | 188,832             |
| Long-term other receivables      | 216,579                                  | -  | 47,513  | -   | 264,092             |
| Long-term loans                  | -  | -  | 780,149   | -   | 780,149             |
| Long-term investment securities  | 911,210                                  | 2,700,995                                | 1,176   | -   | 3,613,381           |
| Guarantee deposits               | -  | -  | 550,108   | -   | 550,108             |
| Derivative financial assets      | 97,189                                   | -  | -   | 376,391   | 473,580             |
| Lease receivables                | -  | -  | 49,449  | -   | 49,449              |
|                                  | <u>1,229,503</u>                         | <u>2,700,995</u>                         | <u>1,710,218</u>                                  | <u>376,391</u>  | <u>6,017,107</u>    |
|                                  | <u>₩ 6,387,329</u>                       | <u>₩ 2,700,995</u>                       | <u>₩ 23,935,525</u>                               | <u>₩ 433,810</u>  | <u>₩ 33,457,659</u> |

(\*1) Contract assets (unbilled receivables) amounting to ₩873,797 million as of June 30, 2020 are not included in the financial assets.

**SK Holdings Co., Ltd. and its subsidiaries**  
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**5.1 Financial assets (cont'd)**

|                                  | December 31, 2019                           |   |  |  |                     |
|----------------------------------|---|---|--|--|---------------------|
|                                  | Financial<br>assets<br>measured at<br>FVTPL | Financial<br>assets<br>measured at<br>FVOCI | Financial<br>assets<br>measured at<br>amortized cost | Financial<br>assets<br>designated<br>as hedging<br>instruments | Total               |
| <b>Current assets:</b>           |   |   |  |  |                     |
| Cash and cash equivalents        | ₩ 994,090                                   | ₩ -   | ₩ 6,987,665  | ₩ -  | ₩ 7,981,755         |
| Short-term financial instruments | 2,188,983                                   | -   | 1,505,361  | -  | 3,694,344           |
| Trade receivables (*1)           | 191,701                                     | -   | 9,636,242  | -  | 9,827,943           |
| Other receivables                | 251,919                                     | -   | 1,660,579  | -  | 1,912,498           |
| Short-term loans                 | -   | -   | 149,008  | -  | 149,008             |
| Accrued income                   | -   | -   | 117,056  | -  | 117,056             |
| Short-term investment securities | 185,056                                     | -   | 45   | -  | 185,101             |
| Guarantee deposits               | -   | -   | 408,273  | -  | 408,273             |
| Derivative financial assets      | 45,123                                      | -   | -  | 33,576   | 78,699              |
| Lease receivables                | -   | -   | 28,172   | -  | 28,172              |
|                                  | <u>3,856,872</u>                            | <u>-</u>                                    | <u>20,492,401</u>                                    | <u>33,576</u>  | <u>24,382,849</u>   |
| <b>Non-current assets:</b>       |   |   |  |  |                     |
| Long-term financial instruments  | 4,528                                       | -   | 3,070  | -  | 7,598               |
| Long-term trade receivables      | -   | -   | 130,171  | -  | 130,171             |
| Long-term other receivables      | 289,959                                     | -   | 64,663   | -  | 354,622             |
| Long-term loans                  | -   | -   | 698,135  | -  | 698,135             |
| Long-term investment securities  | 857,761                                     | 1,951,482                                   | 1,169  | -  | 2,810,412           |
| Guarantee deposits               | -   | -   | 595,994  | -  | 595,994             |
| Derivative financial assets      | 157,659                                     | -   | -  | 144,780  | 302,529             |
| Lease receivables                | -   | -   | 48,750   | -  | 48,750              |
|                                  | <u>1,309,907</u>                            | <u>1,951,482</u>                            | <u>1,541,952</u>                                     | <u>144,870</u>   | <u>4,948,211</u>    |
|                                  | <u>₩ 5,166,779</u>                          | <u>₩ 1,951,482</u>                          | <u>₩ 22,034,353</u>                                  | <u>₩ 178,446</u>   | <u>₩ 29,331,060</u> |

(\*1) Contract assets (unbilled receivables) amounting to ₩549,385 million as of December 31, 2019 are not included in the financial assets.

**SK Holdings Co., Ltd. and its subsidiaries**  
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**June 30, 2020 and 2019 (Unaudited)**

**5.2 Financial liabilities**

Details of financial liabilities as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|  | June 30, 2020                           |                             |   |                     |
|--|---|-----------------------------|---|---------------------|
|  | Financial liabilities measured at FVTPL | Other financial liabilities | Financial liabilities designated as hedging instruments | Total               |
| <b>Current liabilities:</b>            |   |                             |   |                     |
| Short-term borrowings                  | ₩ -                                     | ₩ 8,497,756                 | ₩ -   | ₩ 8,497,756         |
| Trade payables                         | -                                       | 6,231,555                   | -   | 6,231,555           |
| Other payables                         | 908                                     | 4,587,656                   | -   | 4,588,564           |
| Current portion of long-term debt      | -                                       | 5,433,047                   | -   | 5,433,047           |
| Accrued expenses                       | -                                       | 3,149,905                   | -   | 3,149,905           |
| Dividends payable                      | -                                       | 837                         | -   | 837                 |
| Leasehold deposits received            | -                                       | 256,086                     | -   | 256,086             |
| Derivative financial liabilities       | 37,901                                  | -                           | 20,753  | 58,654              |
| Lease liabilities                      | -                                       | 1,105,680                   | -   | 1,105,680           |
| Finance guarantee liabilities          | -                                       | 345                         | -   | 345                 |
|  | <u>38,809</u>                           | <u>29,262,867</u>           | <u>20,753</u>   | <u>29,322,429</u>   |
| <b>Non-current liabilities:</b>        |   |                             |   |                     |
| Bonds payable and long-term borrowings | -                                       | 36,069,510                  | -   | 36,069,510          |
| Long-term trade payables               | -                                       | 1,551                       | -   | 1,551               |
| Long-term accrued expenses             | -                                       | 12,859                      | -   | 12,859              |
| Long-term other payables               | 39,435                                  | 1,147,092                   | -   | 1,186,527           |
| Leasehold deposits received            | -                                       | 231,472                     | -   | 231,472             |
| Derivative financial liabilities       | 227,955                                 | -                           | 106,746   | 334,701             |
| Lease liabilities                      | -                                       | 2,956,546                   | -   | 2,956,546           |
| Financial guarantee liabilities        | -                                       | 16,529                      | -   | 16,529              |
|  | <u>267,390</u>                          | <u>40,435,559</u>           | <u>106,746</u>  | <u>40,809,695</u>   |
|  | <u>₩ 306,199</u>                        | <u>₩ 69,698,426</u>         | <u>₩ 127,499</u>  | <u>₩ 70,132,124</u> |
| <b>December 31, 2019</b>               |   |                             |   |                     |
|  | Financial liabilities measured at FVTPL | Other financial liabilities | Financial liabilities designated as hedging instruments | Total               |
| <b>Current liabilities:</b>            |   |                             |   |                     |
| Short-term borrowings                  | ₩ -                                     | ₩ 5,888,357                 | ₩ -   | ₩ 5,888,357         |
| Trade payables                         | -                                       | 8,809,856                   | -   | 8,809,856           |
| Other payables                         | 41,057                                  | 3,920,093                   | -   | 3,961,150           |
| Current portion of long-term debt      | -                                       | 6,029,722                   | -   | 6,029,722           |
| Accrued expenses                       | -                                       | 3,320,952                   | -   | 3,320,952           |
| Dividends payable                      | -                                       | 1,323                       | -   | 1,323               |
| Leasehold deposits received            | -                                       | 218,090                     | -   | 218,090             |
| Derivative financial liabilities       | 38,178                                  | -                           | 6,409   | 44,587              |
| Lease liabilities                      | -                                       | 1,172,062                   | -   | 1,172,062           |
| Finance guarantee liabilities          | -                                       | 345                         | -   | 345                 |
|  | <u>79,235</u>                           | <u>29,360,800</u>           | <u>6,409</u>  | <u>29,446,444</u>   |
| <b>Non-current liabilities:</b>        |   |                             |   |                     |
| Bonds payable and long-term borrowings | -                                       | 32,374,161                  | -   | 32,374,161          |
| Long-term trade payables               | -                                       | 2,391                       | -   | 2,391               |
| Long-term other payables               | -                                       | 1,565,043                   | -   | 1,565,043           |
| Leasehold deposits received            | -                                       | 263,442                     | -   | 263,442             |
| Derivative financial liabilities       | 223,168                                 | -                           | 22,957  | 246,125             |
| Lease liabilities                      | -                                       | 2,897,181                   | -   | 2,897,181           |
| Financial guarantee liabilities        | -                                       | 15,569                      | -   | 15,569              |
|  | <u>223,168</u>                          | <u>37,117,787</u>           | <u>22,957</u>   | <u>37,363,912</u>   |
|  | <u>₩ 302,403</u>                        | <u>₩ 66,478,587</u>         | <u>₩ 29,366</u>   | <u>₩ 66,810,356</u> |

**SK Holdings Co., Ltd. and its subsidiaries**  
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**5.3 Fair values of financial instruments by hierarchy level**

1) Fair values and book values of financial instruments as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|               | June 30, 2020 |              | December 31, 2019 |              |
|---------------|---------------|--------------|-------------------|--------------|
|               | Book value    | Fair value   | Book value        | Fair value   |
| Bonds payable | ₩ 30,384,137  | ₩ 31,097,635 | ₩ 29,530,202      | ₩ 30,228,914 |
| Borrowings    | 19,616,176    | 19,853,360   | 14,762,038        | 15,850,637   |

The fair value of bonds payable and borrowings was measured as the present value of the contractually determined stream of future cash flows discounted at the market interest rate (0.92% ~ 5.37%) regarding residual market risks. As the book values of other financial assets and other financial liabilities are reasonable approximations to fair values, the fair values have not been disclosed.

2) The Group 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.

3) Details of fair values of financial instruments by hierarchy level as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|   | June 30, 2020      |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | Level 1            | Level 2            | Level 3            | Total              |
| Financial assets:                       |                    |                    |                    |                    |
| Financial assets measured at FVTPL      | ₩ 4,673,083        | ₩ 469,060          | ₩ 1,078,727        | ₩ 6,220,870        |
| Financial assets measured at FVOCI      | 1,135,878          | -                  | 1,565,117          | 2,700,995          |
| Derivative financial assets             | 2,513              | 597,756            | -                  | 600,269            |
|   | <u>₩ 5,811,474</u> | <u>₩ 1,066,816</u> | <u>₩ 2,643,844</u> | <u>₩ 9,522,134</u> |
| Financial liabilities:                  |                    |                    |                    |                    |
| Financial liabilities measured at FVTPL | ₩ -                | ₩ 40,343           | ₩ -                | ₩ 40,343           |
| Derivative financial liabilities        | 81                 | 170,918            | 222,356            | 393,355            |
|   | <u>₩ 81</u>        | <u>₩ 211,261</u>   | <u>₩ 222,356</u>   | <u>₩ 433,698</u>   |
|   |                    |                    |                    |                    |
|   | December 31, 2019  |                    |                    |                    |
|   | Level 1            | Level 2            | Level 3            | Total              |
| Financial assets:                       |                    |                    |                    |                    |
| Financial assets measured at FVTPL      | ₩ 3,183,073        | ₩ 1,327,969        | ₩ 452,955          | ₩ 4,963,997        |
| Financial assets measured at FVOCI      | 649,439            | -                  | 1,302,043          | 1,951,482          |
| Derivative financial assets             | 563                | 380,665            | -                  | 381,228            |
|   | <u>₩ 3,833,075</u> | <u>₩ 1,708,634</u> | <u>₩ 1,754,998</u> | <u>₩ 7,296,707</u> |
| Financial liabilities:                  |                    |                    |                    |                    |
| Financial liabilities measured at FVTPL | ₩ -                | ₩ 41,057           | ₩ -                | ₩ 41,057           |
| Derivative financial liabilities        | 449                | 67,907             | 222,356            | 290,712            |
|   | <u>₩ 449</u>       | <u>₩ 108,964</u>   | <u>₩ 222,356</u>   | <u>₩ 331,769</u>   |

**SK Holdings Co., Ltd. and its subsidiaries**  
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**June 30, 2020 and 2019 (Unaudited)**

**6. Trade receivables**

(1) Details of trade receivables as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|   | June 30, 2020      |                  | December 31, 2019   |                  |
|---|--------------------|------------------|---------------------|------------------|
|   | Current            | Non-current      | Current             | Non-current      |
| Trade receivables:                        |                    |                  |                     |                  |
| Trade receivables (*1)                    | ₩ 8,308,956        | ₩ 202,948        | ₩ 10,504,422        | ₩ 138,068        |
| Contract assets<br>(unbilled receivables) | 873,797            | -                | 549,385             | -                |
| Allowance for doubtful accounts:          |                    |                  |                     |                  |
| Trade receivables                         | (705,784)          | (14,116)         | (676,479)           | (7,897)          |
|   | <u>₩ 8,476,969</u> | <u>₩ 188,832</u> | <u>₩ 10,377,328</u> | <u>₩ 130,171</u> |

(\*1) Includes the net investment amount of the finance lease provided by the Group as a manufacturer or seller.

(2) Contract assets and liabilities related with contracts with customers as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|                            | June 30, 2020      | December 31, 2019  |
|----------------------------|--------------------|--------------------|
| Contract assets: (*1)      |                    |                    |
| Construction business      | ₩ 685,321          | ₩ 403,343          |
| Telecommunication business | 149,274            | 191,858            |
| Others                     | 188,575            | 146,135            |
|                            | <u>₩ 1,023,170</u> | <u>₩ 741,336</u>   |
| Contract liabilities: (*2) |                    |                    |
| Construction business      | ₩ 1,419,856        | ₩ 1,308,245        |
| Telecommunication business | 227,932            | 223,456            |
| Others                     | 876,711            | 886,096            |
|                            | <u>₩ 2,524,499</u> | <u>₩ 2,417,797</u> |

(\*1) Contract assets are included in trade receivables and other assets.

(\*2) Contract liabilities are included in advances received and other liabilities.

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**June 30, 2020 and 2019 (Unaudited)**

**6. Trade receivables (cont'd)**

(3) Details of construction profit variation by changes of accounting estimates related to construction contracts as of June 30, 2020 are as follows (Korean won in millions):

|  | June 30, 2020                            |                          |  |                                |   |
|--|--|--------------------------|--|--------------------------------|---|
|  | Change in estimated construction revenue | Change in estimated cost | Impact on current period profit (loss) | Impact on future period profit | Change in unbilled (overbilled) receivables |
| SK Engineering & Construction Co., Ltd. and its subsidiaries | ₩ 292,456                                | ₩ 191,109                | ₩ 36,352                               | ₩ 64,995                       | ₩ 36,352                                    |
| Others   | 14,185                                   | 11,652                   | 1,981                                  | 552                            | 1,981                                       |
|  | <u>₩ 306,641</u>                         | <u>₩ 202,761</u>         | <u>₩ 38,333</u>                        | <u>₩ 65,547</u>                | <u>₩ 38,333</u>                             |

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

(4) Details of the construction contracts where the contract revenue exceeds 5% of the preceding year's revenue under the percentage-of-completion method as of June 30, 2020 are as follows (Korean won in millions):

| Subsidiary                              | Project                              | Contract date | Completion date | Percentage (%) | Unbilled receivables |            | Trade receivables (*1) |                                 |
|---|--------------------------------------|---------------|-----------------|----------------|----------------------|------------|------------------------|---------------------------------|
|   |                                      |               |                 |                | Amount               | Impairment | Amount                 | Allowance for doubtful accounts |
| SK Engineering & Construction Co., Ltd. | RRE Project                          | 2009.12       | 2016.05         | 99.9           | ₩ -                  | ₩ -        | ₩ -                    | ₩ -                             |
|   | Goseong High Fire power Construction | 2014.07       | 2021.07         | 81.7           | -                    | -          | -                      | -                               |

(\*1) The balance does not include due from customer for construction work.

**7. Inventories**

Details of inventories as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|  | June 30, 2020      |                     |                    | December 31, 2019  |                     |                    |
|--|--------------------|---------------------|--------------------|--------------------|---------------------|--------------------|
|  | Cost               | Valuation allowance | Book value         | Cost               | Valuation allowance | Book value         |
| Merchandise                              | ₩ 1,258,925        | ₩ (52,581)          | ₩ 1,206,344        | ₩ 926,141          | ₩ (39,343)          | ₩ 886,798          |
| Finished goods                           | 1,838,370          | (81,552)            | 1,756,818          | 2,392,621          | (68,544)            | 2,324,077          |
| Semi-finished goods and work in progress | 911,522            | (51,836)            | 859,686            | 1,108,743          | (54,792)            | 1,053,951          |
| Raw materials and sub-materials          | 1,404,192          | (28,777)            | 1,375,415          | 2,030,535          | (31,042)            | 1,999,493          |
| Materials in transit                     | 1,145,333          | -                   | 1,145,333          | 2,356,402          | -                   | 2,356,402          |
| Supplies                                 | 320,722            | (4,951)             | 315,771            | 322,035            | (3,957)             | 318,078            |
| Uncompleted contracts                    | 83,017             | -                   | 83,017             | 189,428            | -                   | 189,428            |
| Others                                   | 12,573             | (349)               | 12,224             | 10,436             | (302)               | 10,134             |
|  | <u>₩ 6,974,654</u> | <u>₩ (220,046)</u>  | <u>₩ 6,754,608</u> | <u>₩ 9,336,341</u> | <u>₩ (197,980)</u>  | <u>₩ 9,138,361</u> |

**SK Holdings Co., Ltd. and its subsidiaries**  
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**June 30, 2020 and 2019 (Unaudited)**

**8. Investment securities**

Details of investment securities as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|                                   | June 30, 2020             |                                |                                    |                    |
|-----------------------------------|---------------------------|--------------------------------|------------------------------------|--------------------|
|                                   | Financial assets at FVTPL | Financial assets at FVOCI (*1) | Financial assets at Amortized cost | Total              |
| Equity instruments:               |                           |                                |                                    |                    |
| Marketable equity instruments     | ₩ -                       | ₩ 1,135,878                    | ₩ -                                | ₩ 1,135,878        |
| Non-marketable equity instruments | 21,313                    | 1,544,900                      | -                                  | 1,566,213          |
|                                   | <u>21,313</u>             | <u>2,680,778</u>               | <u>-</u>                           | <u>2,702,091</u>   |
| Bond instruments:                 |                           |                                |                                    |                    |
| Beneficiary securities and others | 528,527                   | 662                            | -                                  | 529,189            |
| Debt securities                   | 442,684                   | 19,555                         | 1,221                              | 463,460            |
|                                   | <u>971,211</u>            | <u>20,217</u>                  | <u>1,221</u>                       | <u>992,649</u>     |
|                                   | <u>₩ 992,524</u>          | <u>₩ 2,700,995</u>             | <u>₩ 1,221</u>                     | <u>₩ 3,694,740</u> |
| Current investment securities     | ₩ 81,314                  | ₩ -                            | ₩ 45                               | ₩ 81,359           |
| Non-current investment securities | 911,210                   | 2,700,995                      | 1,176                              | 3,613,381          |

|                                   | December 31, 2019                  |   |   |                    |
|-----------------------------------|------------------------------------|---|---|--------------------|
|                                   | Financial assets measured at FVTPL | Financial assets measured at FVOCI (*1) | Financial assets measured at amortized cost | Total              |
| Equity instruments:               |                                    |   |   |                    |
| Marketable equity instruments     | ₩ -                                | ₩ 649,439                               | ₩ -   | ₩ 649,439          |
| Non-marketable equity instruments | 2,009                              | 1,277,996                               | -   | 1,280,005          |
|                                   | <u>2,009</u>                       | <u>1,927,435</u>                        | <u>-</u>                                    | <u>1,929,444</u>   |
| Bond instruments:                 |                                    |   |   |                    |
| Beneficiary securities and others | 598,306                            | 715                                     | -   | 599,021            |
| Debt securities                   | 442,502                            | 23,332                                  | 1,214                                       | 467,048            |
|                                   | <u>1,040,808</u>                   | <u>24,047</u>                           | <u>1,214</u>                                | <u>1,066,069</u>   |
|                                   | <u>₩ 1,042,817</u>                 | <u>₩ 1,951,482</u>                      | <u>₩ 1,214</u>                              | <u>₩ 2,995,513</u> |
| Current investment securities     | ₩ 185,056                          | ₩ -                                     | ₩ 45  | ₩ 185,101          |
| Non-current investment securities | 857,761                            | 1,951,482                               | 1,169                                       | 2,810,412          |

(\*1) The Group has applied the irrevocable option to designate the equity instruments held for strategic investment, not for held-for-trading purpose, at the date of initial application, as items measured at FVOCI.

**SK Holdings Co., Ltd. and its subsidiaries**  
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**9. Investments in associates and joint ventures**

(1) Investments in associates and joint ventures

Details of investments in associates and joint ventures as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

| Company  | Domicile  | Equity ownership<br>(*1) | June 30, 2020    |                     | December 31,<br>2019 |
|--|-----------|--------------------------|------------------|---------------------|----------------------|
|  |           |                          | Acquisition cost | Book value          | Book value           |
| <b>Associates:</b>                             |           |                          |                  |                     |                      |
| SK Hynix Inc.                                  | Korea     | 20.1%                    | ₩ 5,420,310      | ₩ 11,275,520        | ₩ 11,028,722         |
| China Gas Holdings Ltd. (*2)                   | Hong Kong | 1.5%                     | -                | -                   | 1,548,020            |
| Vingroup Joint Stock Company (*3)              | Vietnam   | 6.1%                     | 1,165,399        | 1,143,141           | 1,172,259            |
| Masan Group Corporation (*3)                   | Vietnam   | 9.4%                     | 559,050          | 587,511             | 483,950              |
| ESR Cayman Limited (*3)                        | Cayman    | 11.1%                    | 493,627          | 704,193             | 684,714              |
| Eureka Midstream Holdings                      | USA       | 40.0%                    | 465,582          | 505,959             | 487,160              |
| FR BR Aggregator                               | USA       | 39.0%                    | 350,718          | 377,843             | 331,310              |
| Peru LNG Company, LLC                          | USA       | 20.0%                    | 331,144          | 281,713             | 286,727              |
| Daehan Oil Pipeline Corporation                | Korea     | 41.0%                    | 311,372          | 344,807             | 341,754              |
| Shenzhen Lodian Electrics Co., Ltd.            | China     | 26.0%                    | 284,602          | 307,037             | 294,126              |
| NHIP II Bison Holdings, LLC                    | USA       | 24.5%                    | 297,511          | 292,339             | 343,985              |
| Hana Card Co., Ltd. (*3)                       | Korea     | 15.0%                    | 253,707          | 302,168             | 294,756              |
| Yemen LNG Company Ltd. (*3, 4)                 | Bermuda   | 6.9%                     | 252,813          | -                   | -                    |
| Beijing BESK Technology Co., Ltd.              | China     | 49.0%                    | 247,427          | 237,819             | 233,244              |
| Korea IT Fund (*5)                             | Korea     | 63.3%                    | 242,170          | 300,988             | 311,553              |
| Joyvio (*3)                                    | China     | 14.0%                    | 213,793          | 219,209             | 212,353              |
| Canakkale Highway And Bridge                   | Turkey    | 25.0%                    | 185,306          | 172,041             | 140,849              |
| Best Oil Company Limited                       | Myanmar   | 35.0%                    | 154,732          | 158,108             | 153,524              |
| So car Co., Ltd.                               | Korea     | 24.9%                    | 109,304          | 79,963              | 68,135               |
| Others   |           |                          |                  | <u>1,184,700</u>    | <u>999,637</u>       |
|  |           |                          |                  | <u>18,475,059</u>   | <u>19,416,778</u>    |
| <b>Joint ventures (*6):</b>                    |           |                          |                  |                     |                      |
| Sinopec-SK (Wuhan) Petrochemical Co., Ltd.     | China     | 35.0%                    | 676,332          | 972,194             | 1,003,159            |
| Mitsui Chemicals & SKC Polyurethanes Co., Ltd. | Korea     | 50.0%                    | 349,942          | 435,591             | 455,225              |
| Hana Land Chip PEF 33 (*5)                     | Korea     | 65.2%                    | 196,001          | 263,759             | 264,395              |
| Eurasia Tunnel                                 | Turkey    | 50.0%                    | 174,215          | 259,789             | 250,963              |
| Boryeong LNG Terminal Co., Ltd.                | Korea     | 50.0%                    | 133,323          | 142,374             | 152,812              |
| SABIC SK Nexlene Company Pte. Ltd.             | Singapore | 50.0%                    | 112,670          | 79,367              | 81,182               |
| Others   |           |                          |                  | <u>327,378</u>      | <u>270,202</u>       |
|  |           |                          |                  | <u>2,480,452</u>    | <u>2,477,938</u>     |
|  |           |                          |                  | <u>₩ 20,955,511</u> | <u>₩ 21,894,716</u>  |

(\*1) Equity ownership includes indirect investments held by the consolidated subsidiaries.

(\*2) For the six months ended June 30, 2020, the remaining shares were reclassified from investment in the associates to long-term investment securities due to the sale of shares and the loss of significant influence.

(\*3) The Group retains significant influence on the associate despite having less than 20% equity interests.

(\*4) Impairment losses on investments in associates were fully recognized as there was an indication of impairment prior to the current period.

(\*5) These companies were not included as consolidated subsidiaries as the Group does not have control over more than half of the voting rights by agreements.

(\*6) All joint arrangements that the Group has joint control over are structured through separate entities. The parties that have joint control with respect to the joint agreements hold the rights to the net assets of the agreements and accordingly, they are classified as joint ventures and accounted for using the equity method of accounting.

**SK Holdings Co., Ltd. and its subsidiaries**  
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**9. Investments in associates and joint ventures (cont'd)**

(2) Changes in carrying amount of investments in associates and joint ventures

Changes in investments in associates and joint ventures accounted for using the equity method for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|                |   | For the six months ended June 30, 2020 |                  |                      |  |                         |                    |                  |                     |
|----------------|---|--|------------------|----------------------|--|-------------------------|--------------------|------------------|---------------------|
|                |   | Beginning balance                      | Acquisitions     | Disposals            | Equity profit or losses on investments | Other capital movements | Dividends received | Others (*1)      | Ending balance      |
| Associates     | ₩ | 19,416,778                             | ₩ 262,505        | ₩ (1,676,418)        | ₩ 422,868                              | ₩ 89,193                | ₩ (196,408)        | ₩ 156,541        | ₩ 18,475,059        |
| Joint ventures |   | 2,477,938                              | 82,770           | (29,114)             | (54,811)                               | 11,635                  | (27,680)           | 19,714           | 2,480,452           |
|                | ₩ | <u>21,894,716</u>                      | <u>₩ 345,275</u> | <u>₩ (1,705,532)</u> | <u>₩ 368,057</u>                       | <u>₩ 100,828</u>        | <u>₩ (224,088)</u> | <u>₩ 176,255</u> | <u>₩ 20,955,511</u> |

  

|                |   | For the six months ended June 30, 2019 |                    |                   |  |                         |                    |                  |                     |
|----------------|---|--|--------------------|-------------------|--|-------------------------|--------------------|------------------|---------------------|
|                |   | Beginning balance                      | Acquisitions       | Disposals         | Equity profit or losses on investments | Other capital movements | Dividends received | Others (*1, 2)   | Ending balance      |
| Associates     | ₩ | 17,151,573                             | ₩ 2,036,903        | ₩ (12,726)        | ₩ 397,417                              | ₩ 144,701               | ₩ (278,927)        | ₩ 105,811        | ₩ 19,544,752        |
| Joint ventures |   | 2,066,772                              | 25,000             | (81)              | 54,453                                 | 26,286                  | (28,347)           | (135)            | 2,143,948           |
|                | ₩ | <u>19,218,345</u>                      | <u>₩ 2,061,903</u> | <u>₩ (12,807)</u> | <u>₩ 451,870</u>                       | <u>₩ 170,987</u>        | <u>₩ (307,274)</u> | <u>₩ 105,676</u> | <u>₩ 21,688,700</u> |

(\*1) Others include net foreign currency differences and others.

(\*2) Others include the effects of the gain on the deemed disposal of ₩13,103 million as a result of changes in China Gas Holdings Ltd.'s equity holding ratio during the prior period.

(3) Details of unrecognized changes in equity method caused by discontinuing the application of equity method as of June 30, 2020 are as follows (Korean won in millions):

|                                   | Beginning balance | Changes | Ending balance |
|-----------------------------------|-------------------|---------|----------------|
| Pentaport Development Co., Ltd.   | ₩ 72,675          | ₩ 7,077 | ₩ 79,752       |
| SK Telesys Corporation            | 3,960             | -       | 3,960          |
| Korea Consortium Kazakh B.V.      | 178,926           | -       | 178,926        |
| Yemen LNG Company Ltd. and others | 34,608            | (10)    | 34,598         |

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**9. Investments in associates and joint ventures (cont'd)**

(4) Condensed financial information of significant investments in associates and joint ventures as of June 30, 2020 are as follows (Korean won in millions):

|   | As of and for the six months ended June 30, 2020 |                    |                     |                         |              |                   |                                   |
|---|--|--------------------|---------------------|-------------------------|--------------|-------------------|-----------------------------------|
|   | Current assets                                   | Non-current assets | Current liabilities | Non-current liabilities | Sales        | Net income (loss) | Total comprehensive income (loss) |
| <b>Associates:</b>                                |  |                    |                     |                         |              |                   |                                   |
| SK Hynix Inc.                                     | ₩ 17,362,825                                     | ₩ 51,896,471       | ₩ 9,595,473         | ₩ 10,260,948            | ₩ 15,805,426 | ₩ 1,911,044       | ₩ 2,137,667                       |
| Vingroup Joint Stock Company                      | 9,801,685  | 11,623,473         | 9,793,085           | 5,306,641               | 801,373      | 26,176            | 26,176                            |
| Masan Group Corporation                           | 1,600,512  | 3,842,411          | 1,712,402           | 1,059,382               | 932,602      | (11,207)          | (11,207)                          |
| Eureka Midstream Holdings                         | 31,688   | 983,790            | 41,723              | 372,438                 | 56,381       | 26,508            | 26,508                            |
| FR BR Aggregator                                  | 25,291   | 1,539,922          | 595,677             | -                       | -            | 24,646            | 24,646                            |
| Peru LNG Company, LLC                             | 226,960  | 2,640,453          | 205,026             | 1,253,294               | 176,009      | (69,428)          | (69,428)                          |
| Daehan Oil Pipeline Corporation                   | 149,526  | 948,857            | 50,793              | 242,881                 | 84,959       | 16,807            | 16,807                            |
| Shenzhen Londian<br>Electrics Co., Ltd.           | 470,250  | 693,553            | 370,870             | 238,696                 | 193,510      | 7,858             | 7,859                             |
| NHIP II Bison Holdings, LLC                       | 22,870   | 1,421,135          | -                   | 741                     | -            | (497)             | (497)                             |
| Hana Card Co., Ltd.                               | 8,330,173  | 182,003            | 985,054             | 5,841,166               | 604,713      | 65,291            | 56,800                            |
| Beijing BESK Technology Co., Ltd.                 | 284,217  | 422,307            | 190,472             | 33,337                  | 38,071       | (1,840)           | (1,840)                           |
| Korea IT Fund                                     | 95,780   | 379,464            | -                   | -                       | 28,354       | 18,557            | 11,042                            |
| Canakkale Highway And Bridge                      | 128,757  | 2,631,772          | 110,623             | 1,961,741               | 410,215      | 19,570            | (28,676)                          |
| Best Oil Company Limited                          | 201,708  | 181,685            | 183,808             | -                       | 544,874      | (13,383)          | (13,383)                          |
| So car Co., Ltd.                                  | 67,946   | 210,692            | 117,034             | 111,211                 | 123,274      | (25,363)          | (25,363)                          |
| <b>Joint ventures:</b>                            |  |                    |                     |                         |              |                   |                                   |
| Sinopec-SK (Wuhan)<br>Petrochemical Co., Ltd.     | 865,942  | 4,439,236          | 1,501,004           | 1,105,603               | 2,775,282    | (182,328)         | (150,469)                         |
| Mitsui Chemicals & SKC<br>Polyurethanes Co., Ltd. | 443,311  | 941,678            | 310,068             | 127,014                 | 433,458      | (38,571)          | (32,869)                          |
| Hana land chip PEF 33                             | 8,415  | 711,693            | 1,042               | 314,483                 | 17,234       | 12,250            | 12,250                            |
| Eurasia Tunnel                                    | 148,324  | 1,527,796          | 148,095             | 1,026,492               | 6,882        | 25,264            | (2,626)                           |
| Boryeong LNG Terminal Co., Ltd.                   | 197,680  | 1,358,268          | 180,920             | 1,119,780               | 74,595       | 13,201            | 13,238                            |
| SABIC SK Nextlene Company<br>Pte. Ltd.            | 191,643  | 553,293            | 135,592             | 367,859                 | 151,509      | 3,153             | (16,355)                          |

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**10. Property, plant and equipment**

(1) Details of property, plant and equipment as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|   | June 30, 2020       | December 31, 2019   |
|---|---------------------|---------------------|
| Acquisition cost  | ₩ 62,459,508        | ₩ 58,269,139        |
| Accumulated depreciation<br>and accumulated impairment losses | (17,595,563)        | (15,422,760)        |
|   | <u>₩ 44,863,945</u> | <u>₩ 42,846,379</u> |

(2) Changes in property, plant and equipment for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|                          | For the six months ended June 30, 2020 |                         |                    |                    |                      |                    | Ending<br>balance   |
|--------------------------|--|-------------------------|--------------------|--------------------|----------------------|--------------------|---------------------|
|                          | Beginning<br>balance                   | Business<br>combination | Acquisitions       | Disposals          | Depreciation         | Others (*1)        |                     |
| Land                     | ₩ 8,787,048                            | ₩ 51,173                | ₩ 9,720            | ₩ (192,984)        | ₩ -                  | ₩ 133,593          | ₩ 8,788,550         |
| Buildings                | 4,271,484                              | 48,069                  | 3,502              | (14,000)           | (90,969)             | 209,663            | 4,427,749           |
| Structures               | 1,518,777                              | 6,337                   | 1,871              | (10,012)           | (56,592)             | 112,046            | 1,572,427           |
| Ships and vessels        | 860                                    | -                       | -                  | -                  | (59)                 | -                  | 801                 |
| Machinery and equipment  | 18,599,717                             | 302,083                 | 213,278            | (11,106)           | (1,862,769)          | 2,278,181          | 19,519,384          |
| Vehicles                 | 185,700                                | 153                     | 2,039              | (1,047)            | (15,174)             | 34,206             | 205,877             |
| Operating lease asset    | 1,746,356                              | -                       | 402,498            | (13,592)           | (214,191)            | (176,558)          | 1,744,513           |
| Others                   | 3,537,461                              | 6,552                   | 626,411            | (8,543)            | (341,260)            | (185,843)          | 3,634,778           |
| Construction-in-progress | 4,198,976                              | 138,662                 | 3,295,805          | (22,685)           | -                    | (2,640,892)        | 4,969,866           |
|                          | <u>₩ 42,846,379</u>                    | <u>₩ 553,029</u>        | <u>₩ 4,555,124</u> | <u>₩ (273,969)</u> | <u>₩ (2,581,014)</u> | <u>₩ (235,604)</u> | <u>₩ 44,863,945</u> |

|                          | For the six months ended June 30, 2019 |                         |                    |                   |                      |                   | Ending<br>balance   |
|--------------------------|--|-------------------------|--------------------|-------------------|----------------------|-------------------|---------------------|
|                          | Beginning<br>balance                   | Business<br>combination | Acquisitions       | Disposals         | Depreciation         | Others (*1)       |                     |
| Land                     | ₩ 9,627,559                            | ₩ 42,996                | ₩ 9,905            | ₩ (20,399)        | ₩ -                  | ₩ 168,485         | ₩ 9,828,546         |
| Buildings                | 4,043,820                              | 7,642                   | 4,675              | (11,289)          | (89,418)             | 131,436           | 4,086,866           |
| Structures               | 1,611,612                              | 439                     | 12,884             | (1,510)           | (56,277)             | 25,490            | 1,592,638           |
| Ships and vessels        | 843                                    | -                       | -                  | (1)               | (58)                 | 135               | 919                 |
| Machinery and equipment  | 17,966,522                             | 361                     | 277,602            | (21,921)          | (1,738,939)          | 1,600,509         | 18,084,134          |
| Vehicles                 | 126,601                                | 868                     | 4,230              | (421)             | (8,960)              | 1,071             | 123,389             |
| Operating lease asset    | 697,476                                | 980,437                 | 269,917            | (19,085)          | (220,574)            | (24,971)          | 1,683,200           |
| Others                   | 3,627,490                              | 1,691                   | 723,284            | (4,257)           | (340,789)            | (571,619)         | 3,435,800           |
| Construction-in-progress | 2,013,998                              | -                       | 1,960,858          | (12,068)          | -                    | (1,343,092)       | 2,619,696           |
|                          | <u>₩ 39,715,921</u>                    | <u>₩ 1,034,434</u>      | <u>₩ 3,263,355</u> | <u>₩ (90,951)</u> | <u>₩ (2,455,015)</u> | <u>₩ (12,556)</u> | <u>₩ 41,455,188</u> |

(\*1) Other changes include transfer of intangible assets and investment properties, impairment losses, net translation differences and others.

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

(1) Details of right-of-use assets as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|   | June 30, 2020      | December 31, 2019  |
|---|--------------------|--------------------|
| Acquisition cost  | ₩ 5,836,280        | ₩ 5,602,075        |
| Accumulated depreciation<br>and accumulated impairment losses | (1,333,233)        | (1,058,529)        |
|   | <u>₩ 4,503,047</u> | <u>₩ 4,543,546</u> |

(2) Changes in right-of-use assets for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|                    | For the six months ended June 30, 2020 |                         |                  |                    |                    |                 |                    | Ending<br>balance |
|--------------------|--|-------------------------|------------------|--------------------|--------------------|-----------------|--------------------|-------------------|
|                    | Beginning<br>balance                   | Business<br>combination | Acquisitions     | Disposals          | Depreciation       | Others (*1)     |                    |                   |
| Land and buildings | ₩ 1,546,603                            | ₩ 71,794                | ₩ 363,952        | ₩ (155,877)        | ₩ (227,470)        | ₩ 8,626         | ₩ 1,607,628        |                   |
| Tank               | 266,195                                | -                       | 12,075           | (2,076)            | (34,035)           | 1,066           | 243,225            |                   |
| Ships and vessels  | 1,065,528                              | -                       | 22,771           | -                  | (44,444)           | 17,522          | 1,061,377          |                   |
| Vehicles           | 1,422,992                              | 2,115                   | 171,065          | (108,488)          | (145,328)          | (1,213)         | 1,341,143          |                   |
| Others             | 242,228                                | 3,245                   | 60,884           | (10,926)           | (60,617)           | 14,860          | 249,674            |                   |
|                    | <u>₩ 4,543,546</u>                     | <u>₩ 77,154</u>         | <u>₩ 630,747</u> | <u>₩ (277,367)</u> | <u>₩ (511,894)</u> | <u>₩ 40,861</u> | <u>₩ 4,503,047</u> |                   |

  

|                    | For the six months ended June 30, 2019 |                                    |                         |                    |                    |                    |                | Ending<br>balance  |
|--------------------|--|------------------------------------|-------------------------|--------------------|--------------------|--------------------|----------------|--------------------|
|                    | Beginning<br>balance                   | Changes in<br>accounting<br>policy | Business<br>combination | Increase           | Decrease           | Depreciation       | Others<br>(*1) |                    |
| Land and buildings | ₩ -                                    | ₩ 1,074,318                        | ₩ 3,583                 | ₩ 318,047          | ₩ (78,652)         | ₩ (223,741)        | ₩ 276          | ₩ 1,093,831        |
| Tank               | -                                      | 298,674                            | -                       | 20,476             | (5,483)            | (27,686)           | 1,398          | 287,379            |
| Ships and vessels  | -                                      | -                                  | -                       | 474,350            | -                  | (3,239)            | 4,239          | 475,350            |
| Vehicles           | -                                      | 1,244,872                          | 68,939                  | 299,551            | (94,042)           | (137,632)          | 449            | 1,382,137          |
| Others             | -                                      | 187,890                            | 9                       | 37,176             | (13,289)           | (42,650)           | (49)           | 169,087            |
|                    | <u>₩ -</u>                             | <u>₩ 2,805,754</u>                 | <u>₩ 72,531</u>         | <u>₩ 1,149,600</u> | <u>₩ (191,466)</u> | <u>₩ (434,948)</u> | <u>₩ 6,313</u> | <u>₩ 3,407,784</u> |

(\*1) Others consist of net foreign exchange differences and adjustments to the right-of-use assets due to the remeasurement of the lease liability.

(3) Changes in lease liabilities for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|                   | For the six months ended June 30, 2020 |                         |                      |                      |             |           |                | Ending<br>balance |
|-------------------|--|-------------------------|----------------------|----------------------|-------------|-----------|----------------|-------------------|
|                   | Beginning<br>balance                   | Business<br>combination | Interest<br>Increase | Interest<br>expenses | Decrease    | Transfer  | Others<br>(*1) |                   |
| Lease liabilities | ₩ 4,069,243                            | ₩ 77,278                | ₩ 631,771            | ₩ 60,177             | ₩ (561,747) | ₩ (2,344) | ₩ (212,152)    | ₩ 4,062,226       |

  

|                   | For the six months ended June 30, 2019 |                                    |                         |                      |                      |             |            | Ending<br>balance |
|-------------------|--|------------------------------------|-------------------------|----------------------|----------------------|-------------|------------|-------------------|
|                   | Beginning<br>balance                   | Changes in<br>accounting<br>policy | Business<br>combination | Interest<br>Increase | Interest<br>expenses | Decrease    | Transfer   |                   |
| Lease liabilities | ₩ 21,394                               | ₩ 2,896,860                        | ₩ 73,953                | ₩ 1,077,786          | ₩ 48,968             | ₩ (564,985) | ₩ (80,014) | ₩ 3,485,961       |

(\*1) Others consist of lease withdrawal, net foreign exchange difference, and the details of remeasurement of the lease liability for a lease modification that is not accounted for as a separate lease.

The Group recognized lease payments of ₩107,498 million(₩145,937 million as of June 30, 2019) in relation to short-term leases, ₩5,868 million(₩7,095 million as of June 30, 2019) in relation to leases of low-value assets during the six months period ended.

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**12. Investment property**

(1) Details of investment property as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|   | June 30, 2020    | December 31, 2019 |
|---|------------------|-------------------|
| Acquisition cost  | ₩ 538,888        | ₩ 605,362         |
| Accumulated depreciation<br>and accumulated impairment loss | (117,640)        | (117,604)         |
|   | <u>₩ 421,248</u> | <u>₩ 487,758</u>  |

(2) Changes in investment property for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

| For the six months ended June 30, 2020 |                      |              |                   |                  |                |                   |
|--|----------------------|--------------|-------------------|------------------|----------------|-------------------|
|  | Beginning<br>balance | Acquisition  | Disposal          | Depreciation     | Others (*1)    | Ending<br>balance |
| Land                                   | ₩ 241,383            | ₩ 111        | ₩ (5,826)         | ₩ -              | ₩ 363          | ₩ 236,031         |
| Buildings                              | 245,891              | 313          | (56,599)          | (4,211)          | (789)          | 184,605           |
| Structures                             | 484                  | -            | -                 | (35)             | 163            | 612               |
|  | <u>₩ 487,758</u>     | <u>₩ 424</u> | <u>₩ (62,425)</u> | <u>₩ (4,246)</u> | <u>₩ (263)</u> | <u>₩ 421,248</u>  |

  

| For the six months ended June 30, 2019 |                      |             |            |                  |                |                   |
|--|----------------------|-------------|------------|------------------|----------------|-------------------|
|  | Beginning<br>balance | Acquisition | Disposal   | Depreciation     | Others (*1)    | Ending<br>balance |
| Land                                   | ₩ 201,213            | ₩ -         | ₩ -        | ₩ -              | ₩ 103          | ₩ 201,316         |
| Buildings                              | 302,125              | -           | -          | (3,961)          | 3,783          | 301,947           |
| Structures                             | 628                  | -           | -          | (72)             | -              | 556               |
|  | <u>₩ 503,966</u>     | <u>₩ -</u>  | <u>₩ -</u> | <u>₩ (4,033)</u> | <u>₩ 3,886</u> | <u>₩ 503,819</u>  |

(\*1) This includes transferred amounts to property, plant and equipment, net translation differences and others.

**13. Goodwill**

(1) Changes in goodwill for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|                                    | June 30, 2020      | June 30, 2019      |
|------------------------------------|--------------------|--------------------|
| Beginning balance                  | ₩ 2,598,464        | ₩ 2,379,526        |
| Business combination (see Note 35) | 1,680,323          | 183,520            |
| Others (*1)                        | 50,573             | (31,644)           |
| Ending balance                     | <u>₩ 4,329,360</u> | <u>₩ 2,594,690</u> |

(\*1) Others include net translation differences, retroactive adjustment amount of identifiable net assets in accordance with past business combination.

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**14. Intangible assets**

Details of intangible assets for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|  | For the six months ended June 30, 2020 |                      |                  |                   |                    |                  |                     |
|--|--|----------------------|------------------|-------------------|--------------------|------------------|---------------------|
|  | Beginning balance                      | Business combination | Acquisitions     | Disposals         | Amortization       | Others (*2)      | Ending balance      |
| Development costs                        | ₩ 151,824                              | ₩ -                  | ₩ 28,416         | ₩ (365)           | ₩ (18,118)         | ₩ 4,460          | ₩ 166,217           |
| Facility usage rights                    | 48,300                                 | -                    | 820              | -                 | (3,588)            | 697              | 46,229              |
| Industrial property rights               | 74,659                                 | -                    | 1,285            | (96)              | (3,267)            | 16,521           | 89,102              |
| Frequency usage rights                   | 2,647,501                              | -                    | -                | -                 | (260,990)          | (12,388)         | 2,374,123           |
| Customer-related assets                  | 2,221,365                              | 710,404              | 1,385            | (137)             | (114,840)          | 12,884           | 2,831,061           |
| Membership (*1)                          | 237,662                                | 50,365               | 18,388           | (12,574)          | -                  | 743              | 294,584             |
| Development costs for petroleum resource | 1,492,031                              | -                    | 95,617           | -                 | (20,380)           | 13,970           | 1,581,238           |
| Brand-related assets (*1)                | 2,596,643                              | -                    | -                | -                 | -                  | 394              | 2,597,037           |
| Developed technology                     | 941,534                                | 50,814               | -                | -                 | (76,895)           | 2,183            | 917,636             |
| Others                                   | 1,656,267                              | 85,303               | 107,255          | (2,646)           | (280,281)          | 139,784          | 1,705,682           |
|  | <u>₩ 12,067,786</u>                    | <u>₩ 896,886</u>     | <u>₩ 253,166</u> | <u>₩ (15,818)</u> | <u>₩ (778,359)</u> | <u>₩ 179,248</u> | <u>₩ 12,602,909</u> |

  

|  | For the six months ended June 30, 2019 |                      |                  |                   |                    |                  |                     |
|--|--|----------------------|------------------|-------------------|--------------------|------------------|---------------------|
|  | Beginning balance                      | Business combination | Acquisitions     | Disposals         | Amortization       | Others (*2)      | Ending balance      |
| Development costs                        | ₩ 122,290                              | ₩ -                  | ₩ 22,230         | ₩ -               | ₩ (14,586)         | ₩ 8,661          | ₩ 138,595           |
| Facility usage rights                    | 53,872                                 | -                    | 860              | (10)              | (4,286)            | 687              | 51,123              |
| Industrial property rights               | 90,915                                 | 12                   | 1,142            | (532)             | (2,977)            | (12,045)         | 76,515              |
| Frequency usage rights                   | 3,139,978                              | -                    | -                | -                 | (231,488)          | -                | 2,908,490           |
| Customer-related assets                  | 2,398,689                              | 15,038               | 128              | (143)             | (103,902)          | 12,317           | 2,322,127           |
| Membership (*1)                          | 229,325                                | 1,511                | 10,871           | (2,952)           | -                  | 758              | 239,513             |
| Development costs for petroleum resource | 2,354,708                              | -                    | 193,306          | (33,560)          | (46,901)           | 22,625           | 2,490,178           |
| Brand-related assets (*1)                | 2,223,112                              | -                    | -                | -                 | -                  | 374,455          | 2,597,567           |
| Developed technology                     | 1,086,222                              | -                    | -                | -                 | (73,433)           | 2,162            | 1,014,951           |
| Others                                   | 2,112,088                              | 8,797                | 60,919           | (2,471)           | (261,642)          | (306,273)        | 1,611,418           |
|  | <u>₩ 13,811,199</u>                    | <u>₩ 25,358</u>      | <u>₩ 289,456</u> | <u>₩ (39,668)</u> | <u>₩ (739,215)</u> | <u>₩ 103,347</u> | <u>₩ 13,450,477</u> |

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

(\*2) This includes impairment loss, net translation differences, transfer to intangible assets from construction-in-progress and others.

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**15. Borrowings and bonds payable**

(1) Details of borrowings and bonds payable as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|                                 | June 30, 2020       |                     | December 31, 2019   |                     |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                 | Current             | Non-current         | Current             | Non-current         |
| Short-term borrowings (*1)      | ₩ 8,497,756         | ₩ -                 | ₩ 5,888,357         | ₩ -                 |
| Bonds and long-term borrowings: |                     |                     |                     |                     |
| Bonds payable                   | 4,006,568           | 26,377,569          | 4,393,154           | 25,137,048          |
| Long-term borrowings (*1)       | 1,426,479           | 9,691,941           | 1,636,568           | 7,237,113           |
|                                 | <u>5,433,047</u>    | <u>36,069,510</u>   | <u>6,029,722</u>    | <u>32,374,161</u>   |
|                                 | <u>₩ 13,930,803</u> | <u>₩ 36,069,510</u> | <u>₩ 11,918,079</u> | <u>₩ 32,374,161</u> |

(\*1) It includes borrowings collateralized for trade receivables of ₩316,782 million and ₩396,851 million as of June 30, 2020 and December 31, 2019, respectively, which were transferred but not derecognized.

(2) Details of bonds payable as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|   | June 30, 2020       | December 31, 2019   |
|---|---------------------|---------------------|
| SK Holdings Co., Ltd.                           | ₩ 6,410,000         | ₩ 6,330,000         |
| SK Innovation Co., Ltd.                         | 1,260,350           | 1,238,900           |
| SK Energy Co., Ltd.                             | 3,350,000           | 3,100,000           |
| SK Global Chemical Co., Ltd.                    | 1,560,000           | 1,160,000           |
| SK Incheon Petrochem Co., Ltd.                  | 1,690,000           | 1,780,000           |
| SK Lubricants Co., Ltd.                         | 930,000             | 630,000             |
| SK Telecom Co., Ltd.                            | 6,840,840           | 6,429,360           |
| SK Broadband Co., Ltd.                          | 1,860,210           | 1,807,340           |
| Life & Security Holdings Co., Ltd.              | 18,682              | 12,514              |
| SK Networks Co., Ltd.                           | 1,080,000           | 1,360,000           |
| SK Magic Co., Ltd.                              | 320,000             | 200,000             |
| SK Rent-a-Car Co., Ltd.                         | 375,000             | 470,000             |
| SKC Co., Ltd.                                   | 338,797             | 780,000             |
| SKC Solmics Co., Ltd.                           | 44,014              | 43,156              |
| SK Telesys Co., Ltd.                            | 30,000              | 30,000              |
| SKC Hightech & Marketing Co., Ltd.              | 62,419              | 51,261              |
| SK E&S Co., Ltd.                                | 920,000             | 640,000             |
| Paju Energy Service Co., Ltd.                   | 730,000             | 730,000             |
| Narae Energy Service Co., Ltd.                  | 445,000             | 445,000             |
| (formerly, Wirye Energy Service Co., Ltd.) (*1) |                     |                     |
| SK Engineering & Construction Co., Ltd.         | 978,000             | 846,000             |
| SK Materials Co., Ltd.                          | 340,000             | 440,000             |
| SK Siltron Co., Ltd.                            | 725,000             | 910,000             |
|   | <u>30,308,312</u>   | <u>29,433,531</u>   |
| Addition: premium on bonds payable              | 75,825              | 96,671              |
| Less: current portion                           | <u>(4,006,568)</u>  | <u>(4,393,154)</u>  |
|   | <u>₩ 26,377,569</u> | <u>₩ 25,137,048</u> |

(\*1) Narae Energy Service's bond amount is included in the prior year's amount.

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

(3) Details of long-term borrowings as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

| Financial institution               | Description                            | Interest rate (%)   | June 30, 2020      | December 31, 2019  |
|-------------------------------------|--|---------------------|--------------------|--------------------|
| Korea Development Bank and others   | General                                | 0.00 ~ 7.20         | ₩ 5,587,744        | ₩ 3,887,464        |
| Korea Development Bank and others   | Fund for facility                      | 0.00 ~ 5.13         | 2,658,119          | 2,345,588          |
| Standard Chartered Bank and others  | Foreign borrowings                     | 1.70 ~ 8.00         | 1,230,608          | 1,150,492          |
| Korea Energy Agency (*1)            | Fund for mine exploration              | 0.00 ~ 7.00         | 79,922             | 77,066             |
| Econg 1st Co., Ltd. and others      | Callable preferred share               | 2.70 ~ 2.90         | 144,000            | 200,000            |
| Korea Development Bank and others   | Fund for operation                     | 2.32 ~ 2.78         | 94,637             | 122,000            |
| Korea Development Bank and others   | Fund for supply pipeline               | 1.75                | 7,890              | 8,177              |
| Shinhan Bank and others             | Fund for reasonable energy consumption | 1.75, 1.80          | 3,801              | 4,290              |
| NH Bank                             | Fund for safety management             | 1.75                | 345                | 448                |
| Citibank and others (*2)            | Takeover                               | LIBOR(3M)<br>+ 0.95 | 192,112            | 185,248            |
|                                     |  | LIBOR(3M)<br>+ 0.80 | 237,633            | -                  |
| MD Prime 1st Co., Ltd. and others   | Others                                 | 3.07, 3.20          | <u>909,976</u>     | <u>909,976</u>     |
|                                     |  |                     | 11,146,787         | 8,890,749          |
| Addition (less): premium (discount) |  |                     | (28,367)           | (17,068)           |
| Less: current portion               |  |                     | <u>(1,426,479)</u> | <u>(1,636,568)</u> |
|                                     |  |                     | <u>₩ 9,691,941</u> | <u>₩ 7,237,113</u> |

(\*1) As of June 30, 2020 and December 31, 2019, the Group holds a loan amounting to ₩49,869 million and ₩48,090 million, respectively, Korea Energy Agency for the purpose of oil exploration and development in which there is no repayment obligation in case for failure in exploration.

(\*2) SK Global Chemical Americas, Inc. and SK Functional Polymer, S.A.S., the subsidiaries of the Group, have an obligation to reimburse the borrowings for business transfer to SK Global Chemical Co., Ltd. in the event of default in accordance with the loan guarantee contract.

Long-term borrowings presented above are to be repaid either in installments or all at once upon maturity. Financial instruments and other assets of the Group are pledged as detailed in Note 32.

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**16. Provisions**

Changes in the provisions for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|   | For the six months ended June 30, 2020 |                      |                  |                    |                  |                  |
|---|--|----------------------|------------------|--------------------|------------------|------------------|
|   | Beginning balance                      | Business combination | Increase         | Decrease           | Ending balance   | Non-current      |
| Provision for sale warranties                   | ₩ 75,025                               | ₩ -                  | ₩ 11,238         | ₩ (3,984)          | ₩ 82,279         | ₩ 77,614         |
| Provision for service / construction warranties | 93,034                                 | -                    | 9,828            | (6,178)            | 96,684           | -                |
| Provision for restoration                       | 138,238                                | 626                  | 10,548           | (5,959)            | 143,453          | 84,845           |
| Provision for onerous contracts                 | 152,857                                | -                    | 39               | (9,005)            | 143,891          | -                |
| Other provisions                                | 335,545                                | 2,129                | 138,162          | (182,469)          | 293,367          | 18,075           |
|   | <u>₩ 794,699</u>                       | <u>₩ 2,755</u>       | <u>₩ 169,815</u> | <u>₩ (207,595)</u> | <u>₩ 759,674</u> | <u>₩ 180,534</u> |

|   | For the six months ended June 30, 2019 |                 |                    |                  |                  |                  |
|---|--|-----------------|--------------------|------------------|------------------|------------------|
|   | Beginning balance                      | Increase        | Decrease           | Ending balance   | Current          | Non-current      |
| Provision for sale warranties                   | ₩ 70,379                               | ₩ 6,154         | ₩ (3,102)          | ₩ 73,431         | ₩ 3,656          | ₩ 69,775         |
| Provision for service / construction warranties | 78,468                                 | 6,288           | (6,545)            | 78,211           | 78,211           | -                |
| Provision for restoration                       | 127,532                                | 10,736          | (4,361)            | 133,907          | 47,026           | 86,881           |
| Provision for onerous contracts                 | 99,476                                 | 345             | (28,396)           | 71,425           | 71,425           | -                |
| Other provisions                                | 253,307                                | 64,184          | (107,521)          | 209,970          | 111,790          | 98,180           |
|   | <u>₩ 629,162</u>                       | <u>₩ 87,707</u> | <u>₩ (149,925)</u> | <u>₩ 566,944</u> | <u>₩ 312,108</u> | <u>₩ 254,836</u> |

**17. Defined benefit liabilities**

(1) Details of defined benefit liabilities as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|   | June 30, 2020    | December 31, 2019 |
|---|------------------|-------------------|
| Present value of defined benefit obligation | ₩ 3,384,569      | ₩ 3,171,225       |
| Fair value of plan assets (*1)              | (2,732,790)      | (2,763,924)       |
| Total                                       | <u>₩ 651,779</u> | <u>₩ 407,301</u>  |

(\*1) The Group has recognized ₩112 million and ₩7,381 million as defined benefit assets as of June 30, 2020 and December 31, 2019, respectively.

(2) Changes in the defined benefit liabilities for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|   | For the six months ended June 30, 2020      |                           |                  |
|---|---|---------------------------|------------------|
|   | Present value of defined benefit obligation | Fair value of plan assets | Total            |
| Beginning balance   | ₩ 3,171,225                                 | ₩ (2,763,924)             | ₩ 407,301        |
| Business combination  | 14,674                                      | (10,382)                  | 4,292            |
| Provision for pension benefits:   |   |                           |                  |
| Current service cost  | 222,185                                     | -                         | 222,185          |
| Past service cost   | 738   | -                         | 738              |
| Net interest expense (income)   | 33,488                                      | (31,716)                  | 1,772            |
| Remeasurement:  |   |                           |                  |
| Return on plan assets (excluding amounts included in net interest expenses) | -   | 3,970                     | 3,970            |
| Actuarial changes arising from changes in financial assumptions and others  | 63,826                                      | -                         | 63,826           |
| Contributions by employer directly to plan assets                           | -   | (68,887)                  | (68,887)         |
| Benefit paid  | (161,364)                                   | 167,084                   | 5,720            |
| Others  | 39,797                                      | (28,935)                  | 10,862           |
| Ending balance  | <u>₩ 3,384,569</u>                          | <u>₩ (2,732,790)</u>      | <u>₩ 651,779</u> |

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

|   | <u>For the six months ended June 30, 2019</u>        |                              |                  |
|---|--|------------------------------|------------------|
|   | Present value<br>of defined<br>benefit<br>obligation | Fair value of<br>plan assets | Total            |
| Beginning balance   | ₩ 2,741,488  | ₩ (2,353,187)                | ₩ 388,301        |
| Provision for pension benefits:   |  |                              |                  |
| Current service cost  | 198,576  | -                            | 198,576          |
| Net interest expense (income)   | 32,749   | (30,025)                     | 2,724            |
| Remeasurement:  |  |                              |                  |
| Return on plan assets<br>(excluding amounts included in net interest expense) | -  | 6,624                        | 6,624            |
| Actuarial changes arising from changes<br>in financial assumptions and others | 97,048   | -                            | 97,048           |
| Contributions by employer directly to plan assets                             | -  | (86,079)                     | (86,079)         |
| Benefit paid  | (154,358)  | 162,110                      | 7,752            |
| Others  | 30,691   | (19,965)                     | 10,726           |
| Ending balance  | <u>₩ 2,946,194</u>                                   | <u>₩ (2,320,522)</u>         | <u>₩ 625,672</u> |

**18. Other assets and liabilities**

(1) Details of other assets as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|                                 | <u>June 30, 2020</u> | <u>December 31, 2019</u> |
|---------------------------------|----------------------|--------------------------|
| Current assets:                 |                      |                          |
| Short-term loans                | ₩ 160,641            | ₩ 149,008                |
| Accrued income                  | 88,964               | 117,056                  |
| Advanced payments               | 768,644              | 796,264                  |
| Prepaid expenses                | 2,805,633            | 2,682,533                |
| Guarantee deposits              | 523,657              | 408,273                  |
| Derivative financial assets     | 126,689              | 78,699                   |
| Lease receivables               | 26,399               | 28,172                   |
| Other contract assets           | 104,482              | 127,592                  |
| Others                          | 93,711               | 43,960                   |
|                                 | <u>₩ 4,698,820</u>   | <u>₩ 4,431,557</u>       |
| Non-current assets:             |                      |                          |
| Long-term prepaid expenses      | ₩ 1,517,298          | ₩ 1,620,172              |
| Long-term loans                 | 780,149              | 698,135                  |
| Guarantee deposits              | 550,108              | 595,994                  |
| Derivative financial assets     | 473,580              | 302,529                  |
| Long-term lease receivables     | 49,449               | 48,750                   |
| Other long-term contract assets | 44,891               | 64,359                   |
| Defined benefit assets (*1)     | 112                  | 7,381                    |
| Others                          | 187,612              | 114,302                  |
|                                 | <u>₩ 3,603,199</u>   | <u>₩ 3,451,622</u>       |

(\*1) The excess amount of certain plans in the Group has not been offset as there is no right or intention to settle the defined benefit obligation of other plans (see Note 17).

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**18. Other assets and liabilities (cont'd)**

(2) Details of other liabilities as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|                                      | June 30, 2020 |            | December 31, 2019 |            |
|--------------------------------------|---------------|------------|-------------------|------------|
| Current liabilities:                 |               |            |                   |            |
| Accrued expenses                     | ₩             | 3,149,905  | ₩                 | 3,320,952  |
| Dividends payable                    |               | 837        |                   | 1,323      |
| Advances received                    |               | 2,103,527  |                   | 2,062,132  |
| Unearned revenue                     |               | 61,847     |                   | 88,545     |
| Withholdings                         |               | 2,100,170  |                   | 2,159,448  |
| Deposits received                    |               | 256,086    |                   | 218,090    |
| Income tax payable                   |               | 1,292,506  |                   | 693,038    |
| Derivative financial liabilities     |               | 58,654     |                   | 44,587     |
| Lease liabilities                    |               | 1,105,680  |                   | 1,172,062  |
| Finance guarantee liabilities        |               | 345        |                   | 345        |
| Other contract liabilities           |               | 267,066    |                   | 238,582    |
| Others                               |               | 22,286     |                   | 33,329     |
|                                      | ₩             | 10,418,909 | ₩                 | 10,032,433 |
| Non-current liabilities:             |               |            |                   |            |
| Long-term accrued expenses           | ₩             | 12,859     | ₩                 | 8,995      |
| Long-term unearned revenue           |               | 564,696    |                   | 508,839    |
| Deposits received                    |               | 231,472    |                   | 263,442    |
| Derivative financial liabilities     |               | 334,701    |                   | 246,125    |
| Long-term lease liabilities          |               | 2,956,546  |                   | 2,897,181  |
| Financial guarantee liabilities      |               | 16,529     |                   | 15,569     |
| Other long-term contract liabilities |               | 32,341     |                   | 32,236     |
| Others (*1)                          |               | 184,676    |                   | 242,053    |
|                                      | ₩             | 4,333,820  | ₩                 | 4,214,440  |

(\*1) Includes long-term employee benefit liabilities amounting to ₩104,761 million and ₩96,377 million as of June 30, 2020 and December 31, 2019, respectively.

**19. Derivative financial assets and liabilities**

Details of derivative financial assets and liabilities as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|                                  | June 30, 2020 |             | December 31, 2019 |             |
|----------------------------------|---------------|-------------|-------------------|-------------|
|                                  | Current       | Non-current | Current           | Non-current |
| Firm contracts                   | ₩ 9,458       | ₩ 5,923     | ₩ (5,097)         | ₩ 6,073     |
| Swap contracts                   | 4,888         | (15,855)    | 31,373            | (68,039)    |
| Forward contracts                | 7,129         | 18,029      | (1,103)           | 7,906       |
| Futures contracts                | 5,170         | 816         | 6,819             | (449)       |
| Options contracts                | 41,390        | 129,966     | 2,120             | 110,913     |
|                                  | ₩ 68,035      | ₩ 138,879   | ₩ 34,112          | ₩ 56,404    |
| Derivative financial assets      | ₩ 126,689     | ₩ 473,580   | ₩ 78,699          | ₩ 302,529   |
| Derivative financial liabilities | (58,654)      | (334,701)   | (44,587)          | (246,125)   |

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**20. Equity**

(1) Details of issued capital as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions, except for number of shares):

|                                       | <u>June 30, 2020</u> | <u>December 31, 2019</u> |
|---------------------------------------|----------------------|--------------------------|
| Number of shares authorized for issue | 400,000,000          | 400,000,000              |
| 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>₩ 15,385</u>          |

The Company retired 6,000,000 shares of its treasury stock (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.

(2) Details of other paid-in capital as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|                                 | <u>June 30, 2020</u> | <u>December 31, 2019</u> |
|---------------------------------|----------------------|--------------------------|
| Additional paid-in capital (*1) | ₩ 5,605,831          | ₩ 5,605,831              |
| Treasury shares (*2)            | (1,812,042)          | (1,812,042)              |
| Others                          | 1,548,986            | 280,387                  |
|                                 | <u>₩ 5,342,775</u>   | <u>₩ 4,074,176</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 Holdings Co., Ltd., which was recognized as a contra-equity account on additional paid-in capital.

(\*2) As of June 30, 2020, treasury shares consist of those acquired to increase the enterprise value and to stabilize share price (7,034,276 ordinary shares) and those acquired from repurchase of shares from dissenting shareholders on business combination and shares arising from odd lot shares (11,021,674 ordinary shares and 1,818 preferred shares) during the year 2015.

(3) Details of retained earnings as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|                                  | <u>June 30, 2020</u> | <u>December 31, 2019</u> |
|----------------------------------|----------------------|--------------------------|
| Legal reserve (*1)               | ₩ 7,693              | ₩ 7,693                  |
| Voluntary reserve                | 62,897               | 62,897                   |
| Unappropriated retained earnings | 12,070,524           | 12,487,994               |
|                                  | <u>₩ 12,141,114</u>  | <u>₩ 12,558,584</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.

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**20. Equity (cont'd)**

(4) Details of other components of equity as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|  | <u>June 30, 2020</u> | <u>December 31, 2019</u> |
|--|----------------------|--------------------------|
| Net loss on valuation of financial assets measured at FVOCI        | ₩ (19,625)           | ₩ (49,689)               |
| Equity adjustments of investments in associates and joint ventures | 19,130               | 8,429                    |
| Net gain on valuation of derivative instruments                    | 45,748               | 5,947                    |
| Net gain on translation of foreign operation                       | 364,991              | 72,937                   |
|  | <u>₩ 410,244</u>     | <u>₩ 37,624</u>          |

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

1) SK Holdings Co., Ltd.

|                             | <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 Group may settle the difference in cash or with treasury stock 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<br>~2022.03.24   | 2020.03.25<br>~2023.03.24                 | 2021.03.25<br>~2024.03.24                 | 2023.03.26<br>~2027.03.25                 |
| Vesting conditions          | 2 years service<br>from the<br>grant date   | 3 years service<br>from the<br>grant date | 4 years service<br>from the<br>grant date | 2 years service<br>from the<br>grant date |

Share compensation expense recognized during the current reporting period is ₩426 million (total : ₩4,209 million), and the remaining share compensation expense to be recognized in later periods is ₩1,839 million.

The Group 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 (Korean won):

|   | <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 Holdings Co., Ltd. and its subsidiaries**  
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**20. Equity (cont'd)**

2) Subsidiaries of the Company established a stock option program that entitles key management personnel an option to purchase ordinary shares. Share-based compensation expenses recognized under the share option program are as follows (Korean won in millions):

|   | Current        | Accumulated    | Remaining      | Total           |
|---|----------------|----------------|----------------|-----------------|
| Subsidiaries of SK Innovation Co., Ltd. | ₩ 246          | ₩ 1,770        | ₩ 180          | ₩ 1,950         |
| Subsidiaries of SK Telecom Co., Ltd.    | 1,600          | 4,876          | 3,045          | 7,921           |
| Subsidiaries of SK Networks Co., Ltd.   | 102            | 693            | 54             | 747             |
| Subsidiaries of SKC Co., Ltd.           | 154            | 1,208          | 163            | 1,371           |
| Subsidiaries of SK E&S Co., Ltd.        | 28             | 488            | 22             | 510             |
| Others                                  | 36             | 601            | 393            | 994             |
|   | <u>₩ 2,166</u> | <u>₩ 9,636</u> | <u>₩ 3,857</u> | <u>₩ 13,493</u> |

**21. Selling and administrative expenses**

Details of selling and administrative expenses for the three months and six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|                                 | June 30, 2020      |                    | June 30, 2019      |                    |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                 | Three months       | Six months         | Three months       | Six months         |
| Salaries                        | ₩ 317,536          | ₩ 667,896          | ₩ 282,028          | ₩ 583,574          |
| Provision for pension benefits  | 44,399             | 109,563            | 26,041             | 57,082             |
| Employee welfare benefits       | 57,959             | 137,274            | 61,343             | 115,601            |
| Travel                          | 6,877              | 20,827             | 19,390             | 36,130             |
| Bad debt expenses               | 20,863             | 52,597             | 7,119              | 4,330              |
| Communications                  | 2,057              | 4,069              | 1,966              | 3,888              |
| Utilities                       | 6,533              | 16,075             | 7,281              | 15,691             |
| Taxes and dues                  | 27,985             | 52,031             | 18,445             | 39,186             |
| Supplies                        | 7,864              | 15,769             | 8,337              | 16,325             |
| Rents                           | 47,031             | 88,786             | 42,098             | 96,609             |
| Depreciation                    | 91,399             | 203,459            | 102,231            | 192,440            |
| Amortization                    | 62,530             | 120,263            | 53,744             | 106,499            |
| Repairs                         | 7,994              | 14,318             | 8,841              | 16,818             |
| Insurance                       | 9,973              | 21,929             | 8,660              | 17,683             |
| Advertising                     | 139,075            | 246,266            | 161,106            | 274,331            |
| Research and development        | 55,180             | 184,495            | 86,224             | 169,441            |
| Education and examination       | 5,295              | 26,959             | 20,576             | 42,840             |
| Outsourcing technology services | 258,603            | 458,048            | 166,662            | 313,064            |
| Transport                       | 75,238             | 147,825            | 72,137             | 143,827            |
| Others                          | 40,152             | 73,359             | 30,658             | 61,301             |
|                                 | <u>₩ 1,284,543</u> | <u>₩ 2,661,808</u> | <u>₩ 1,184,887</u> | <u>₩ 2,306,660</u> |

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**22. Finance income and expenses**

Details of finance income and costs for the three months and six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|                                       | June 30, 2020    |                    | June 30, 2019    |                    |
|---------------------------------------|------------------|--------------------|------------------|--------------------|
|                                       | Three months     | Six months         | Three months     | Six months         |
| Financial income:                     |                  |                    |                  |                    |
| Interest income                       | ₩ 51,637         | ₩ 108,372          | ₩ 63,783         | ₩ 131,351          |
| Gain on foreign currency transactions | 338,665          | 795,346            | 345,812          | 486,261            |
| Gain on foreign currency translation  | (42,798)         | 238,981            | 111,452          | 215,634            |
| Gain on transactions of derivatives   | 864,954          | 1,855,696          | 253,940          | 909,758            |
| Gain on valuation of derivatives      | (638,612)        | 252,301            | 136,725          | 304,596            |
| Others                                | 721              | 1,374              | 3,300            | 7,996              |
|                                       | <u>₩ 574,567</u> | <u>₩ 3,252,070</u> | <u>₩ 915,012</u> | <u>₩ 2,055,596</u> |

|                                       | June 30, 2020    |                    | June 30, 2019      |                    |
|---------------------------------------|------------------|--------------------|--------------------|--------------------|
|                                       | Three months     | Six months         | Three months       | Six months         |
| Financial expenses:                   |                  |                    |                    |                    |
| Interest expenses                     | ₩ 353,062        | ₩ 709,285          | ₩ 331,043          | ₩ 666,227          |
| Loss on foreign currency transactions | 449,774          | 952,943            | 417,121            | 559,724            |
| Loss on foreign currency translation  | (185,735)        | 243,819            | 82,965             | 234,923            |
| Loss on transactions of derivatives   | 913,010          | 1,803,566          | 301,666            | 1,022,612          |
| Loss on valuation of derivatives      | (709,344)        | 112,256            | 180,113            | 263,587            |
| Others                                | 206              | 883                | (18)               | 393                |
|                                       | <u>₩ 820,973</u> | <u>₩ 3,822,752</u> | <u>₩ 1,312,890</u> | <u>₩ 2,747,466</u> |

**23. Other non-operating income and expenses**

(1) Details of other non-operating income for the three months and the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|   | June 30, 2020    |                  | June 30, 2019   |                  |
|---|------------------|------------------|-----------------|------------------|
|   | Three months     | Six months       | Three months    | Six months       |
| Other non-operating income:   |                  |                  |                 |                  |
| Dividend income   | ₩ 7,201          | ₩ 13,315         | ₩ 5,864         | ₩ 17,574         |
| Rental income   | 234              | 622              | 147             | 285              |
| Gain on disposal of trade receivables                               | 2,834            | 7,513            | 3,485           | 11,426           |
| Gain on disposal of investments<br>in associates and joint ventures | 460,684          | 704,076          | 20,413          | 34,220           |
| Gain on disposal of property, plant<br>and equipment                | 52,080           | 57,565           | 3,819           | 6,327            |
| Gain on disposal of intangible assets                               | 2,229            | 14,558           | 1,718           | 2,012            |
| Others  | 30,643           | 151,262          | 42,628          | 141,840          |
|   | <u>₩ 555,905</u> | <u>₩ 948,911</u> | <u>₩ 78,074</u> | <u>₩ 213,684</u> |

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**23. Other non-operating income and expenses (cont'd)**

(2) Details of other non-operating expenses for the three months and six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|   | June 30, 2020    |                  | June 30, 2019    |                  |
|---|------------------|------------------|------------------|------------------|
|   | Three months     | Six months       | Three months     | Six months       |
| Other non-operating expenses:                       |                  |                  |                  |                  |
| Loss on disposal of trade receivables               | ₩ 3,711          | ₩ 8,465          | ₩ 5,429          | ₩ 9,809          |
| Loss on impairment of investments in associates     | -                | 434              | 58               | 58               |
| Loss on disposal of property, plant and equipment   | 202,205          | 271,615          | 17,201           | 37,743           |
| Loss on impairment of property, plant and equipment | 232              | 80,629           | 2,253            | 2,899            |
| Loss on disposal of intangible assets               | 795              | 983              | 609              | 1,165            |
| Loss on impairment of intangible assets             | 14,303           | 14,794           | 20,485           | 20,574           |
| Donations   | 29,253           | 64,375           | 71,011           | 79,294           |
| Others  | 112,045          | 281,378          | 42,076           | 86,913           |
|   | <u>₩ 362,544</u> | <u>₩ 722,673</u> | <u>₩ 159,122</u> | <u>₩ 238,455</u> |

**24. Expense classified based on nature of expense**

Details of classification based on nature of expenses for the three months and six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|   | June 30, 2020       |                     | June 30, 2019       |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | Three months        | Six months          | Three months        | Six months          |
| Employee benefits   | ₩ 1,523,433         | ₩ 3,409,545         | ₩ 1,657,583         | ₩ 3,297,981         |
| Depreciation and amortization                                       | 1,964,259           | 3,871,267           | 1,846,030           | 3,613,573           |
| Network connection  | 208,543             | 405,844             | 190,737             | 381,827             |
| Transport   | 152,926             | 296,890             | 213,743             | 351,239             |
| Advertising   | 124,300             | 232,660             | 163,164             | 274,331             |
| Lease payments and rents  | 134,656             | 266,288             | 136,984             | 284,041             |
| Others  | 5,185,258           | 9,452,444           | 4,089,326           | 8,133,897           |
| Use of raw materials and purchase of finished goods and merchandise | 9,064,123           | 24,772,204          | 15,817,172          | 31,722,206          |
| Changes in finished goods and semi-finished good                    | 234,402             | 527,019             | (425,303)           | (383,823)           |
|   | <u>₩ 18,591,900</u> | <u>₩ 43,234,161</u> | <u>₩ 23,689,436</u> | <u>₩ 47,675,272</u> |

**25. Income taxes**

The Group calculated 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.

The average effective tax rate is not calculated during the six months ended June 30, 2020 due to pre-tax losses, and the average effective tax rate for continuing operations during the six months ended June 30, 2019 is 32.27%.

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

(1) Basic earnings (losses) per share for the three months and six months ended June 30, 2020 and 2019 are as follows (Korean won in millions, except per share and weighted-average number of ordinary shares outstanding):

|  | June 30, 2020     |                   | June 30, 2019     |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | Three months      | Six months        | Three months      | Six months        |
| Profit (loss) for the period attributable to owners of the parent                | ₩ 11,141          | ₩ (176,299)       | ₩ 117,402         | ₩ 577,803         |
| Less: preferred share dividends  | (1,136)           | (1,707)           | (1,136)           | (1,707)           |
| Profit (loss) for the period attributable to ordinary share owners of the parent | 10,005            | (178,006)         | 116,266           | 576,096           |
| Weighted-average number of ordinary share outstanding (*1)                       | <u>52,304,347</u> | <u>52,034,347</u> | <u>55,824,347</u> | <u>55,824,347</u> |
| Basic earnings (losses) per share (In Korean won)                                | <u>₩ 191</u>      | <u>₩ (3,403)</u>  | <u>₩ 2,083</u>    | <u>₩ 10,320</u>   |

(\*1) The weighted-average number of ordinary share outstanding is calculated by multiplying the number of shares issued by the portion of the reporting period those shares covered. The treasury shares held until the disposal date, after the date of acquisition, are excluded from the number of ordinary shares outstanding.

The basis of calculating the weighted-average number of ordinary shares for the three months and six months ended June 30, 2020 and 2019 are as follows:

|  | June 30, 2020 |              | June 30, 2019 |              |
|--|---------------|--------------|---------------|--------------|
|  | 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           | (18,055,950)  | (18,055,950) | (14,535,950)  | (14,535,950) |
| Weighted-average number of issued shares outstanding | 52,304,347    | 52,304,347   | 55,824,347    | 55,824,347   |

(2) Basic earnings (losses) per share from continuing operations

Basic earnings (losses) per share from continuing operations for the three months and the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions, except basic earnings (losses) per share and weighted-average number of ordinary shares outstanding):

|  | June 30, 2020     |                   | June 30, 2019     |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | Three months      | Six months        | Three months      | Six months        |
| Profit (loss) for the period attributable to owners of the parent                            | ₩ 10,005          | ₩ (178,006)       | ₩ 116,266         | ₩ 576,096         |
| Deduction: gain (loss) from discontinued operations  | 42,081            | 23,067            | (582)             | (4,040)           |
| Profit (loss) for the period from continuing operations attributable to owners of the parent | (32,076)          | (201,073)         | 116,848           | 580,136           |
| Weighted-average number of ordinary shares outstanding                                       | <u>52,304,347</u> | <u>52,304,347</u> | <u>55,824,347</u> | <u>55,824,347</u> |
| Basic earnings (losses) per share from continuing operations (In Korean won)                 | <u>₩ (613)</u>    | <u>₩ (3,844)</u>  | <u>₩ 2,093</u>    | <u>₩ 10,392</u>   |

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

(3) Basic earnings (losses) per share from discontinued operations

Basic earnings (losses) per share from discontinued operations for the three months and six months ended June 30, 2020 and 2019 are as follows (Korean won in millions, except basic earnings (losses) per share and weighted-average number of ordinary shares outstanding):

|  | June 30, 2020 |            | June 30, 2019 |            |
|--|---------------|------------|---------------|------------|
|  | Three months  | Six months | Three months  | Six months |
| Gain (loss) from discontinued operations                                       | ₩ 42,081      | ₩ 23,067   | ₩ (582)       | ₩ (4,040)  |
| Weighted-average number of ordinary shares outstanding                         | 52,304,347    | 52,304,347 | 55,824,347    | 55,824,347 |
| Basic earnings (losses) per share from discontinued operations (In Korean won) | ₩ 804         | ₩ 441      | ₩ (10)        | ₩ (72)     |

**27. Transactions with related parties**

Balances on transactions arising from intercompany transactions within the Group were eliminated in preparing the interim condensed consolidated financial statements for the six months ended June 30, 2020 and 2019.

(1) Details of significant transactions with the related parties for the three months and six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|                       | Company name                               | June 30, 2020      |                    |                  |                    |
|-----------------------|--|--------------------|--------------------|------------------|--------------------|
|                       |  | Sales, etc.        |                    | Expenses, etc.   |                    |
|                       |  | Three months       | Six months         | Three months     | Six months         |
| Other related parties | Daehan Oil Pipeline Corporation            | ₩ 813              | ₩ 4,728            | ₩ 14,114         | ₩ 30,469           |
|                       | SABIC SK Nexlene Company Pte. Ltd.         | 71                 | 141                | 41,601           | 75,390             |
|                       | Korea Nexlene Company                      | 36,225             | 85,224             | 4                | 6                  |
|                       | Best Oil Company Limited                   | 113,132            | 279,358            | -                | -                  |
|                       | Asia Bitumen Trading Pte. Ltd.             | 9,861              | 32,528             | -                | 1,982              |
|                       | Hana land chip PEF 33                      | -                  | 8,036              | 8,593            | 17,187             |
|                       | F&U Credit Information Co., Ltd.           | 756                | 1,258              | 13,687           | 26,468             |
|                       | Wave City Development Co., Ltd.            | 13,320             | 24,973             | 10               | 10                 |
|                       | SK Hynix Inc.                              | 901,529            | 1,857,591          | 17,789           | 22,557             |
|                       | SK Hynix Semiconductor (China) Ltd.        | 85,150             | 189,532            | 535              | 931                |
|                       | SK Hynix semiconductor (Chongqing) Ltd     | 4,422              | 11,028             | -                | -                  |
|                       | SK Hynix Semiconductor HK Ltd.             | -                  | -                  | 149,245          | 364,711            |
|                       | SK Hynix System IC Co., Ltd.               | 18,972             | 39,595             | -                | -                  |
|                       | Happynarae Co., Ltd.                       | 11,193             | 21,276             | 117,860          | 200,139            |
|                       | SKC Evonik Peroxide Korea Co., Ltd.        | -                  | 3,674              | 8,807            | 22,359             |
|                       | Mitsui Chemicals & SKC Polyurethanes, Inc. | 44,625             | 99,298             | 3,732            | 8,509              |
|                       | Boryeong LNG Terminal Co., Ltd.            | 37,181             | 49,097             | 15,308           | 34,013             |
|                       | Huizhou EVE United Energy Co., Ltd         | 19,794             | 29,544             | 39,392           | 56,987             |
|                       | Eurasia Tunnel                             | 727                | 2,028              | -                | -                  |
|                       | Xe-Pian Xe-Namnoy Power Company            | 5,293              | 15,413             | -                | -                  |
| Others (*1)           | Others                                     | 32,315             | 55,943             | 49,812           | 84,522             |
|                       | Ulsan Aromatics Co., Ltd.                  | 11,081             | 23,827             | 19,503           | 40,530             |
|                       | SK Chemicals Co., Ltd                      | 21,227             | 53,332             | 26,579           | 48,660             |
|                       | SK Gas Co., Ltd.                           | 7,689              | 14,292             | 48,786           | 158,450            |
|                       | Ubins Co., Ltd.                            | 132                | 314                | 21,848           | 36,858             |
|                       | Others                                     | 7,503              | 16,877             | 11,107           | 47,279             |
| <b>Total</b>          |  | <b>₩ 1,383,011</b> | <b>₩ 2,918,907</b> | <b>₩ 608,312</b> | <b>₩ 1,278,017</b> |

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

|                            |  | June 30, 2019          |                    |                  |                    |         |
|----------------------------|--|------------------------|--------------------|------------------|--------------------|---------|
|                            |  | Sales, etc.            |                    | Expenses, etc.   |                    |         |
|                            | Company name                               | Three months           | Six months         | Three months     | Six months         |         |
| Other related parties      | Daehan Oil Pipeline Corporation            | ₩ 263                  | ₩ 4,850            | ₩ 12,676         | ₩ 26,709           |         |
|                            | SABIC SK Nexlene Company Pte. Ltd.         | 107                    | 211                | 49,004           | 95,132             |         |
|                            | Korea Nexlene Company                      | 45,832                 | 87,949             | 6                | 12                 |         |
|                            | Hana land chip PEF 33                      | -                      | 8,036              | 8,593            | 17,187             |         |
|                            | F&U Credit Information Co., Ltd.           | 637                    | 1,274              | 14,279           | 28,654             |         |
|                            | Wave City Development Co., Ltd.            | 13,407                 | 22,419             | -                | -                  |         |
|                            | SK Hynix Inc.                              | 739,980                | 1,700,761          | 4,834            | 10,876             |         |
|                            | SK Hynix Semiconductor (China) Ltd.        | 76,345                 | 176,182            | 637              | 1,118              |         |
|                            | SK Hynix Semiconductor HK Ltd.             | -                      | -                  | 217,501          | 393,388            |         |
|                            | SK Hynix System IC Co., Ltd.               | 17,031                 | 32,803             | -                | -                  |         |
|                            | Happynarae Co., Ltd.                       | 18,373                 | 37,312             | 115,167          | 195,498            |         |
|                            | SKC Evonik Peroxide Korea Co., Ltd.        | -                      | 3,806              | 12,544           | 26,254             |         |
|                            | Mitsui Chemicals & SKC Polyurethanes, Inc. | 40,975                 | 105,260            | 5,005            | 10,980             |         |
|                            | Boryeong LNG Terminal Co., Ltd.            | 10,884                 | 25,993             | 22,444           | 42,725             |         |
|                            | Huizhou EVE United Energy Co., Ltd         | 1,382                  | 1,739              | -                | -                  |         |
|                            | Eurasia Tunnel                             | 1,742                  | 2,072              | -                | -                  |         |
|                            | Xe-Pian Xe-Namnoy Power Company            | 37,028                 | 65,851             | -                | -                  |         |
|                            | Others                                     | 9,398                  | 33,043             | 14,286           | 41,407             |         |
|                            | Others                                     | SK Chemicals Co., Ltd. | 25,287             | 72,739           | 34,651             | 59,561  |
|                            |  | SK Gas Co., Ltd.       | 87,541             | 104,160          | 63,593             | 116,089 |
| SK Shipping Co., Ltd. (*2) |  | -                      | 2,188              | -                | 83,648             |         |
| Ubins Co., Ltd.            |  | 356                    | 356                | 41,569           | 41,569             |         |
| Others                     |  | 14,972                 | 22,232             | 11,928           | 19,474             |         |
| Total                      |  | <u>₩ 1,141,540</u>     | <u>₩ 2,511,236</u> | <u>₩ 628,717</u> | <u>₩ 1,210,281</u> |         |

(\*1) Although, not designated as related parties as defined in KIFRS 1024, the entity belongs to the same conglomerate affiliates under *Monopoly Regulation and Fair Trade Act*.

(\*2) As of February 19, 2019, the entity was excluded from the 'SK' conglomerate affiliates under the *Monopoly Regulation and Fair Trade Act*.

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

(2) Details of significant outstanding balances of receivables and payables with the related parties as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|                                 | Company name                                      | June 30, 2020      |                  | December 31, 2019  |                  |
|---------------------------------|---|--------------------|------------------|--------------------|------------------|
|                                 |   | Receivables        |                  | Receivables        |                  |
|                                 |   | (*1)               | Payables         | (*1)               | Payables         |
| Other related parties           | Daehan Oil Pipeline Corporation                   | ₩ 603              | ₩ 2,249          | ₩ 100              | ₩ 2,946          |
|                                 | SABIC SK Nexlene Company Pte. Ltd.                | 2,373              | 29,643           | 2,943              | 19,851           |
|                                 | Korea Nexlene Company                             | 13,454             | 105              | 7,552              | 249              |
|                                 | Best Oil Company Limited                          | 108,441            | 39,436           | 133,858            | 38,026           |
|                                 | Asia Bitumen Trading Pte. Ltd.                    | 7,967              | -                | 7,011              | -                |
|                                 | Hana land chip PEF 33                             | 5,983              | 25,607           | 5,983              | 42,464           |
|                                 | Korea Consortium Kazakh B.V. (*2)                 | 146,170            | -                | 146,170            | -                |
|                                 | F&U Credit Information Co., Ltd.                  | 23                 | 5,191            | 8                  | 4,869            |
|                                 | HanaCard Co., Ltd.                                | 919                | 103,838          | 1,025              | 9,474            |
|                                 | Wave City Development Co., Ltd.                   | 57,562             | 11               | 57,562             | -                |
|                                 | SK Hynix Inc.                                     | 495,027            | 109,272          | 602,213            | 124,954          |
|                                 | SK Hynix Semiconductor (China) Ltd.               | 35,612             | 524              | 123,739            | 816              |
|                                 | SK Hynix Semiconductor (Chongqing) Ltd.           | 12,251             | 91               | 11,420             | 96               |
|                                 | SK Hynix Semiconductor HK Ltd.                    | -                  | 42,577           | -                  | 37,823           |
|                                 | SK Hynix System IC Co., Ltd.                      | 22,340             | 55               | 20,189             | 38               |
|                                 | Happynarae Co., Ltd.                              | 5,957              | 29,726           | 13,875             | 43,110           |
|                                 | SKC Evonik Peroxide Korea Co., Ltd.               | -                  | 2,336            | 2                  | 5,267            |
|                                 | Mitsui Chemicals & SKC Polyurethanes, Inc.        | 30,687             | 2,717            | 34,231             | 2,907            |
|                                 | Boryeong LNG Terminal Co., Ltd.                   | 18,280             | 3,985            | 3,338              | 166              |
|                                 | Pentaport Development Co., Ltd.                   | 78,377             | 1                | 79,532             | -                |
|                                 | Huizhou EVE United Energy Co., Ltd                | 361,316            | 46,763           | 280,324            | -                |
|                                 | Eurasia Tunnel                                    | 26,865             | -                | 37,338             | -                |
|                                 | SK E&C JURONG Investment Singapore Pte. Ltd. (*2) | 59,914             | -                | 59,914             | -                |
| Xe-Pian Xe-Namnoy Power Company | 145,810   | 26,004             | 136,478          | 26,629             |                  |
| Others                          | 49,612  | 26,222             | 51,653           | 21,729             |                  |
| Others (*3)                     | Ulsan Aromatics Co., Ltd.                         | 3,855              | 7,030            | 4,132              | 8,005            |
|                                 | SK Chemicals Co., Ltd.                            | 17,557             | 1,869            | 17,652             | 10,195           |
|                                 | SK Gas Co., Ltd.                                  | 2,537              | 259,204          | 3,150              | 307,731          |
|                                 | Ubins Co., Ltd.                                   | 55                 | 7,672            | 92                 | 25,832           |
|                                 | Others  | 13,732             | 16,539           | 7,935              | 15,106           |
|                                 |   | <u>₩ 1,723,279</u> | <u>₩ 788,667</u> | <u>₩ 1,849,419</u> | <u>₩ 748,283</u> |

(\*1) The Company recognized bad debt expense and reversal of bad debt each amounting to ₩1,791 million and ₩(-)1,781 million for the six months ended June 30, 2020 (for the six months ended June 30, 2019: bad debt expense of ₩8 million, write-off and others of ₩(-)2,917 million). The Company recognized the allowance for doubtful accounts amounting to ₩312,255 million and ₩312,245 million as of June 30, 2020 and December 31, 2019, respectively.

(\*2) As of June 30, 2020 and December 31, 2019, the Group recognized loss allowances in entirety for the corresponding receivables.

(\*3) Although, not designated as related parties as defined in KIFRS 1024, the entity belongs to the same conglomerate affiliates under *Monopoly Regulation and the Fair Trade Act*.

**SK Holdings Co., Ltd. and its subsidiaries**  
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**27. Transactions with related parties (cont'd)**

(3) Details of significant treasury transactions with related-parties for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions and foreign currencies in thousands):

| Company name                        | Currency | June 30, 2020 |            | June 30, 2019 |            |
|-------------------------------------|----------|---------------|------------|---------------|------------|
|                                     |          | Loans         | Collection | Loans         | Collection |
| Kinestral Technologies Inc.         | USD      | -             | 2,483      | -             | -          |
| Yemen LNG Company Ltd.              | USD      | 3,751         | -          | 5,570         | -          |
| Eurasia Tunnel                      | KRW      | 3,963         | 15,853     | 9,783         | 13,872     |
| Huizhou EVE United Energy Co., Ltd. | KRW      | 73,847        | -          | 2,324         | -          |

(4) There were additional capital contribution transactions for investments in associates and joint ventures for the six months ended June 30, 2020 and 2019 (see Note 9 'Investments in associates and joint ventures').

(5) Compensation for key management personnel of the Company.

Key management personnel consists of registered executives who are responsible for the planning, operation and control of the Company's business activities. Details of compensation for them for the three months and the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|                                | June 30, 2020 |            | June 30, 2019 |            |
|--------------------------------|---------------|------------|---------------|------------|
|                                | Three months  | Six months | Three months  | Six months |
| Salaries                       | ₩ 3,757       | ₩ 7,130    | ₩ 2,903       | ₩ 5,782    |
| Provision for pension benefits | 944           | 5,658      | 366           | 1,808      |
| Share compensation expense     | 227           | 426        | 198           | 580        |
| Total                          | ₩ 4,928       | ₩ 13,214   | ₩ 3,467       | ₩ 8,170    |

**28. Discontinued operations**

(1) Details of discontinued operations

SK Networks Co., Ltd., a subsidiary of the Group, decided to discontinue operations of non-core businesses by selling resource business and others in order to strengthen financial soundness and secure investment funds before the previous year. The oil retail business, which was classified as discontinued operations, has been sold in June 2020.

SKC Co., Ltd., a subsidiary of the Group, decided to discontinue the EVA solar energy business in order to promote efficiency in the solar energy business due to the deterioration in market condition of solar energy industry and intensification of market competition caused by China for the six months ended June 30, 2020.

**SK Holdings Co., Ltd. and its subsidiaries**  
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**28. Discontinued operations (cont'd)**

(2) Gain and loss from the discontinued operation for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|   | For the six months ended June 30, 2020                |   |   |                 |
|---|---|---|---|-----------------|
|   | Oil retail<br>business in<br>SK Networks<br>Co., Ltd. | Resource<br>business<br>and others in<br>SK Networks<br>Co., Ltd. | EVA solar<br>business in SKC<br>Co., Ltd. | Total           |
| Revenue                                     | ₩ 511,945   | ₩ 15,756  | ₩ 6,626                                   | ₩ 534,327       |
| Expenses                                    | 402,623   | 17,052  | 43,738                                    | 463,413         |
| Gain (loss) before income tax<br>expense    | 109,322   | (1,296)   | (37,112)                                  | 70,914          |
| Income tax benefit (expense)                | <u>26,456</u>   | <u>(6,642)</u>  | <u>-</u>                                  | <u>19,814</u>   |
| Gain (loss) from discontinued<br>operations | <u>₩ 82,866</u>                                       | <u>₩ 5,346</u>  | <u>₩ (37,112)</u>                         | <u>₩ 51,100</u> |
| Owners of the parent                        | ₩ 36,817  | ₩ 2,375   | ₩ (16,125)                                | ₩ 23,067        |
| Non-controlling interests                   | 46,049  | 2,971   | (20,987)                                  | 28,033          |

  

|   | For the six months ended June 30, 2019                |   |   |                  |
|---|---|---|---|------------------|
|   | Oil retail<br>business in<br>SK Networks<br>Co., Ltd. | Resource<br>business<br>and others in<br>SK Networks<br>Co., Ltd. | EVA solar<br>business in SKC<br>Co., Ltd. | Total            |
| Revenue                                     | ₩ 560,788   | ₩ 22,298  | ₩ 32,288                                  | ₩ 615,374        |
| Expenses                                    | 569,437   | 24,285  | 31,414                                    | 625,136          |
| Gain (loss) before income tax<br>expense    | (8,649)   | (1,987)   | 874                                       | (9,762)          |
| Income tax benefit (expense)                | <u>(2,111)</u>  | <u>1,401</u>  | <u>22</u>                                 | <u>(688)</u>     |
| Gain (loss) from discontinued<br>operations | <u>₩ (6,538)</u>                                      | <u>₩ (3,388)</u>  | <u>₩ 852</u>                              | <u>₩ (9,074)</u> |
| Owners of the parent                        | ₩ (2,905)   | ₩ (1,505)   | ₩ 370                                     | ₩ (4,040)        |
| Non-controlling interests                   | (3,633)   | (1,883)   | 482                                       | (5,034)          |

(3) Details of cash flows relating to discontinued operations for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|                                      | For the six months ended June 30, 2020                |   |   |            |
|--------------------------------------|---|---|---|------------|
|                                      | Oil retail<br>business in<br>SK Networks<br>Co., Ltd. | Resource<br>business<br>and others in<br>SK Networks<br>Co., Ltd. | EVA solar<br>business in SKC<br>Co., Ltd. | Total      |
| Cash flows from operating activities | ₩ (76,112)  | ₩ (11,210)  | ₩ 1,289                                   | ₩ (86,033) |
| Cash flows from investing activities | 1,269,922   | (1,174)   | 110                                       | 1,268,858  |
| Cash flows from financing activities | -   | (3,243)   | (778)                                     | (4,021)    |

**SK Holdings Co., Ltd. and its subsidiaries**  
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**28. Discontinued operations (cont'd)**

|                                      | For the six months ended June 30, 2019                |   |   |         |
|--------------------------------------|---|---|---|---------|
|                                      | Oil retail<br>business in<br>SK Networks<br>Co., Ltd. | Resource<br>business<br>and others in<br>SK Networks<br>Co., Ltd. | EVA solar<br>business in SKC<br>Co., Ltd. | Total   |
|                                      | ₩   | ₩   | ₩   | ₩       |
| Cash flows from operating activities | 41,001  | (1,884)   | (12,262)                                  | 26,855  |
| Cash flows from investing activities | (7,995)   | (676)   | (110)                                     | (8,781) |
| Cash flows from financing activities | -   | (5,689)   | (1,272)                                   | (6,961) |

**29. Assets and liabilities held for sale**

Details of non-current assets and non-current liabilities held for sale as of June 30, 2020 are as follows (Korean won in millions):

|                               | Resources business segment<br>and others (*1) | June 30, 2020    |                  |
|-------------------------------|---|------------------|------------------|
|                               |   | Assets           | Liabilities      |
| Business segment              |   | ₩                | ₩                |
|                               |   | 181,204          | 96,212           |
| Subsidiaries                  | Ferrite business                              | 2,000            | -                |
|                               | Daiyang SK Networks San.<br>VE TIC. Ltd. STI  | 765              | 654              |
| Investment securities         | KOSCOGASTECH Co., Ltd.                        | 800              | -                |
| Property, plant and equipment | Land and others (*2)                          | 67,000           | -                |
|                               | Land and building                             | 572              | -                |
| Intangible assets and others  | E&P 56, 88 mining area (*3)                   | 679,330          | 8,975            |
|                               |   | <u>₩ 931,671</u> | <u>₩ 105,841</u> |

(\*1) SK Networks Co., Ltd., a subsidiary, decided to discontinue resources business segment and others before the prior reporting period. The Group classified related assets and liabilities as held-for-sale and measured them at the lower of their carrying amounts and fair value less costs to sell.

(\*2) SK Incheon Petrochemical Co., Ltd., a subsidiary, classified related assets as assets held-for-sale as the entity signed a contract for the sale of land in Seoknam-dong, western Incheon, in 2018 and the entity measured it at the lower of its fair value less costs to sell and carrying amount.

(\*3) SK Innovation Co., Ltd., a subsidiary, entered into a contract to sell its entire stake in the 56th and 88th Peru blocks to Pluspetrol for the purpose of adjusting its E&P portfolio and converting its business model during the previous period. The sale will be completed during the following period. The assets held for sale are measured at the lower of fair value less costs to sell and carrying amount.

**SK Holdings Co., Ltd. and its subsidiaries**  
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**30. Cash flow information**

(1) Details of non-cash adjustments for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|  | For the six months ended |               |
|--|--------------------------|---------------|
|  | June 30, 2020            | June 30, 2019 |
| Provision for pension benefits                                   | ₩ 224,695                | ₩ 201,300     |
| Depreciation   | 3,097,154                | 2,893,996     |
| Amortization   | 778,359                  | 739,215       |
| Bad debt expenses  | 52,597                   | 4,091         |
| (Reversal of) Valuation loss on inventories                      | 22,066                   | (181,466)     |
| Interest expenses  | 732,550                  | 696,829       |
| Loss on foreign currency translation                             | 248,509                  | 234,962       |
| Loss on valuation of derivatives                                 | 112,256                  | 263,653       |
| Loss on disposal of trade receivables                            | 8,465                    | -             |
| Loss on disposal of investments in associates                    | 434                      | 58            |
| Loss on disposal of property, plant and equipment                | 273,991                  | 41,177        |
| Loss on impairment of property, plant and equipment              | 80,698                   | 2,899         |
| Loss on disposal of intangible assets                            | 1,551                    | 1,165         |
| Loss on impairment of intangible assets                          | 16,878                   | 20,574        |
| Income tax expense   | 78,357                   | 702,278       |
| Gain on investments in associates and joint ventures             | (368,057)                | (446,598)     |
| Interest income  | (109,134)                | (132,374)     |
| Gain on foreign currency translation                             | (243,730)                | (215,716)     |
| Gain on valuation of derivatives                                 | (252,301)                | (304,659)     |
| Dividends income   | (13,315)                 | (17,574)      |
| Gain on disposal of trade receivables                            | (7,513)                  | (1,614)       |
| Gain on disposal of investments in associates and joint ventures | (704,076)                | (34,220)      |
| Gain on disposal of property, plant and equipment                | (60,289)                 | (16,855)      |
| Gain on disposal of intangible assets                            | (14,558)                 | (2,012)       |
| Others   | (2,100)                  | 36,725        |
|  | ₩ 3,953,487              | ₩ 4,485,834   |

(2) Details of working capital adjustments for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|                          | For the six months ended |               |
|--------------------------|--------------------------|---------------|
|                          | June 30, 2020            | June 30, 2019 |
| Inventories              | ₩ 2,361,687              | ₩ 33,040      |
| Trade receivables        | 2,103,444                | 158,321       |
| Other receivables        | 61,264                   | 80,354        |
| Trade payables           | (1,877,649)              | (256,706)     |
| Other payables           | (238,142)                | (397,018)     |
| Advances received        | 56,163                   | (362,957)     |
| Retirement benefits paid | (121,567)                | (123,667)     |
| Plan assets              | 69,262                   | 56,066        |
| Others                   | (270,393)                | (434,636)     |
|                          | ₩ 2,144,069              | ₩ (1,247,203) |

(3) Significant non-cash transactions for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

|   | For the six months ended |               |
|---|--------------------------|---------------|
|   | June 30, 2020            | June 30, 2019 |
| Decrease in other payables due to acquisition of property, plant and equipment and others | ₩ (186,499)              | ₩ (155,420)   |
| Account reclassification of lease liabilities from changes in accounting policies         | -                        | 2,896,860     |

**SK Holdings Co., Ltd. and its subsidiaries**  
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**31. Commitments and contingencies**

(1) Guarantees provided for the Group as of June 30, 2020 are as follows (Korean won in millions and foreign currencies in thousands):

| Guarantee   | Guarantor                            | Currency | Amount  | Description of guarantee                                  |
|---|--------------------------------------|----------|---------|---|
| SK Holdings Co., Ltd.   | Korea Software Financial Corporation | KRW      | 356,220 | Performance guarantees for contract and others            |
|   | Seoul Guarantee Insurance            | KRW      | 125     | Performance guarantees for contract and others            |
| Netruck Co., Ltd.   | Seoul Guarantee Insurance            | KRW      | 868     | Performance insurances for warranties and others          |
| SK Telink Co., Ltd.   | Seoul Guarantee Insurance            | KRW      | 5,170   | Performance guarantees for contract                       |
| SK Planet Co., Ltd.   | Hana Bank                            | KRW      | 432     | Performance insurances for warranties and others          |
|   | Seoul Guarantee Insurance and others | KRW      | 3,141   | Performance guarantees for contract and others            |
| SK Broadband Co., Ltd.  | Seoul Guarantee Insurance            | KRW      | 30,387  | Guarantee of warranties contract and others               |
| SK Infosec Co., Ltd.  | Korea Software Financial Cooperative | KRW      | 38,286  | Guarantee of bid payment and others                       |
| SK M & Service Co., Ltd.  | Seoul Guarantee Insurance            | KRW      | 1,561   | Guarantee of payment and others                           |
| PS&Marketing Corp.  | Seoul Guarantee Insurance            | KRW      | 658     | Performance guarantees                                    |
| Dreamus company Co., Ltd.   | Seoul Guarantee Insurance            | KRW      | 206     | Performance guarantees for contract                       |
| One store Co., Ltd.   | Seoul Guarantee Insurance            | KRW      | 145     | Guarantee for E-commerce and others                       |
|   | Hana Bank                            | KRW      | 100     | Performance guarantees for contract                       |
| Home&Service Co., Ltd.  | Seoul Guarantee Insurance            | KRW      | 3       | Guarantee of debt   |
| SK Store Co., Ltd.  | Kookmin Bank                         | KRW      | 700     | Performance guarantees and others                         |
| 11street Co., Ltd.  | Hana Bank                            | KRW      | 638     | Performance guarantees and others                         |
|   | Seoul Guarantee Insurance            | KRW      | 21,675  | Guarantee of deposit on lease and others                  |
| FSK L&S Co., Ltd.   | Seoul Guarantee Insurance            | KRW      | 594     | Performance guarantees for contract and others            |
| Service Top Co., Ltd.   | Seoul Guarantee Insurance            | KRW      | 450     | Performance guarantees for contract                       |
| SK Networks Co., Ltd.   | Hana Bank                            | KRW      | 2,000   | Guarantee of payment                                      |
|   | Woori Bank                           | USD      | 660     | Guarantee of bid  |
|   | Seoul Guarantee Insurance            | KRW      | 547     | Performance guarantees for sales contract                 |
|   | Korea Trade Insurance Corporation    | KRW      | 11,327  | Performance guarantees for contract                       |
|   |                                      | KRW      | 46,842  | Guarantee of debt   |
| SK Networks Service Co., Ltd.   | Seoul Guarantee Insurance            | KRW      | 11,294  | Performance guarantees for sales contract                 |
|   | Hana Bank                            | KRW      | 1,200   | Performance guarantees for contract                       |
| SK Magic Co., Ltd.  | Seoul Guarantee Insurance            | KRW      | 20,692  | Performance insurances for warranties and others          |
|   | Machinery Financial Cooperative      | KRW      | 932     | Performance insurances for warranties and others          |
|   | Seoul Guarantee Insurance            | KRW      | 2       | Guarantee of payment and others                           |
| SK Magic Service Co., Ltd.  | Seoul Guarantee Insurance            | KRW      | 285     | Performance guarantees for sales contract                 |
| SK Pinx Co., Ltd.   | Seoul Guarantee Insurance            | KRW      | 10,765  | Performance guarantees for contract                       |
| SK Rent-a-Car Co., Ltd.   | Seoul Guarantee Insurance            | KRW      | 3,719   | Performance insurances for warranties and contract        |
| SK Telesys Co., Ltd.  | Seoul Guarantee Insurance            | KRW      | 85      | Performance guarantees                                    |
| SK Bioland Co., Ltd.  | Seoul Guarantee Insurance            | KRW      | 85      | Performance guarantees                                    |
| SKC Solmics Co., Ltd.   | Shinhan Bank                         | USD      | 20,000  | Guarantee of FRN issue                                    |
| SKC Hightech & Marketing Co., Ltd.  | Hana Bank                            | USD      | 27,000  | Guarantee of FRN issue                                    |
| SK Nexilis Co., Ltd. (Formerly, KCF Technologies Co., Ltd.)               | Shinhan Bank                         | KRW      | 6,899   | Guarantee of payment                                      |
|   | Seoul Guarantee Insurance            | KRW      | 55      | Guarantee of payment                                      |
| SK E&S Co., Ltd.  | Seoul Guarantee Insurance            | KRW      | 6,793   | Performance guarantees and others                         |
|   | Kookmin Bank                         | USD      | 80,000  | Guarantee of debt   |
|   | Shinhan Bank                         | USD      | 80,000  | Guarantee of debt   |
| Yeongnam Energy Service Co., Ltd.   | Seoul Guarantee Insurance            | KRW      | 1,363   | Guarantee of warranties and approval                      |
| Chonnam Energy Service Co., Ltd.  | Seoul Guarantee Insurance            | KRW      | 252     | Guarantee of warranties and payment                       |
| Pusan City Gas Co., Ltd.  | Seoul Guarantee Insurance            | KRW      | 1,537   | Guarantee of seizure contract and others                  |
| Jeonbuk Energy Service Co., Ltd.  | Seoul Guarantee Insurance            | KRW      | 245     | Performance guarantees and warranties                     |
| Chungcheong Energy Service Co., Ltd.                                      | Seoul Guarantee Insurance            | KRW      | 1,075   | Performance insurances for warranties and others          |
| Ko-one Energy Service Co., Ltd.   | Seoul Guarantee Insurance            | KRW      | 1,536   | Performance guarantees for contract                       |
| Paju Energy Service Co., Ltd.   | Seoul Guarantee Insurance            | KRW      | 610     | Performance guarantees for approval and others            |
| Narae Energy Service Co., Ltd. (formerly, Wirye Energy Service Co., Ltd.) | Seoul Guarantee Insurance            | KRW      | 209     | Guarantee of license to use state property and others     |
| Kangwon City Gas Co., Ltd.  | Seoul Guarantee Insurance            | KRW      | 2,608   | Performance guarantees for contract and approval          |
| Yeoju Energy Service Co., Ltd.  | Seoul Guarantee Insurance            | KRW      | 1,219   | Performance guarantees for deposit on approval and others |

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

| Guarantee  | Guarantor                             | Currency       | Amount  | Description of guarantee                                    |   |
|--|---------------------------------------|----------------|---|---|---|
| SK Engineering & Construction Co., Ltd.                                    | HSBC and others                       | KRW            | 5,764   | Performance guarantees for overseas construction and others |   |
|  |                                       | USD            | 703,304   | Performance guarantees for overseas construction and others |   |
|  |                                       | EUR            | 1,535   | Performance guarantees for overseas construction and others |   |
|  |                                       | SGD            | 18,329  | Performance guarantees for overseas construction and others |   |
|  |                                       | KWD            | 106,478   | Performance guarantees for overseas construction and others |   |
|  |                                       | QAR            | 499,062   | Performance guarantees for overseas construction and others |   |
|  |                                       | TRY            | 30,623  | Performance guarantees for overseas construction and others |   |
|  |                                       | SAR            | 228,716   | Performance guarantees for overseas construction and others |   |
|  |                                       | THB            | 327,088   | Performance guarantees for overseas construction and others |   |
|  |                                       | KZT            | 7,568,929   | Performance guarantees for overseas construction and others |   |
|  |                                       | VND            | 747,500,129   | Performance guarantees for overseas construction and others |   |
|  |                                       | HKD            | 20,061  | Performance guarantees for overseas construction and others |   |
|  |                                       | IQD            | 2,860,000   | Performance guarantees for overseas construction and others |   |
|  |                                       | AED            | 132,246   | Performance guarantees for overseas construction and others |   |
|  |                                       | INR            | 61,200  | Performance guarantees for overseas construction and others |   |
|  |                                       | Hana Bank      | USD   | 161,337   | Performance guarantees for overseas construction and others |
|  |                                       |                | GBP   | 29,571  | Performance guarantees for overseas construction and others |
|  |                                       |                | EUR   | 124,140   | Performance guarantees for overseas construction and others |
|  |                                       | Korea Eximbank | USD   | 92,319  | Performance guarantees for overseas construction and others |
|  |                                       |                | SAR   | 128,276   | Performance guarantees for overseas construction and others |
| VND  | 14,077,332                            |                | Performance guarantees for overseas construction and others |   |   |
| EUR  | 60,750                                |                | Performance guarantees for overseas construction and others |   |   |
| Korea Housing Guarantee Co., Ltd.<br>Seoul Guarantee Insurance             | KRW                                   | 3,441,527      | Housing guarantees and others                               |   |   |
|  | KRW                                   | 377,441        | Performance guarantees for domestic construction and others |   |   |
| Engineering Financial Cooperative<br>Construction Guarantee<br>Cooperative | KRW                                   | 1,668,670      | Domestic construction contract                              |   |   |
|  | KRW                                   | 2,628,915      | Performance guarantees for domestic construction and others |   |   |
| SK TNS Co., Ltd.   | ICFC                                  | KRW            | 299,738   | Performance guarantees for domestic construction            |   |
| SK Materials Co., Ltd.   | Seoul Guarantee Insurance             | KRW            | 15,985  | Performance guarantees                                      |   |
| SK Siltron Co., Ltd.   | Shinhan Bank                          | USD            | 19,000  | Guarantee of foreign currencies                             |   |
| SK Forest Co., Ltd.  | Construction Guarantee<br>Cooperative | KRW            | 13,660  | Performance guarantees for contract                         |   |
| Hweechan Co., Ltd.   | Seoul Guarantee Insurance             | KRW            | 17,417  | Performance guarantees for contract                         |   |
|  | Seoul Guarantee Insurance             | KRW            | 66  | Guarantee of supply and others                              |   |

In addition, SK Engineering & Construction Co., Ltd., a subsidiary of the Group, has performance guarantees for domestic construction by other construction companies amounting to ₩355,777 million as of June 30, 2020.

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

(2) Guarantees provided to others as of June 30, 2020 are as follows (Korean won in millions and foreign currencies in thousands):

| Guarantee                               | Guarantor  | Currency | Amount    | Description of guarantee                                       |
|---|--|----------|-----------|--|
| SK Innovation Co., Ltd.                 | Petro Peru and others  | USD      | 2,139     | Performance guarantees for mandatory work and others           |
| SK Global Chemical Co., Ltd.            | Sabic SK Nexlene Company Pte. Ltd.                                 | USD      | 220,000   | Performance guarantees   |
| Iberian Lube Base Oils S.A.             | Puertos del Estado   | EUR      | 879       | Guarantees for construction                                    |
|   | Railway Administration and others                                  | EUR      | 278       | Guarantee for installing facilities and others                 |
| SK Telink Co., Ltd.                     | IOT Wave Co., Ltd. and others                                      | KRW      | 1,241     | Performance guarantees for insurance and others                |
| SK Communications Co., Ltd.             | Green umbrella   | KRW      | 40        | Performance guarantees for contract                            |
| Dreamus Company Co., Ltd.               | Youngkwang Precision Industry Co., Ltd.                            | KRW      | 755       | Performance guarantees for contract                            |
| SKC Co., Ltd.                           | PI Advanced Materials Co., Ltd. (formerly SKC-Kolon PI Co., Ltd.)  | USD      | 6,750     | Guarantee for litigation                                       |
| SK E&S Co., Ltd.                        | Boryeong LNG Terminal Co., Ltd.                                    | KRW      | 360,000   | Guarantee of debt  |
| SK TNS Co., Ltd.                        | Korea Development Bank   | KRW      | 44,000    | Cash deficiency support agreement for Callable preferred share |
| SK Engineering & Construction Co., Ltd. | SBC General Trading & Contracting Co. WLL and others               | KWD      | 6,946     | Performance guarantees for contract and others                 |
|   | Pohang Clean Water Co., Ltd. and others                            | KRW      | 741,839   | Cash deficiency support agreement                              |
|   | Gwangsan District 2 redevelopment maintenance business association | KRW      | 269,850   | Guarantees for reconstruction project financing                |
|   | Customers of Songdo SK view lake                                   | KRW      | 839,140   | Guarantee of debt  |
|   | Lu 1 City SK leaders view and others                               | KRW      | 1,877,734 | Guarantee of completion  |
|   | Member of employee stock ownership association                     | KRW      | 2,466     | Guarantee of payment   |
|   | Callable preferred share investor                                  | KRW      | 130,000   | Cash deficiency support agreement                              |

In addition, SK Engineering & Construction Co., Ltd., a subsidiary of the Group, provides other construction companies with performance guarantees for domestic construction, and the amount of the guarantees is ₩743,085 million as of June 30, 2020.

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

(3) The Group's significant pending litigations as of June 30, 2020, in which the Group is a plaintiff are as follows (Korean won in millions):

| Plaintiff                               | Defendant                                  | Description  | Claim      | Status                              |
|---|--|--|------------|-------------------------------------|
| Life & Security Holdings Co., Ltd.      | Individual and others                      | Claim for injunction to ban of transfer and others | KRW 2,186  | First trial in progress             |
| PS&Marketing Corp.                      | Individual and others                      | Claim for payment and others                       | KRW 518    | First trial in progress and others  |
| SK Networks Co., Ltd.                   | Individual and others                      | Claim for payment and others                       | KRW 2,821  | First trial in progress and others  |
| SK Magic Co., Ltd.                      | Careswater Co., Ltd.                       | Claim for payment and others                       | KRW 2,342  | First trial in progress and others  |
| SK Networks Service Co., Ltd.           | Individual                                 | Claim for payment                                  | KRW 52     | First trial in progress             |
| SK Rent-a-Car Co., Ltd.                 | Individual and others                      | Claim for payment and others                       | KRW 91     | First trial in progress and others  |
| SK Telesys Co., Ltd.                    | TaiYoung tech Co., Ltd. and others         | Claim for payment and others                       | KRW 1,744  | First trial in progress             |
| Pusan City Gas Co., Ltd.                | YCP Co., Ltd. and others                   | Claim for settlement and others                    | KRW 4,834  | First trial in progress             |
| SK Engineering & Construction Co., Ltd. | K-Water Resources Corporation              | Claim for payment of construction                  | KRW 4,919  | Third trial in progress             |
|   | Korea Rail Network Authority               | Claim for payment of construction and others       | KRW 14,062 | Second trial in progress and others |
|   | Korea Specialty Contractor                 | Claim for deposit of construction performance      | KRW 620    | First trial in progress             |
|   | Finanacial Cooperative Dream Hub PFV       | Claim for payment of construction                  | KRW 12,728 | Second trial in progress            |
|   | Plant & Mechanical Contractors             | Claim for payment and others                       | KRW 702    | Second trial in progress and others |
|   | Financial Cooperative and others           | Claim for payment of construction                  | KRW 14,102 | First trial in progress             |
|   | Korea National Oil Corporation             | Claim for payment of construction and others       | KRW 14,784 | Second trial in progress and others |
|   | Republic of Korea and others               | Claim for cost of construction and others          | KRW 21,960 | First trial in progress and others  |
|   | Korea Highway Corporation                  | Claim for payment of construction                  | KRW 44     | First trial in progress             |
|   | Korea Land & Housing Corporation           | Claim related to Jangrim Jinhae                    | KRW 3,561  | Second trial in progress            |
|   | Korea Gas Corporation                      | Claim for payment of construction                  | KRW 3,319  | First trial in progress             |
|   | Busan-Jinhae Free Economic Zone Authhority | Claim for payment of construction and others       | KRW 11,376 | First trial in progress             |
|   | Individual and others                      |  |            |                                     |

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**(3) Commitments and contingencies (cont'd)**

The Group's significant pending litigations as of June 30, 2020, in which the Group is a defendant are as follows (Korean won in millions):

| Plaintiff   | Defendant   | Description   | Claim             | Status                              |
|---|---|---|-------------------|-------------------------------------|
| Individual and others                               | Life & Security Holdings Co., Ltd.                          | Claim for damages and others                          | KRW 1,974         | First trial in progress and others  |
| Individual and others                               | PS&Marketing Corp.  | Litigation for affirmation of non-existence of debt   | KRW 133           | First trial in progress             |
| Individual and others                               | SK Networks Co., Ltd.                                       | Claim for damages and others                          | KRW 7,027         | First trial in progress and others  |
| Chang Sung Ace Co., Ltd and others                  | SK Networks Service Co., Ltd.                               | Claim for payment of goods and others                 | KRW 76            | First trial in progress             |
| Lotte Insurance Co., Ltd. and others                | SK Magic Co., Ltd. and others                               | Claim for compensation and others                     | KRW 1,004         | First trial in progress and others  |
| Hanhwa Insurance and others                         | SK Rent-a-Car Co., Ltd.                                     | Claim for compensation and others                     | KRW 475           | First trial in progress             |
| Taeyoung Tech Co., Ltd.                             | SK Telesys Co., Ltd.  | Claim for payment of construction                     | KRW 2,253         | First trial in progress             |
| Home Plus Co., Ltd. and others                      | SKC Co., Ltd.   | Claim for damages                                     | KRW 380           | First trial in progress             |
| Individual and others                               | SK Nexilis Co., Ltd. (Formerly, KCF Technologies Co., Ltd.) | Claim for damages                                     | KRW 2,893         | Adjustment in progress              |
| Individual and others                               |   | Ko-one Energy Service Co., Ltd.                       | Claim for damages | KRW 2,900                           |
| Korea Land & Housing corporation and others         | Pusan City Gas Co., Ltd.                                    | Claim for cancellation of allotted charges and others | KRW 379           | First trial in progress             |
| Busan Green Energy Co., Ltd. and others             |   | Claim for return of unfair benefit and others         | KRW 702           | Second trial in progress and others |
| Yulim Engineering Co., Ltd.                         | Chonnam City Gas Co., Ltd.                                  | Claim for payment of construction                     | KRW 92            | First trial in progress             |
| Korea Land & Housing Corporation                    | Chungcheong energy Service Co., Ltd.                        | Claim for cancellation of allotted charges            | KRW 1,460         | First trial in progress             |
| K-Water Resources Corporation                       | SK Engineering & Construction Co., Ltd.                     | Claim for damages and others                          | KRW 4,004         | Third trial in progress and others  |
| Incheon Metropolitan City                           |   | Claim for damages and others                          | KRW 36,568        | Third trial in progress and others  |
| Samjung Construction Co., Ltd.                      |   | Claim for payment of construction                     | KRW 5,940         | Second trial in progress            |
| Hyundai Construction Co., Ltd.                      |   | Claim for share of defect cost                        | KRW 177           | First trial in progress             |
| Suwon Sky view residents' representative and others |   | Claim for damages and others                          | KRW 33,636        | First trial in progress and others  |
| Korea Rural Community Corporation                   |   | Claim for damages                                     | KRW 8,036         | First trial in progress             |
| Korea Gas Corporation                               |   | Claim for damages and others                          | KRW 47,295        | First trial in progress             |
| Republic of Korea                                   |   | Claim for damages and others                          | KRW 11,367        | First trial in progress and others  |
| Korea Rail Network Authority                        |   | Claim for damages                                     | KRW 19,258        | First trial in progress and others  |
| Busan Transportation Corporation                    |   | Claim for damages and others                          | KRW 9,579         | First trial in progress and others  |
| Individual and others                               |   | Claim for apartment and others                        | KRW 45,356        | First trial in progress and others  |

On April 29, 2019, LG Chem Ltd. and others (collectively referred to as "LGC") filed a lawsuit against SK Innovation Co., Ltd. and SK Battery America, Inc. (collectively referred to as "SKI"), the subsidiaries of the Group, regarding an infringement of its electric battery trade secrets and instituted a request to the U.S. International Trade Commission (ITC) for ban on the import of lithium ion battery and others. On November 5, 2019, LGC requested a default judgment to ITC over an incomplete fulfillment of evidence preservation obligation breached by SKI during the litigation process. On February 14, 2020, the ITC made a default judgment against SKI in a lawsuit without holding additional hearings for the infringement of trade secrets. SK Innovation Co., Ltd. and SK Battery America, Inc. have requested a review by the U.S. ITC on Default Judgment, and the committee has decided to review the entire Default Judgment on April 17, 2020 and is currently in progress. According to the ITC's announcement, the final decision is to be made in October 2020.

On September 26, 2019, LGC additionally filed a lawsuit against SKI through the ITC alleging patent breaches and requested a ban on import as a remedial action. The lawsuit is currently pending, and the final outcome is unestimable as of June 30, 2020.

### **31. Commitments and contingencies (cont'd)**

In addition, the above two lawsuits against SKI regarding infringement of trade secrets and breach of patent contract are also filed to the Federal District Court of Delaware on April 29, 2019 and September 26, 2019, respectively. The court ordered a temporary stop to both lawsuits, and accordingly, the final outcome is unestimable as of June 30, 2020.

On May 4, 2020 The Attorney General Office in California, USA filed a civil lawsuit with the California District Court in San Francisco against Vitol Inc. and its subsidiaries, SK Energy America Inc. and SK Trading International Co., Ltd. for market price manipulation of gasoline products and anti-competitive, unfair practices for the refinery explosions in 2015. This case is currently in progress, and the duration and the final outcome are unestimable as of now. On May 6, 2020, the end-consumers of gasoline have filed a number of related class action lawsuits in the federal court in California. The duration and final outcome of the class action lawsuits are also unestimable as of now.

In addition, SKC Co., Ltd., a subsidiary, guarantees 50% of claim amounts related to the patent litigation filed by Kaneka Corporation to PI Advanced Materials Co., Ltd. (formerly, SKC Kolon PI, Inc.) In accordance with the payment guarantee agreement and the decision of the court to dismiss the trial on appeal case as of June 30, 2020, provisions amounting to USD 6,750 thousand have been recognized, which is 50% of the claim for PI Advanced Materials Co., Ltd. (formerly, SKC Kolon PI, Inc.) amounting to USD 13,500 thousand. The amounts are included in other non-operating expenses. By the final results of litigation, the actual damages to be compensated by the Group could increase according to the payment guarantee ratio of the agreement. As of June 30, 2020, the timing of the first trial judgment and related damage amounts are not estimable.

#### **(4) Commitments**

- 1) In accordance with the Commercial Code of the Republic of Korea, the Company, 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 of the Company arising before the spin-off. The Company and SK Biopharmaceuticals Co., Ltd. are collectively responsible for any obligations of the Company that occurred before the spin-off on April 1, 2011.
- 2) The Company entered into a contract to lease the headquarter's building from National Agricultural Cooperative Federation, the trustee of Hana Daol Fund Management. Under the terms of the lease, the lease period is until March 27, 2021, and the Company has the preemptive right to purchase the building at the fair value when the lessor elects to dispose the property.
- 3) The Company holds IT outsourcing and IT system maintenance agreements to provide hardware and information systems maintenance and development service entered into between the Company and 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). The contract includes requirements to be complied with and restrictions in transfer of ownership of the land. Should there be non-compliance, the contract may be terminated or cancelled.

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- 5) The Group 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 investor make a cash settlement of the amount that deducts the issue price from the net selling price. If the amount is positive, the investor pays to the Company, and if the amount is negative, the Company pays to the investor. In case where the sale is not complete, the selling price of the shares is considered to be nil. |   |
| Premium          | The Company pays to the investor the amount equivalent to 3.14% of the total shares held by the investor annually. When the investor receives dividends on the shares held, the amount is paid to the Company.  |   |
| Call option      | The Company has the right to purchase the shares held by the investor at the issued price of the ordinary shares with certain level of additional charges.  |   |

- 6) The Group entered into total return swap contracts with ordinary shareholders of SK Siltron Co., Ltd., one of the subsidiaries. Details are as follows:

|                  | Total return swap  |
|------------------|--|
| 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 are to settle the amount that deducts the issue price from the net selling price. If the amount is positive, the investor pays to the Company, and if the amount is negative, the Company pays to the investor. In case where the sale is not complete, the selling price of the shares is considered to be nil. |
| Premium          | The Company is to pay 0.5% of the initial contract amount at the closing date of the transaction and pay to the investor the amount equivalent to 3.20% of the total shares held by the investors annually. When the investor receives dividends on the shares held, the amount is 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 investor at the initial contract price of the ordinary shares with a certain level of additional charges.   |

As of June 30, 2020, the value of the agreements amounting to ₩169,131 million is recognized in long-term borrowings (see Note 15).

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

- 6) The Company entered into total return swap contracts with ordinary shareholders of SK Siltron Co., Ltd., one of the subsidiaries. Details are as follows.

|                  | Total return swap  |
|------------------|--|
| 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 are to settle the amount that deducts the issue price from the net selling price. If the amount is positive, the investor pays to the Company, and if the amount is negative, the Company pays to the investor. In case where the sale is not complete, the selling price of the shares is considered to be nil. |
| Premium          | The Company is to pay 0.5% of the initial contract amount at the closing date of the transaction and pay to the investor the amount equivalent to 3.20% of the total shares held by the investors annually. When the investor receives dividends on the shares held, the amount is 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 investor at the initial contract price of the ordinary shares with a certain level of additional charges.   |

As of June 30, 2020, the value of the agreements amounting to ₩169,131 million is recognized in long-term borrowings (see Note 15).

- 7) The Company entered total return swap contracts with ordinary shareholders of SK E&S Co., Ltd., one of the subsidiaries. Details are as follows.

|                  | Total return swap  |
|------------------|--|
| Investor         | MD Prime 1st Co., Ltd.   |
| Number of shares | 4,640,199  |
| Contract date    | November 14, 2017  |
| Expiry date      | November 13, 2022  |
| Settlement       | The Company and the investors are to settle the amount that deducts the issue price from the net selling price. If the amount is positive, the investor pays to the Company, and if the amount is negative, the Company pays to the investor. In case where the sale is not complete, the selling price of the shares is considered to be nil. |
| Premium          | The Company is to pay to the investor the amount equivalent to 3.07% of the total shares held by the investors annually. When the investor receives dividends on the shares held, the amount is 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 investor at the initial contract price of the ordinary shares with a certain level of additional charges.   |

As of June 30, 2020, the value of the agreements amounting to ₩677,775 million is recognized in long-term borrowings (see Note 15).

- 8) 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.

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

- 9) The Company entered into a cash deficiency support agreement with Abrasax Investment Inc., a subsidiary of SK Pharmteco Inc. to lend funds for the shortfall of payment for loans and credit of up to USD 315,000 thousand.
- 10) As of June 30, 2020, Prism Energy International Pte., Ltd., a subsidiary, provides LOU (Letter of Understanding) to ship owners HHIENS1 Shipholding S.A., HHIENS2 Shipholding S.A. and HHIENS3 Shipholding S.A. in connection with LNG carriers. Accordingly, if SK Shipping Co., Ltd. fails to fulfill the contract (BBCHP) signed with the shipping company, SK E&S Co., Ltd. will assume all obligations related to the execution of the contract.
- 11) 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, 2020, 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.
- 12) As of June 30, 2020, details of contracts of the subsidiaries of SK E&S Co., Ltd. are as follows:

| Description of contract  | Contracting parties  | Counterparty   | Term of contract                        |
|--|--|--|---|
| Contract for the supply of long-term natural gas (*1)            | Kangwon City Gas Co., Ltd. and 7 subsidiaries                                      | Korea Gas Corporation Co., Ltd.                          | -                                       |
| Contract of supply for natural gas                               | SK E&S Co., Ltd.   | Tangguh PSC Contractor Parties                           | 2006.1 ~ 2026.7                         |
| Contract for the repair and maintenance of gas turbine           | SK E&S Co., Ltd.   | GE International Inc.                                    | 2004.6 ~ 2026.12 (estimated)            |
| Contract for the storage and vaporization service of natural gas | SK E&S Co., Ltd.   | POSCO ENERGY Co., Ltd.                                   | 2005.6 ~ 2025.12                        |
| Rental contract of the plant and tower site                      | SK E&S Co., Ltd.   | POSCO Co., Ltd.  | 2003.8 ~ 2028.12                        |
| Contract for the long term maintenance program                   | Paju Energy Service Co., Ltd.  | Siemens AG and others                                    | 2014.6 ~ 2031.6 (estimated)             |
| Contract for the long term maintenance program                   | Narae Energy Service Co., Ltd.   | Siemens AG and others                                    | 2015.1 ~ 2032.1 (estimated)             |
| Contract for the long term maintenance program                   | Narae Energy Service Co., Ltd.   | Doosan Heavy Industries & Construction Co., Ltd.         | 12 years from 2012                      |
| Contract for the liquefaction and storage of natural gas         | SK E&S LNG, LLC  | FLNG Liquefaction 3, LLC                                 | 20 years from 2019                      |
| Contract for the use plumbing system                             | Narae Energy Service Co., Ltd. and Paju Energy Service Co., Ltd.                   | Korea Gas Corporation Co., Ltd.                          | 20 years from 2017                      |
| Contract for the use pipeline of natural gas                     | SK E&S LNG, LLC  | Kinder Morgan, Inc.                                      | 20 years from 2019                      |
| Contract for the storage and vaporization service of natural gas | SK E&S Co., Ltd., Narae Energy Service Co., Ltd. and Paju Energy Service Co., Ltd. | Boryeong LNG Terminal Co., Ltd.                          | 20 years from 2017                      |
| Contract of supply for natural gas                               | Prism Energy International Pte. Ltd.   | Chevron Australia Pty. Ltd. and others                   | 2017.1 ~ 2022.3                         |
| Contract of supply for natural gas                               | Prism Energy International Pte. Ltd.   | PETRONAS LNG LTD.  | 2019.6 ~ 2023.12                        |
| Time charter contract  | Prism Energy International Pte. Ltd.   | SK Shipping Co., Ltd.                                    | 20 years from ship delivery date        |
| Contract for operation and maintenance                           | Narae Energy Service Co., Ltd.   | Jeonbuk Co-generation, Gimcheon Energy Service Co., Ltd. | 2015.1 ~ 2025.1                         |
| Contract of supply for long-term natural gas                     | Narae Energy Service Co., Ltd.   | Korea Gas Corporation Co., Ltd.                          | 20 years from 2015.5                    |
| Lease contract   | Pusan City Gas Co., Ltd.   | Megamart and others                                      | Until 2022                              |
| Contract for sales of REC  | SK E&S Co., Ltd.   | Godeok Green Energy Co., Ltd. and others                 | 20 years from contract date             |
| Contract for sales of REC  | Paju Energy Service Co., Ltd.  | GeoGeum Solar Park Co., Ltd. and others                  | 15 years from 2018                      |
| Contract for LTSA  | Paju Energy Service Co., Ltd.  | Doosan Fuel Cell Co., Ltd.                               | 10 years from performance assurance     |
| Contract for LTSA  | Yeoju Energy Service Co., Ltd.   | Siemens AG, Siemens Ltd. Seoul                           | 2019.12 ~ 2047.12 (estimated)           |
| Contract for construction of Yeoju power plant, facilities       | Yeoju Energy Service Co., Ltd.   | Korea Electric Power Corporation                         | 2019.12 ~ 2021.5                        |
| Contract for steam supply  | Chungcheong Energy Service Co., Ltd.   | Clenko Co., Ltd. and others                              | 20 years from commercial operating date |
| Contract for FPSO  | SK E&S Australia Pty. Ltd.   | MODEC, Inc.  | 2019.11 ~ FPSO Completion               |

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

(\*1) The Company has signed a contract with Korea Gas Corporation for natural gas supply for 20 years.

- 13) As of June 30, 2020, details of construction contracts about the subsidiaries of SK E&S Co., Ltd. are as follows (Korean won in millions):

| Description of contract             | Name of subsidiaries           | Contract opponent                                | Term of contract  | Amount   |
|-------------------------------------|--------------------------------|--|-------------------|----------|
| Contract for heat piping and others | Narae Energy Service Co., Ltd. | Eulmyo general construction Co., Ltd. and others | 2018.09 ~ 2021.04 | ₩ 10,257 |

- 14) As of June 30, 2020, details of material contracts of resource development by the subsidiaries of SK E&S Co., Ltd. are as follows (Foreign currencies in thousands):

| Description of contract              | Name of subsidiaries       | Counterparty                     | Equity ownership |
|--------------------------------------|----------------------------|----------------------------------|------------------|
| Barossa-Caldita, Australia gas field | SK E&S Australia Pty. Ltd. | Santos NA Barossa Pty. Ltd. (*1) | 37.5%            |
| Woodford, USA gas field              | Dew Blaine Energy, LLC     | Continental Resources, Inc.      | 49.9%            |

(\*1) As Santos NA Barossa Pty. Ltd. purchased the entire shares in Barossa-Caldita Australia gas field of ConocoPhillips Company on May 28, 2020, the name of the counterparty changed from ConocoPhillips Company to Santos NA Barossa Pty. Ltd.

- 15) SK Incheon Perochemical Co., Ltd., one of subsidiaries, securitized ₩138,000 million of SK Incheon Petrochemical Co., Ltd.'s trusts accounts receivable for SK Energy Co., Ltd. and SK Global Chemical Co., Ltd., the other subsidiaries of the Group, to Industrial Bank of Korea. IPC Limited Company 1, which underwrites the first right to benefit issued by Industrial Bank of Korea, issues securitized commercial paper.
- 16) SK Energy Co., Ltd. and SK Incheon Petrochemical Co., Ltd., subsidiaries of the Group, pay electricity and customs through credit cards and B2B corporate purchase agreements made with some financial institutions. They make payments to the credit card company at the end of the payment date based on the agreement. As of June 30, 2020, the payables amount ₩710,874 million related to those.
- 17) SK Telecom Co., Ltd., a subsidiary of the Group, sells its mobile handsets to customers on an installment payment plan through agents. SK Telecom Co., Ltd. entered into transfer agreements with the agents for the receivables of handset's installment payments, under which all the rights and obligations of the receivables are transferred to SK Telecom Co., Ltd. Then, SK Telecom Co., Ltd. entered into an asset securitization contract with a special purpose company for the receivables, and accordingly, the balance of the receivables as of the end of the current reporting period is ₩464,225 million which is recorded as other receivables and long-term other receivables.
- 18) As of June 30, 2020, SK Materials Co., Ltd., a subsidiary, has a shareholders' agreement with Showa Denko K.K in respect to an investment in SK Showa Denko Co., Ltd., a subsidiary. Under this agreement, Showa Denko K.K holds a right to sell 630,000 shares (15%) of interests in SK Showa Denko Co., Ltd. at a par value of ₩5,000 to SK Materials Co., Ltd.
- 19) SK Air Gas Co., Ltd., a subsidiary, transferred trade receivables from SK Energy Co., Ltd. and SKC Co., Ltd. to trust account of Korea Development Bank in September 2018. In the same year, SK Materials Co., Ltd. entered into trade receivables securitization contract with Korea Development Bank in which ABCP is issued at par value of ₩25,000 million on a three-month basis based on type 1 beneficiary certificate. As of June 30, 2020 and December 31 2019, trade receivables transferred to trust account are ₩2,698 million and ₩3,938 million, respectively.

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

20) SK Air Gas Co., Ltd., a subsidiary, trusted the trade receivable that may incur from project, of which the investment was in progress in September 2017, to the trust account of Hana Bank. With this trusted amount as collateral, SK Materials Co., Ltd. entered into borrowing commitment for the facility for up to ₩120,000 million. As of June 30, 2020 and December 31, 2019, trade receivables that transferred to trust account are ₩9,655 million and ₩5,800 million, respectively.

(5) Hybrid bonds

Details of hybrid bonds as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

| Issue segment          | Description                  | Issue date | Maturity date (*1) | Interest rate (%) (*2) | June 30, 2020 | December 31, 2019 |
|------------------------|------------------------------|------------|--------------------|------------------------|---------------|-------------------|
| Group of SK Innovation | 1st private equity bond type | 2019.03.15 | 2049.03.15         | 4.20                   | ₩ 600,000     | ₩ 600,000         |
| Group of SK Telecom    | 2-1 private equity bond type | 2018.06.07 | 2078.06.07         | 3.70                   | 300,000       | 300,000           |
|                        | 2-2 private equity bond type | 2018.06.07 | 2078.06.07         | 3.65                   | 100,000       | 100,000           |
| Group of SK E&S        | 1-1 Korean currency type     | 2015.07.15 | 2045.07.15         | 3.90                   | 270,000       | 270,000           |
|                        | 1-2 Korean currency type     | 2015.07.15 | 2045.07.15         | 3.85                   | 130,000       | 130,000           |
|                        | 2nd Korean currency type     | 2019.10.11 | 2049.10.11         | 3.30                   | 330,000       | 330,000           |

(\*1) The issuing company may decide on early repayment and extension of maturity date when certain period is lapsed.

(\*2) After a certain period has elapsed from the issue date, the interest rate will fluctuate in accordance with the contract.

(6) Others

As of June 30, 2020, 61 notes (including 58 blank notes) and 52 blank checks are provided to financial institutions as collateral for borrowings.

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**32. Pledged assets**

The following assets were pledged as collateral for the Group's borrowings and others as of June 30, 2020 (Korean won in millions and foreign currencies in thousands):

| <u>Company</u>  | <u>Asset</u>                             | <u>Currency</u> | <u>Collateralized amount (*1)</u> | <u>Provided to</u>                                    | <u>Description</u>                      |
|---|--|-----------------|-----------------------------------|---|---|
| SK Innovation Co., Ltd.   | Investments in associates                | KRW             | -                                 | Yemen LNG Company and others                          | Collateral for project financing        |
| SK Incheon Perochemical Co., Ltd.   | Property, plant and equipment            | KRW             | 30,000                            | Korea Development Bank                                | Collateral for borrowing                |
| Netruck Co., Ltd.   | Property, plant and equipment            | KRW             | 4,500                             | Shinhan Bank  | Collateral for borrowing                |
| SK Broadband Co., Ltd.  | Property, plant and equipment            | KRW             | 3,968                             | Lessor  | Restricted real rights for office lease |
| Incross Co., Ltd.   | Financial instruction                    | KRW             | 18,902                            | Naver Co., Ltd. and others                            | Performance guarantees for contract     |
| SK Networks Co., Ltd.   | Property, plant and equipment and others | KRW             | 491,100                           | Korea Development Bank and others                     | Collateral for sales and others         |
| SK Magic Co., Ltd.  | Property, plant and equipment            | KRW             | 123,500                           | Korea Development Bank and others                     | Collateral for borrowing                |
| SK Rent-a-Car Co., Ltd.   | Property, plant and equipment            | KRW             | 483,171                           | Korea Development Bank and others                     | Collateral for borrowing                |
| SK Bioland Co., Ltd.  | Property, plant and equipment            | KRW             | 40,500                            | Korea Development Bank                                | Collateral for borrowing                |
| SK Telesys Co., Ltd.  | Property, plant and equipment            | KRW             | 19,500                            | KDB Capital Corporation and others                    | Collateral for borrowing                |
| SKC Solmics Co., Ltd.   | Property, plant and equipment            | KRW             | 72,100                            | Korea Development Bank and others                     | Collateral for borrowing                |
| Woori Fine Chem Co., Ltd.   | Property, plant and equipment            | KRW             | 6,480                             | Kookmin Bank and others                               | Collateral for borrowing                |
| SKCFTH Co., Ltd.  | Investment securities and others         | KRW             | 690,000                           | Korea Development Bank and others                     | Collateral for borrowing                |
| SK Nexilis Co., Ltd. (Formerly, KCF Technologies Co., Ltd.)               | Property, plant and equipment            | KRW             | 396,000                           | Korea Development Bank and others                     | Collateral for borrowing                |
| SK PICGlobal Co., Ltd.  | Property, plant and equipment and others | KRW             | 120,000                           | Standed Chartered Bank and others                     | Collateral for borrowing                |
| SKC, Inc.   | Property, plant and equipment            | USD             | 70,000                            | Standed Chartered Bank                                | Collateral for borrowing                |
| SK E&S Co., Ltd.  | Investments in associates                | KRW             | 9,167                             | Shinhan Bank and others                               | Collateral for PF                       |
|   | Investments in joint ventures            | KRW             | 135,000                           | Woori Bank and others                                 | Collateral for PF                       |
| Kangwon City Gas Co., Ltd.  | Property, plant and equipment            | KRW             | 11,710                            | Korea Development Bank                                | Collateral for borrowing                |
| Pusan City Gas Co., Ltd.  | Investment property                      | KRW             | 3,990                             | Megamart and others                                   | Leasehold deposits                      |
| Paju Energy Service Co., Ltd.   | Property, plant and equipment            | KRW             | 360,000                           | Kookmin Bank and others                               | Collateral for borrowing                |
| Chonnam City Gas Co., Ltd.  | Property, plant and equipment            | KRW             | 81                                | CJ Hello Vision Ara Broadcasting Co., Ltd. and others | Collateral for deposits received        |
| Narae Energy Service Co., Ltd. (formerly, Wirye Energy Service Co., Ltd.) | Property, plant and equipment and others | KRW             | 589,000                           | Kookmin Bank and others                               | Collateral for borrowing                |
|   | Financial instruction                    | KRW             | 3,541                             | Hana Bank   | Collateral for guarantees of payment    |
| SK Engineering & Construction Co., Ltd.                                   | Investment securities and others         | KRW             | 391,781                           | Korea Housing Guarantee Co., Ltd. and others          | Collateral for borrowing and others     |
|   | Investment property                      | KRW             | 142,000                           | Kookmin Bank and others                               | Collateral for borrowing                |
| SK China Company, Ltd.  | Others                                   | USD             | 33,392                            | Shinhan Bank and others                               | Collateral for borrowing                |
| SK Industrial Development China Co., Ltd.                                 | Others                                   | CNY             | 2,000,000                         | Bank of China communications                          | Collateral for borrowing                |
| SK Materials Co., Ltd.  | Property, plant and equipment            | KRW             | 13,585                            | LG Display Co., Ltd.                                  | Collateral for advances received        |
|   |  | KRW             | 137,000                           | Korea Development Bank                                | Collateral for borrowing                |
|   |  | USD             | 3,500                             | Korea Development Bank                                | Collateral for borrowing                |
|   |  | JPY             | 3,690,000                         | Korea Development Bank                                | Collateral for borrowing                |
|   |  | KRW             | 1,668                             | Yeongju city and Gyeongsang Buk-do                    | Government subsidy                      |
| SK Materials Japan Co., Ltd.  | Property, plant and equipment            | JPY             | 315,000                           | MUFG Bank   | Collateral for borrowing                |
| SK Airgas Co., Ltd.   | Property, plant and equipment and others | KRW             | 821,653                           | Kyungnam Bank and others                              | Collateral for borrowing                |
| SK Showa Denko Co., Ltd.  | Property, plant and equipment            | KRW             | 8,400                             | Korea Development Bank                                | Collateral for borrowing                |
| SK Siltron Co., Ltd.  | Property, plant and equipment and others | KRW             | 303,642                           | Korea Development Bank and others                     | Collateral for borrowing                |

(\*1) The carrying amount of investment securities provided as collaterals for PF loans and facility borrowings are included.

Life & Security Holdings Co., Ltd., a subsidiary, provides its shares in ADT Caps Co., Ltd., Capstec Co., Ltd. and ADT Security Co., Ltd. as collateral for its long-term borrowing of ₩1,900,000 million.

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**33. Guarantees provided among the Group entities**

Guarantees provided among the Group entities as of June 30, 2020 are as follows (Korean won in millions and foreign currencies in thousands):

| Guarantor                               | Guarantee  | Currency | Amount    | Description of guarantee                                |
|---|--|----------|-----------|---|
| SK Holdings Co., Ltd.                   | Abrasax Investment Inc.  | USD      | 315,000   | Guarantee of debt                                       |
|   | Hudson Energy NY, LLC  | USD      | 226,000   | Guarantee of debt                                       |
| SK Innovation Co., Ltd.                 | SK E&P America, Inc.   | USD      | 70,000    | Guarantee of debt                                       |
|   | SK Battery America, Inc.   | USD      | 670,000   | Guarantee of debt                                       |
|   | SK Battery Hungary Kft.  | USD      | 310,000   | Guarantee of debt                                       |
|   |  | HUF      | 9,810,000 | Guarantee of local factory construction                 |
|   |  | EUR      | 20,000    | Guarantee of debt                                       |
|   | SK Hi-tech Battery Materials (Jiangsu) Co., Ltd.                 | USD      | 50,000    | Guarantee of debt                                       |
|   | SK Hi-Tech Battery Materials Poland Sp. Zo.o.                    | CNY      | 500,000   | Guarantee of debt                                       |
|   |  | USD      | 130,000   | Guarantee of debt                                       |
|   | SK Battery Manufacturing Kft.                                    | USD      | 200,000   | Guarantee of debt                                       |
|   |  | EUR      | 310,000   | Guarantee of debt                                       |
| SK Global Chemical Co., Ltd.            | SK Ningbo Performance Rubber Co., Ltd.                           | USD      | 14,000    | Guarantee of payment for license agreement              |
|   | SK Global Chemical Americas, Inc.                                | USD      | 190,000   | Guarantee of payment for principal of debt              |
|   | SK Functional Polymer, S.A.S                                     | EUR      | 216,000   | Guarantee of payment for principal of debt              |
| SK Telink Co., Ltd.                     | ADT Caps Co., Ltd.   | KRW      | 1         | Performance guarantees for insurance and others         |
| SK Networks Co., Ltd.                   | SK Networks Deutschland GmbH                                     | EUR      | 16,000    | Standing surety for investee                            |
|   | SK Networks Hong Kong Ltd.                                       | USD      | 129,600   | Standing surety for investee                            |
|   | SK Networks (Shanghai) Co., Ltd.                                 | USD      | 72,900    | Standing surety for investee                            |
|   |  | CNY      | 54,000    | Standing surety for investee                            |
|   | SK Networks Japan Co., Ltd.                                      | JPY      | 500,000   | Standing surety for investee                            |
|   | SK Networks America, Inc.  | USD      | 20,000    | Standing surety for investee                            |
|   | SK (Guangzhou) Metal Co., Ltd.                                   | CNY      | 50,000    | Standing surety for investee                            |
|   | SK Networks (Xiamen) Steel Processing Center Co., Ltd.           | CNY      | 68,000    | Standing surety for investee                            |
|   | PT. SK Networks Indonesia  | USD      | 1,500     | Standing surety for investee                            |
|   | SK Networks Resources Australia Pty. Ltd.                        | AUD      | 35,000    | Standing surety for investee                            |
| SKN (China) Holdings Co., Ltd.          | Shenyang SK Bus Terminal Co., Ltd.                               | CNY      | 89,350    | Guarantee of deposit                                    |
| SKC Co., Ltd.                           | SKC, Inc.  | USD      | 133,000   | Guarantee of payment                                    |
|   | SKC (Jiangsu) High Tech Plastics Co., Ltd.                       | USD      | 69,603    | Guarantee of payment                                    |
|   |  | CNY      | 306,000   | Guarantee of payment                                    |
|   | SK Telesys Co., Ltd.   | KRW      | 30,000    | Guarantee of financial obligation                       |
|   | SKC (Natong) PU Specialty Co., Ltd.                              | CNY      | 151,200   | Guarantee of payment                                    |
|   | SKC (Natong) Semiconductor Materials Technology Co., Ltd.        | CNY      | 65,000    | Guarantee of payment                                    |
|   |  | USD      | 31,500    | Guarantee of payment                                    |
| SK Bioland Co., Ltd.                    | Bioland Haimen Co., Ltd.   | CNY      | 192,900   | Guarantee of payment                                    |
| SKC Hi-Tech & Marketing Co., Ltd.       | SKC Hi-Tech&Marketing (Suzhou) Co., Ltd.                         | CNY      | 106,400   | Guarantee of debt                                       |
| SK E&S Co., Ltd.                        | Callip GAS Marketing, LLC  | USD      | 116,000   | Guarantee for derivative hedge and others               |
|   | SK E&S Australia Pty. Ltd.                                       | USD      | 90,000    | Guarantee of debt and others                            |
|   | Paju Energy Service Co., Ltd.                                    | KRW      | 500,000   | Guarantee of debt and others                            |
|   | Narae Energy Service Co., Ltd. (formerly, Wiryee Energy Service) | KRW      | 250,000   | Guarantee of debt and others                            |
|   | Prism Energy International Pte. Ltd.                             | USD      | 480,000   | Guarantee for derivative hedge                          |
|   | SK E&S LNG, LLC  | USD      | 63,000    | Guarantee for derivative hedge and others               |
| SK E&S Americas, Inc.                   | SK E&S LNG, LLC  | USD      | 9,342     | Performance guarantee for LPG injection                 |
|   | Callip Gas Marketing, LLC  | USD      | 25,000    | Performance guarantee for purchase contract of Feed Gas |
| SK Engineering & Construction Co., Ltd. | SKEC Anadolu LLC   | EUR      | 99,912    | Performance guarantees for contract and others          |
|   |  | TRY      | 25,077    | Guarantee of W/H Tax                                    |
|   | Silvertown Investco Limited.                                     | GBP      | 11,599    | Guarantee of financial obligation                       |
|   | Sunlake Co., Ltd.  | CAD      | 6,000     | Guarantee of financial obligation                       |
| SK Materials Co., Ltd.                  | SK Materials Jiangsu Co., Ltd.                                   | USD      | 45,000    | Guarantee of debt                                       |
|   | SK Materials Taiwan Co., Ltd.                                    | USD      | 5,000     | Guarantee of debt                                       |
|   | SK Materials Japan Co., Ltd.                                     | JPY      | 276,000   | Guarantee of debt                                       |
| SK China Company, Ltd.                  | SK (Beijing) auto rental Co., Ltd.                               | USD      | 12,713    | Guarantee of debt                                       |
|   | SK (Shenyang) auto rental Co., Ltd.                              | USD      | 9,888     | Guarantee of debt                                       |
|   | SK Rent-A-Car (Qingdao) Co., Ltd.                                | USD      | 8,673     | Guarantee of debt                                       |
|   | SK Financial Leasing   | USD      | 2,119     | Guarantee of debt                                       |
| SK Biotek Co., Ltd.                     | SK Biotek Ireland Limited.                                       | USD      | 50,000    | Guarantee for credit limit                              |
|   |  | EUR      | 10,000    | Performance guarantees                                  |

### **34. Financial risk management**

Regarding financial instruments, the Group is exposed to a variety of financial risks: credit, liquidity and market. This note presents information related to risk exposures of the Group and the main objective, strategy, evaluation of risk, management process and capital management. Additional quantitative information is stated throughout the interim condensed consolidated financial statements.

#### **34.1 Financial risk management**

##### **34.1.1 Risk management activities**

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The risk management committee reports regularly to the board of directors on its activities. The Group audit committee is assisted in its oversight role by internal audit.

Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group audit committee. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

##### **34.1.2 Credit risk**

Credit risk is the risk of financial loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In addition, the maximum exposure to credit risk as of June 30, 2020 and December 31, 2019 is as follows (Korean won in millions):

|   | <u>June 30, 2020</u> | <u>December 31, 2019</u> |
|---|----------------------|--------------------------|
| Financial assets measured at FVTPL            | ₩ 6,366,016          | ₩ 5,164,770              |
| Financial assets measured at FVOCI            | 20,217               | 24,047                   |
| Financial assets measured at amortized cost   | 23,935,525           | 22,034,353               |
| Derivatives designated as hedging instruments | 433,810              | 178,446                  |
|   | <u>₩ 30,755,568</u>  | <u>₩ 27,401,616</u>      |

The Group has provided payment guarantees for others including related parties, associates and others. The Group, due to its payment guarantees, is exposed to credit risk (see Note 31).

##### **34.1.2.1 Trade and other receivables**

The Group enters into transactions only with customers that are credit worthy. Credit quality of a customer is assessed based on an extensive credit rating scored and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and credit quality may be adjusted to reflect the appropriate appetite of credit risk in accordance with the Group's risk management policies.

The Group applies a simplification method that recognizes lifetime expected credit losses as a loss allowance for trade and other receivables. To measure expected credit losses, sales receivables and contract assets were divided based on credit risk characteristics and past due dates

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**34.1.2.2 Guarantee**

SK Engineering & Construction Co., Ltd., one of the subsidiaries, offers payment guarantees for loans of project financing. The financing liabilities related to the payment guarantees recognized are ₩ 13,847 million as of June 30, 2020. The Group recognizes the financial guarantee liabilities related to the payment guarantees contracted with the Group, such as SK Engineering & Construction Co., Ltd., as of June 30, 2020 and December 31, 2019.

|   | June 30, 2020   | December 31, 2019 |
|---|-----------------|-------------------|
| SK Innovation Co., Ltd.                 | ₩ 2,373         | ₩ 252             |
| SK Engineering & Construction Co., Ltd. | 13,847          | 15,006            |
| SK Biotek Co., Ltd.                     | 654             | 656               |
|   | <u>₩ 16,874</u> | <u>₩ 15,914</u>   |

In addition, the Group has provided payment guarantees for others, including subsidiaries and others. (see Notes 31 and 33).

### 34.1.2.3. 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 Group will be the same as the book value of the maximum applicable financial instruments. On the other hand, the management of the Group'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 Group.

### 34.1.3 Liquidity risk

Liquidity risk is the risk that the Group encounters difficulty in meeting the obligations of the financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The contractual maturity of financial liabilities as of June 30, 2020 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  |
|----------------------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|--------------------|
| Loans and borrowings             | ₩ 19,616,176        | ₩ 20,541,287          | ₩ 5,168,515         | ₩ 5,046,143         | ₩ 9,496,196         | ₩ 830,433          |
| Bonds                            | 30,384,137          | 33,318,797            | 1,017,776           | 3,684,871           | 21,560,996          | 7,055,154          |
| Derivative financial liabilities | 393,355             | 373,250               | 40,849              | 20,116              | 311,231             | 1,054              |
| Trade payables                   | 6,233,106           | 6,233,107             | 5,859,541           | 372,015             | 1,551               | -                  |
| Lease liabilities                | 4,062,226           | 4,346,268             | 177,867             | 955,243             | 2,510,064           | 703,094            |
| Other liabilities                | 9,443,124           | 10,146,204            | 7,086,995           | 1,504,228           | 1,141,093           | 413,888            |
|                                  | <u>₩ 70,132,124</u> | <u>₩ 74,958,913</u>   | <u>₩ 19,351,543</u> | <u>₩ 11,582,616</u> | <u>₩ 35,021,131</u> | <u>₩ 9,003,623</u> |

### 34.1.4 Market risk

Market risk is the fluctuating risk in fair value of the financial instruments or future cash flows caused by the changes in market price. Market risk consists of currency risk, interest rate risk, crude oil and petroleum product price risk, and others. The fundamental goal of market price management is the maximization of the profit and the limit of the exposure to market risk within an acceptable level. The Group sells and purchases financial derivatives and financial instruments or financial liabilities for the purpose of controlling the market risk. In general, the Group applies hedge accounting in order to minimize the volatility of profit.

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**34.1.4.1 Currency risk**

The Group is exposed to foreign currency risk arising from sales and purchases denominated in currencies other than functional currency. Main currencies used for these transactions are USD, JPY, CNY and EUR.

Details of foreign currencies and liabilities as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions and foreign currencies in thousands):

|             | Currency | June 30, 2020      |                       | December 31, 2019  |                       |
|-------------|----------|--------------------|-----------------------|--------------------|-----------------------|
|             |          | Foreign currencies | Korean won equivalent | Foreign currencies | Korean won equivalent |
| Assets      | USD      | 8,676,280          | ₩ 10,417,609          | 6,397,693          | ₩ 7,407,249           |
|             | JPY      | 18,733,344         | 209,073               | 15,334,962         | 163,083               |
|             | CNY      | 1,360,776          | 230,869               | 2,740,998          | 454,293               |
|             | EUR      | 634,521            | 856,724               | 183,935            | 238,642               |
|             | Others   |                    | 807,245               |                    | 332,025               |
|             |          |                    | <u>₩ 12,521,520</u>   |                    | <u>₩ 8,595,292</u>    |
| Liabilities | USD      | 8,901,808          | ₩ 10,688,401          | 9,848,768          | ₩ 11,402,904          |
|             | JPY      | 8,361,426          | 93,318                | 5,273,049          | 56,077                |
|             | CNY      | 2,421,595          | 410,848               | 1,968,261          | 326,220               |
|             | EUR      | 375,729            | 507,306               | 207,774            | 269,572               |
|             | Others   |                    | 636,230               |                    | 535,864               |
|             |          |                    | <u>₩ 12,336,103</u>   |                    | <u>₩ 12,590,637</u>   |

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

| Currency | June 30, 2020   |                 | December 31, 2019 |                 |
|----------|-----------------|-----------------|-------------------|-----------------|
|          | Increase by 10% | Decrease by 10% | Increase by 10%   | Decrease by 10% |
| USD      | ₩ (27,079)      | ₩ 27,079        | ₩ (399,566)       | ₩ 399,566       |
| JPY      | 11,576          | (11,576)        | 10,701            | (10,701)        |
| CNY      | (17,998)        | 17,998          | 12,807            | (12,807)        |
| EUR      | 34,942          | (34,942)        | (3,093)           | 3,093           |

The Group is hedging currency risk by using derivative financial instruments such as currency swaps, currency forwards and others (See Note 19).

**34.1.4.2 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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group's management has entered into the foreign currency swap and interest rate swap contracts to manage its interest rate risk (see Note 19).

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### 34.2 Capital risk management

The fundamental goal of capital management is to keep a sound financial structure. The Group is using the debt ratio, calculated as total debt divided by total amount of capital, as an indicator of capital management. The Group maintains a debt ratio of 155.9% as of June 30, 2020. The maturity of the debt is dispersed in the long term; so, debt-repayments are not demanding.

The Group's debt ratio as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

|                   | June 30, 2020 | December 31, 2019 |
|-------------------|---------------|-------------------|
| Total liabilities | ₩ 82,919,328  | ₩ 79,838,041      |
| Total equity      | 53,187,670    | 52,182,635        |
| Debt ratio        | 155.9%        | 153.0%            |

### 35. Business combination

As of June 30, 2020, details of business combination are as follows.

#### (1) General information

SKC Co., Ltd., a subsidiary of the Group, gained control by acquiring 100% of shares in KCF Technologies Co., Ltd. on January 1, 2020, the deemed acquisition date, through SKCFT Holdings Co., Ltd. With control of KCF Technologies Co., Ltd., the Group expects to be able to enter and expand into a scalable mobility business.

SK Siltron Co., Ltd., a subsidiary of the Group, decided to purchase the SiC Wafer business unit of DDP Specialty Electronic Materials US 9, LLC, a subsidiary of DuPont de Nemour Inc., on September 10, 2019 to strengthen its business portfolio through new advancement into the material industry, and completed the transfer of its business unit on February 29, 2020.

On October 14, 2019, SK Global Chemical Co., Ltd., subsidiary of the Group, decided to acquire French functional polymer businesses and related tangible/intangible assets owned by Arkema France SA in accordance with the resolution of the board of directors, and completed the acquisition during the six months ended June 30, 2020. From the acquisition above, the Group expects to diversify its product portfolio in high value-added packaging field.

On April 30, 2020, SK Broadband Co., Ltd. merged with Tbroad Co., Ltd., Tbroad Dongdaemun Broadcasting Co., Ltd. and Korea Digital Cable Media Center Co., Ltd for an improved competitiveness and synergetic effect and to become a comprehensive media business. The consideration transferred for the business combination was calculated at fair value as of the date of merger of the shares granted according to the merger ratio.

SK Telecom Co., Ltd., a subsidiary of the Group, gained control by acquiring 55% (627,000 shares) of Tbroad Nowon Broadcasting Co., Ltd. and changed its name from Tbroad Nowon Broadcasting Co., Ltd. to Broadband Nowon Broadcasting Co., Ltd. The consideration transferred for the business combination of ₩10,421 million was all paid in cash, and the difference between the fair value of identifiable net asset and the consideration transferred of ₩73.3 million was fully recognized as gain on bargain purchase.

The above business combinations occurred for the six months ended June 30, 2020, were accounted for using the acquisition method, and the consolidated financial statements include the financial performance of the acquiree from the acquisition date to June 30, 2020.

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**35. Business combination (cont'd)**

(2) Identifiable assets acquired and liabilities assumed

1) Identifiable assets acquired and liabilities assumed due to merger are as follows (Korean won in millions):

|  | KCF Technologies<br>Co., Ltd. | SiC Wafer<br>business | Arkema France SA's<br>functional polymer<br>business | Tbroad Co., Ltd.<br>and others | Tbroad Co., Ltd.<br>Nowon<br>Broadcasting |
|--|-------------------------------|-----------------------|--|--------------------------------|---|
| <b>Assets:</b>                               |                               |                       |  |                                |   |
| Cash and cash equivalents                    | ₩ 33,943                      | ₩ -                   | ₩ -  | ₩ 110,644                      | ₩ 18,106                                  |
| Trade and other receivables                  | 57,445                        | -                     | 22,744   | 66,241                         | 1,122                                     |
| Inventories                                  | 40,938                        | 11,297                | 60,262   | -                              | -   |
| Property, plant and equipment                | 250,175                       | 22,318                | 41,483   | 237,348                        | 1,705                                     |
| Right-of-use assets                          | 1,252                         | 67,517                | -  | 8,306                          | 79  |
| Intangible assets                            | 390,409                       | -                     | 81,850   | 424,267                        | 360                                       |
| Other assets                                 | 6,795                         | -                     | -  | 73,500                         | 595                                       |
| <b>Liabilities:</b>                          |                               |                       |  |                                |   |
| Trade and other payables                     | 66,220                        | -                     | -  | 105,179                        | 1,351                                     |
| Borrowing liabilities                        | 176,295                       | -                     | -  | -                              | -   |
| Lease liabilities                            | 1,383                         | 67,517                | -  | 8,307                          | 71  |
| Current tax liabilities                      | 6,738                         | -                     | -  | 11,896                         | -   |
| Deferred tax liabilities                     | 89,990                        | -                     | -  | 84,150                         | -   |
| Defined benefit liabilities                  | 1,371                         | -                     | 2,891  | 30                             | -   |
| Other non-current liabilities                | 555                           | -                     | 3,357  | 11,777                         | 265                                       |
| <b>Fair value of identifiable net assets</b> | <b>₩ 438,405</b>              | <b>₩ 33,615</b>       | <b>₩ 200,091</b>                                     | <b>₩ 698,967</b>               | <b>₩ 20,280</b>                           |

As of June 30, 2020, the fair value of the assets acquired and liabilities assumed was determined tentatively because independent valuation was not completed.

3) Goodwill arising from business combination is as follows (Korean won in millions):

|  | KCF Technologies<br>Co., Ltd. | SiC Wafer<br>business | Arkema France SA's<br>functional polymer<br>business | Tbroad Co., Ltd.<br>and others | Tbroad Co., Ltd.<br>Nowon<br>Broadcasting |
|--|-------------------------------|-----------------------|--|--------------------------------|---|
| <b>a. The total consideration transferred</b>                      | ₩ 1,190,000                   | ₩ 549,250             | ₩ 450,004  | ₩ 862,147                      | ₩ 10,421                                  |
| <b>b. Fair value of proportionate share of acquired net assets</b> |                               |                       |  |                                |   |
| Fair value of the net identifiable assets                          | 438,405                       | 33,615                | 200,091  | 698,967                        | 20,280                                    |
| Non-controlling Interests  | -                             | -                     | -  | -                              | (9,126)                                   |
| <b>b. Goodwill (c=a-b)</b>   | <b>751,595</b>                | <b>515,635</b>        | <b>249,913</b>                                       | <b>163,180</b>                 | <b>(733)</b>                              |

### **36. Subsequent events**

#### **36.1 Interim dividend payment of SK Holdings Co., Ltd.**

SK Holdings Co., Ltd. declared to pay interim dividend in accordance with the board's resolution on July 21, 2020 as follows:

|                                   | Details   |
|-----------------------------------|---|
| Amount of interim dividend        | ₩ 1,000 per share (total amount of dividend: ₩ 52,869 millions)               |
| Ratio of dividend to market value | 0.3% (ordinary shares), 0.3% (preferred shares)                               |
| Basic date for dividend           | June 30, 2020   |
| Date of dividend payment          | Within one month from the resolution date by Commercial Act Article 464-2 (1) |

#### **36.2 Interim dividend payment of SK Telecom Co., Ltd.**

SK Telecom Co., Ltd. declared to pay interim dividend in accordance with the board's resolution on July 21, 2020 as follows:

|                                   | Details   |
|-----------------------------------|---|
| Amount of interim dividend        | ₩ 1,000 per share (total amount of dividend: ₩ 73,136 millions)               |
| Ratio of dividend to market value | 0.5%  |
| Basic date for dividend           | June 30, 2020   |
| Date of dividend payment          | Within one month from the resolution date by Commercial Act Article 464-2 (1) |

#### **36.3 Acquisition of treasury stock of SK Materials Co., Ltd.**

SK Materials Co., Ltd., a subsidiary of the Group, decided to acquire treasury stock to enhance shareholder value through stock price stabilization in accordance with the Board's resolution on July 16, 2020. The expected number of shares to be acquired is 530,000 common shares, and the expected date for completion of acquisition is October 16, 2020. SK Materials Co., Ltd. will hold the treasury stocks for more than six months from the date of final acquisition.