



SK Inc. and its subsidiaries

Interim condensed consolidated financial statements
for the three-month periods ended March 31, 2021 and 2020
with the independent auditor's report

Table of contents

Report on review of interim condensed consolidated financial statements	
Interim condensed consolidated financial statements	Page
Interim condensed consolidated statements of financial position	1
Interim condensed consolidated statements of comprehensive income	2
Interim condensed consolidated statements of changes in equity	3
Interim condensed consolidated statements of cash flows	5
Notes to the interim condensed consolidated financial statements	6

Independent auditors' report

Report on review of interim condensed consolidated financial statements

SK Inc. The Shareholders and Board of Directors

We have reviewed the accompanying interim condensed consolidated financial statements of SK Inc. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the interim condensed consolidated statement of financial position as of March 31, 2021, and the related interim condensed consolidated statements of comprehensive income, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows for the three-month periods ended March 31, 2021 and 2020, 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 matters

We have audited the consolidated statement of financial position of the Group as of December 31, 2020, 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 12, 2021 expressed an unqualified opinion thereon. The accompanying consolidated statement of financial position as of December 31, 2020, presented for comparative purposes, is not different, in all material respects, from the above audited consolidated statement of financial position.



May 14, 2021

This review report is effective as of May 14, 2021, 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 Inc. and its subsidiaries

Interim condensed consolidated financial statements
for the three-month periods ended March 31, 2021 and 2020

“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, Sungha Park
Chief Executive Officers
SK Inc.

SK Inc. and its subsidiaries
Interim condensed consolidated statements of financial position
as of March 31, 2021 and December 31, 2020

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

Notes	Korean won		Translation into U.S. dollar (Note 2)		
	March 31, 2021 (Unaudited)	December 31, 2020	March 31, 2021 (Unaudited)	December 31, 2020	
Assets					
Current assets:					
Cash and cash equivalents	5	₩ 11,964,945	₩ 10,096,940	\$ 10,555,752	\$ 8,907,755
Short-term financial instruments	5, 32	3,995,607	4,483,815	3,525,017	3,955,726
Trade receivables, net	5, 6, 27, 32, 34	10,036,306	8,871,416	8,854,262	7,826,569
Other receivables, net	5, 27, 31, 34	1,999,906	1,631,908	1,764,363	1,439,707
Inventories, net	7, 32	7,448,864	6,179,497	6,571,561	5,451,696
Short-term investment securities	5, 8, 32, 34	111,084	150,669	98,001	132,924
Other current assets	5, 18, 19, 32, 34	4,988,316	4,673,707	4,400,808	4,123,253
Assets held for sale	29	1,792,045	1,964,345	1,580,984	1,732,991
Total current assets		42,337,073	38,052,297	37,350,748	33,570,621
Non-current assets:					
Long-term financial instruments	5, 32	14,214	13,708	12,540	12,094
Long-term trade receivables, net	5, 6, 27, 34	283,521	274,789	250,129	242,425
Long-term other receivables, net	5, 27, 31, 34	300,299	341,099	264,931	300,925
Long-term investment securities	5, 8, 32, 34	4,894,050	4,356,009	4,317,644	3,842,972
Investments in associates and joint ventures	9, 32	22,983,607	20,809,118	20,276,671	18,358,287
Property, plant and equipment, net	10, 32	47,747,133	45,910,624	42,123,629	40,503,418
Right-of-use assets, net	11	5,055,236	6,178,480	4,459,846	5,450,798
Investment properties, net	12, 32	569,241	570,554	502,198	503,356
Goodwill	13	5,252,468	4,755,455	4,633,849	4,195,373
Intangible assets, net	14	11,099,561	11,904,440	9,792,290	10,502,373
Deferred tax assets		1,301,303	1,165,308	1,148,040	1,028,062
Other non-current assets	5, 18, 19, 27, 34	3,427,547	3,306,496	3,023,861	2,917,066
Total non-current assets		102,928,180	99,586,080	90,805,628	87,857,149
Total assets		₩ 145,265,253	₩ 137,638,377	\$ 128,156,376	\$ 121,427,770
Liabilities and equity					
Liabilities					
Current liabilities:					
Short-term borrowings	5, 15, 34	₩ 6,554,276	₩ 6,201,430	\$ 5,782,334	\$ 5,471,045
Trade payables	5, 27, 34	7,951,542	6,061,576	7,015,035	5,347,663
Other payables	5, 27, 34	5,336,212	5,727,171	4,707,730	5,052,643
Provisions	16	635,532	634,979	560,681	560,193
Current portion of long-term debt	5, 15, 34	6,695,941	6,216,778	5,907,315	5,484,586
Other current liabilities	5, 18, 19	12,125,532	12,075,462	10,697,426	10,653,253
Liabilities held for sale	29	150,302	295,301	132,600	260,521
Total current liabilities		39,449,337	37,212,697	34,803,121	32,829,904
Non-current liabilities:					
Bonds payable and long-term borrowings	5, 15, 34	40,137,546	36,843,510	35,410,274	32,504,199
Long-term trade payables	5, 27, 34	274	712	242	628
Long-term other payables	5, 34	1,511,402	1,168,784	1,333,394	1,031,128
Defined benefit liabilities	17	571,518	436,965	504,206	385,501
Provisions	16	284,475	302,422	250,970	266,804
Deferred tax liabilities		4,583,281	4,542,659	4,043,477	4,007,639
Other non-current liabilities	5, 18, 19, 27, 34	5,153,237	5,270,710	4,546,305	4,649,943
Total non-current liabilities		52,241,733	48,565,762	46,088,868	42,845,842
Total liabilities		91,691,070	85,778,459	80,891,989	75,675,746
Equity					
Equity attributable to owners of the parent:					
Issued capital	1, 20	15,385	15,385	13,573	13,573
Other paid-in capital	20	6,319,357	5,250,146	5,575,083	4,631,801
Retained earnings	20	12,403,078	12,496,676	10,942,283	11,024,858
Other components of equity	20	181,106	(327,163)	159,776	(288,631)
Total equity attributable to owners of the parent		18,918,926	17,435,044	16,690,715	15,381,601
Non-controlling interests		34,655,257	34,424,874	30,573,672	30,370,423
Total equity		53,574,183	51,859,918	47,264,387	45,752,024
Total liabilities and equity		₩ 145,265,253	₩ 137,638,377	\$ 128,156,376	\$ 121,427,770

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

SK Inc. and its subsidiaries
Interim condensed consolidated statements of comprehensive income
for the three-month periods ended March 31, 2021 and 2020

(Korean won in millions and U.S. dollar in thousands, except for earnings per share)

	Notes	For the three-month period ended March 31			
		Korean won		Translation into U.S. dollar (Note 2)	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Sales	4, 27	₩ 22,249,844	₩ 23,468,552	\$ 19,629,329	\$ 20,704,501
Cost of sales	24, 27	19,357,187	23,076,485	17,077,360	20,358,610
Gross profit		2,892,657	392,067	2,551,969	345,891
Selling and administrative expenses	21, 24, 27	1,347,966	1,357,497	1,189,207	1,197,615
Operating profit (loss)	4	1,544,691	(965,430)	1,362,762	(851,724)
Finance income	22	897,691	2,621,647	791,964	2,312,878
Finance costs	22	1,271,176	2,963,150	1,121,461	2,614,160
Share of profit of associates and joint ventures, net	9	240,098	124,369	211,820	109,721
Other non-operating income	23	566,608	392,532	499,875	346,301
Other non-operating expenses	23	1,049,600	344,222	925,981	303,681
Profit (loss) from continuing operations before income tax expense	4	928,312	(1,134,254)	818,979	(1,000,665)
Income tax expense (benefit) from continuing operations	25	429,551	(314,387)	378,960	(277,359)
Profit (loss) for the period from continuing operations	4	498,761	(819,867)	440,019	(723,306)
Gain (loss) from discontinued operations	28	80,913	(13,412)	71,383	(11,832)
Profit (loss) for the period attributable to:		₩ 579,674	₩ (833,279)	\$ 511,402	\$ (735,138)
Owners of the parent		232,268	(188,336)	204,912	(166,154)
Non-controlling interests		347,406	(644,943)	306,490	(568,984)
Other comprehensive income (loss):					
Items not to be reclassified to profit or loss in subsequent periods (net of tax):					
Remeasurement loss on defined benefit plans		(29,999)	(43,733)	(26,466)	(38,582)
Net gain (loss) on valuation of financial assets measured at FVOCI		238,121	(76,462)	210,076	(67,457)
Items to be reclassified to profit or loss in subsequent periods (net of tax):					
Equity adjustments of investments in associates and joint ventures		181,368	144,386	160,007	127,381
Net gain (loss) on valuation of derivative instruments		(12,019)	36,370	(10,603)	32,086
Net gain (loss) on translation of foreign operations		565,554	762,685	498,945	672,858
		943,025	823,246	831,959	726,286
Total comprehensive income (loss) for the period attributable to:		₩ 1,522,699	₩ (10,033)	\$ 1,343,361	\$ (8,852)
Owners of the parent		732,336	261,848	646,084	231,008
Non-controlling interests		790,363	(271,881)	697,277	(239,860)
Earnings (loss) per share (Korean won and U.S. dollar):	26				
Basic earnings (loss) per share		₩ 4,424	₩ (3,612)	\$ 4	\$ (3)
Diluted earnings (loss) per share		4,417	(3,612)	4	(3)
Basic earnings (loss) per share from continuing operations		3,765	(3,468)	3	(3)
Diluted earnings (loss) per share from continuing operations		3,759	(3,468)	3	(3)

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

SK Inc. and its subsidiaries
Interim condensed consolidated statements of changes in equity
for the three-month periods ended March 31, 2021 and 2020
(Korean won in millions)

	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
	₩ 15,385	₩ 4,074,176	₩ 12,556,584	₩ 37,624	₩ 16,683,769	₩ 35,492,263	₩ 52,176,032
As of January 1, 2020							
Total comprehensive income:							
Profit (loss) for the period	-	-	(188,336)	-	(188,336)	(644,943)	(833,279)
Remeasurement loss on defined benefit plans	-	-	(19,944)	-	(19,944)	(23,789)	(43,733)
Net gain (loss) on valuation of financial assets measured at FVOCI	-	-	-	(30,599)	(30,599)	(45,863)	(76,462)
Equity adjustments of investments in associates and joint ventures	-	-	-	70,405	70,405	73,981	144,386
Net gain (loss) on valuation of derivative instruments	-	-	-	55,825	55,825	(19,455)	36,370
Net gain (loss) on translation of foreign operations	-	-	-	374,497	374,497	388,188	762,685
Transaction with shareholders:							
Dividends	-	-	(211,503)	-	(211,503)	(781,896)	(993,399)
Equity transactions within consolidated entities	-	347,549	-	-	347,549	(158,160)	189,389
Changes in the scope of consolidation	-	-	-	-	-	(7,504)	(7,504)
Others	-	(1)	(2)	-	(3)	(1,525)	(1,528)
As of March 31, 2020 (Unaudited)	₩ 15,385	₩ 4,421,724	₩ 12,136,799	₩ 507,752	₩ 17,081,660	₩ 34,271,297	₩ 51,352,957
As of January 1, 2021							
Total comprehensive loss:							
Profit (loss) for the period	-	-	232,268	-	232,268	347,406	579,674
Remeasurement loss on defined benefit plans	-	-	(12,140)	-	(12,140)	(17,859)	(29,999)
Net gain (loss) on valuation of financial assets measured at FVOCI	-	-	3,939	86,308	90,247	147,874	238,121
Equity adjustments of investments in associates and joint ventures	-	-	-	120,803	120,803	60,565	181,368
Net gain (loss) on valuation of derivative instruments	-	-	-	(16,299)	(16,299)	4,280	(12,019)
Net gain (loss) on translation of foreign operations	-	-	-	317,457	317,457	248,097	565,554
Transaction with shareholders:							
Dividends	-	-	(317,256)	-	(317,256)	(603,965)	(921,221)
Equity transactions within consolidated entities	-	1,069,239	-	-	1,069,239	15,186	1,084,425
Changes in the scope of consolidation	-	-	-	-	-	28,107	28,107
Others	-	(28)	(409)	-	(437)	692	255
As of March 31, 2021 (Unaudited)	₩ 15,385	₩ 6,319,357	₩ 12,403,078	₩ 181,106	₩ 18,918,926	₩ 34,655,257	₩ 53,574,183

SK Inc. and its subsidiaries
Interim condensed consolidated statements of changes in equity
for the three-month periods ended March 31, 2021 and 2020 (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
	\$	\$	\$	\$	\$	\$	\$
As of January 1, 2020	13,573	3,594,333	11,077,710	33,193	14,718,809	31,312,098	46,030,907
Total comprehensive income:							
Profit (loss) for the period	-	-	(166,154)	-	(166,154)	(568,984)	(735,138)
Remeasurement loss on defined benefit plans	-	-	(17,595)	-	(17,595)	(20,987)	(38,582)
Net gain (loss) on valuation of financial assets measured at FVOCI	-	-	-	(26,995)	(26,995)	(40,462)	(67,457)
Equity adjustments of investments in associates and joint ventures	-	-	-	62,113	62,113	65,268	127,381
Net gain (loss) on valuation of derivative instruments	-	-	-	49,250	49,250	(17,164)	32,086
Net gain (loss) on translation of foreign operations	-	-	-	330,390	330,390	342,468	672,858
Transaction with shareholders:							
Dividends	-	-	(186,593)	-	(186,593)	(689,807)	(876,400)
Equity transactions within consolidated entities	-	306,616	-	-	306,616	(139,532)	167,084
Changes in the scope of consolidation	-	-	-	-	-	(6,620)	(6,620)
Others	-	(1)	(2)	-	(3)	(1,345)	(1,348)
As of March 31, 2020 (Unaudited)	13,573	3,900,948	10,707,366	447,951	15,069,838	30,234,933	45,304,771
As of January 1, 2021	13,573	4,631,801	11,024,858	(288,631)	15,381,601	30,370,423	45,752,024
Total comprehensive loss:							
Profit (loss) for the period	-	-	204,912	-	204,912	306,490	511,402
Remeasurement loss on defined benefit plans	-	-	(10,710)	-	(10,710)	(15,756)	(26,466)
Net gain (loss) on valuation of financial assets measured at FVOCI	-	-	3,475	76,143	79,618	130,458	210,076
Equity adjustments of investments in associates and joint ventures	-	-	-	106,575	106,575	53,432	160,007
Net gain (loss) on valuation of derivative instruments	-	-	-	(14,379)	(14,379)	3,776	(10,603)
Net gain (loss) on translation of foreign operations	-	-	-	280,068	280,068	218,877	498,945
Transaction with shareholders:							
Dividends	-	-	(279,891)	-	(279,891)	(532,832)	(812,723)
Equity transactions within consolidated entities	-	943,307	-	-	943,307	13,397	956,704
Changes in the scope of consolidation	-	-	-	-	-	24,797	24,797
Others	-	(25)	(361)	-	(386)	610	224
As of March 31, 2021 (Unaudited)	13,573	5,575,083	10,942,283	159,776	16,690,715	30,573,672	47,264,387

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

SK Inc. and its subsidiaries
Interim condensed consolidated statements of cash flows
for the three-month periods ended March 31, 2021 and 2020
(Korean won in millions and U.S. dollar in thousands)

		For the three-month period ended March 31			
		Korean won		Translation into U.S. dollar (Note 2)	
Notes		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Cash flows from operating activities:					
		₩ 579,674	₩ (833,279)	\$ 511,402	\$ (735,138)
		2,235,896	2,662,228	1,972,559	2,348,679
	30	(391,636)	(204,311)	(345,510)	(180,248)
		50,022	45,456	44,131	40,102
		(335,495)	(365,229)	(295,981)	(322,213)
		30,242	32,511	26,680	28,682
		(406,791)	(332,298)	(358,880)	(293,161)
		1,761,912	1,005,078	1,554,401	886,703
Cash flows from investing activities:					
		463,049	622,379	408,513	549,077
		32,937	(50,972)	29,058	(44,969)
		53,810	34,226	47,472	30,195
		31,092	7,665	27,430	6,762
		142,872	298,425	126,045	263,277
		68,905	25,224	60,790	22,253
		7,192	4,536	6,345	4,002
		56,904	-	50,202	-
		(115,089)	(70,773)	(101,534)	(62,438)
		(1,968,086)	(57,882)	(1,736,291)	(51,065)
		(1,900,031)	(2,236,808)	(1,676,251)	(1,973,364)
		(90,370)	(107,481)	(79,727)	(94,822)
		(568,943)	(1,704,918)	(501,935)	(1,504,118)
		82,645	(42,236)	72,911	(37,262)
		(3,703,113)	(3,278,615)	(3,266,972)	(2,892,472)
Cash flows from financing activities:					
		(48,652)	5,348,624	(42,922)	4,718,680
		5,025,005	3,643,206	4,433,176	3,214,121
		(1,642,499)	(2,833,102)	(1,449,051)	(2,499,428)
		(426,245)	(426,292)	(376,043)	(376,085)
		(247,788)	(252,449)	(218,604)	(222,716)
		(99,938)	(161,887)	(88,168)	(142,820)
		1,052,143	305,472	928,225	269,494
		(16,216)	39,840	(14,308)	35,148
		3,595,810	5,663,412	3,172,305	4,996,394
		1,654,609	3,389,875	1,459,734	2,990,625
		155,150	194,159	136,877	171,292
		58,246	-	51,386	-
		10,096,940	7,981,755	8,907,755	7,041,689
		₩ 11,964,945	₩ 11,565,789	\$ 10,555,752	\$ 10,203,606

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

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

1. Corporate information

1.1 Parent

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

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

As of March 31, 2021, the issued capital of the Company amounts to ₩15,385 million (including ₩113 million of preferred shares). Major shareholders and their equity ownership are Tae-won Chey, National Pension Service and Ki-won Choi each holding 18.44%, 7.74% and 6.85% respectively, as of March 31, 2021.

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 interim condensed consolidated financial statements as of March 31, 2021 are as follows:

Subsidiaries	Domicile	Principal business activity	The largest shareholders	Equity ownership (%)
SK Innovation Co., Ltd. (*2)	Korea	Resource development	SK Inc.	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%
Green & Co. Asia Ltd.	Myanmar	Manufacturing	SK Energy Co., Ltd.	80.00%
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%
SK Asphalt (Shanghai) Co., Ltd.	China	Logistics	SK Energy Road Investment (HK) Co., Ltd.	100.00%
goodsFLOW Co., Ltd. (*2)	Korea	Service	SK Energy Co., Ltd.	39.80%
goodsCORE Co., Ltd.	Korea	Service	goodsFLOW Co., Ltd.	100.00%
goodsPOST Co., Ltd.	Korea	Transportation industry	goodsFLOW Co., Ltd.	100.00%
OOWO Co., Ltd.	Korea	Service	goodsFLOW Co., Ltd.	70.00%
opengarden Co., Ltd.	Korea	Service	goodsFLOW 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%
Happymoum 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 ie technology Co., Ltd.	Korea	Plastic film manufacturing	SK Innovation Co., Ltd.	90.00%
SK Hi-tech Battery Materials(Jiang Su) Co., Ltd.	China	Separation membrane for secondary battery manufacturing	SK ie technology Co., Ltd.	100.00%
SK Hi-tech Battery Materials Poland Sp. Zo.o.	Poland	Separation membrane for secondary battery manufacturing	SK ie technology Co., Ltd.	100.00%
SK Mobile Energy Co., Ltd.	Korea	Lithium battery manufacturing	SK Innovation Co., Ltd.	100.00%
Mobile Energy Battery America, LLC	USA	Lithium battery manufacturing	SK Mobile Energy 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%

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

1.2 Consolidated subsidiaries (cont'd)

Subsidiaries	Domicile	Principal business activity	The largest shareholders	Equity ownership (*1)
Jiangsu SK Battery Certification Center	China	Lithium battery certification and evaluation	Blue Dragon Energy Co., Limited	100.00%
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%
SK Battery(Jiangsu) Co., Ltd.	China	Lithium battery manufacturing	SK Innovation Co., Ltd.	78.26%
SK Telecom Co., Ltd. (*2)	Korea	Mobile telecommunications	SK Inc.	26.78%
SK Telink Co., Ltd.	Korea	International call and MVNO business	SK Telecom Co., Ltd.	100.00%
SK Broadband Co., Ltd.	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%
Media S Co., Ltd.	Korea	Broadcasting program production and supplying	SK Broadband Co., Ltd.	100.00%
Broadband Nowon Broadcasting Corporation	Korea	Broadcasting business	SK Telecom Co., Ltd.	100.00%
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. (*2,3)	Korea	Telecommunication service	SK Telecom Co., Ltd.	59.03%
SK Communications Co., Ltd.	Korea	Internet portal service	SK Telecom Co., Ltd.	100.00%
11street Co., Ltd. (*4)	Korea	E-commerce	SK Telecom Co., Ltd.	98.10%
Quantum Innovation Private Equity Joint Venture	Korea	Investment	SK Telecom Co., Ltd.	59.90%
Panasia Semiconductor Materials, LLC	Korea	Investment	Quantum Innovation Private Equity Joint Venture	66.42%
ADT Caps Co., Ltd. (formerly, SK Infosec Co., Ltd.) (*5)	Korea	Information security service and automatic security	SK Telecom Co., Ltd.	100.00%
CAPSTEC Co., Ltd.	Korea	Manned security	ADT Caps Co., Ltd. (formerly, SK Infosec Co., Ltd.)	100.00%
SK infosec Information Technology (Wuxi) Co., Ltd.	China	System software development and supplying	ADT Caps Co., Ltd. (formerly, 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	Database and online information supplying	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 Holdings 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.	68.11%
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%
Tmap Mobility Co., Ltd.	Korea	Information and communication industry	SK Telecom Co., Ltd.	100.00%
UT LLC	Korea	Information and communication industry	Tmap Mobility Co., Ltd.	100.00%
SK Networks Co., Ltd. (*2)	Korea	Distribution and trading business	SK Inc.	39.14%
SK Networks Service Co., Ltd.	Korea	Communications equipment repair service	SK Networks Co., Ltd.	86.50%
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 Retail Malaysia Sdn. Bhd.	Malaysia	Household appliances sales and rent	SK Magic Co., Ltd.	100.00%

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

1.2 Consolidated subsidiaries (cont'd)

Subsidiaries	Domicile	Principal business activity	The largest shareholders	Equity Ownership (%)
SK Rent-a-Car Co., Ltd.	Korea	Car rental	SK Networks Co., Ltd.	72.95%
SK Rent-a-Car Service Co., Ltd.	Korea	Business support services	SK Rent-a-Car Co., Ltd.	100.00%
SK Networks (China) Holdings Co., Ltd.	China	Holding company	SK Networks 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 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%
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%
MINTIT Co., Ltd.	Korea	Resale communication business	SK Networks Co., Ltd.	76.00%
MINTIT VINA	Vietnam	Resale communication business	SK Networks Co., Ltd.	100.00%
TenX Capital	USA	Investment	SK Networks Co., Ltd.	100.00%
SK Networks Resources Australia (Wyong) Pty Ltd. (*6)	Australia	Resource development	SK Networks Co., Ltd.	100.00%
SK Networks Resources Pty Ltd. (*6)	Australia	Resource development	SK Networks Co., Ltd.	100.00%
SKC Co., Ltd. (*2)	Korea	Petrochemicals manufacturing	SK Inc.	40.64%
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.	81.40%
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.	100.00%
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	Special purpose company	SKC Solmics Co., Ltd.	100.00%
SKC Semiconductor Materials (Wuxi) Co., Ltd.	China	Semiconductor material cleaning	SKC Solmics Co., Ltd.	100.00%
SKC-Eco Solutions Co., Ltd. (*6)	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%
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 Hi-Tech&Marketing Vina Co., Ltd.	Vietnam	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 PIC Global 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.	Korea	Manufacturing	SKCFTH Co., Ltd.	100.00%
SK E&S Co., Ltd.	Korea	City gas business and power generation	SK Inc.	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.	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%
Shinanjeungdo 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	LNG business	SK E&S Americas, Inc.	100.00%
DewBlaine Energy, LLC	USA	Resource development	SK E&S Americas, Inc.	100.00%
CAILIP Gas Marketing, LLC	USA	LNG business	SK E&S Americas, Inc.	100.00%
Rnes Holdings, LLC	USA	Renewable / electric power business	SK E&S Americas, Inc.	100.00%
Pnes Investments, LLC	USA	Investment	SK E&S Americas, Inc.	100.00%
Prism Energy International China Limited	China	LNG business	SK E&S Co., Ltd.	100.00%
Prism Energy International Zhoushan Limited	China	LNG business	Prism Energy International China Limited	100.00%
Prism Energy International Pte. Ltd.	Singapore	LNG business	SK E&S Co., Ltd.	100.00%
Fajar Energy International Pte. Ltd.	Singapore	LNG business	Prism Energy International Pte. Ltd.	100.00%
Prism Energy International Hong Kong, Ltd.	Hong Kong	LNG business	Prism Energy International Pte. Ltd.	100.00%
PT Prism Nusantara International	Indonesia	LNG business	SK E&S Co., Ltd.	100.00%
SK E&S Dominicana S.R.L	Dominica	LNG business	SK E&S Co., Ltd.	100.00%
Hae-Ssal Solar Power Co., Ltd.	Korea	New regeneration business	SK E&S Co., Ltd.	100.00%
Prism DLNG Pte. Ltd.	Singapore	LNG business	SK E&S Co., Ltd.	100.00%
BU12 Australia Pty. Ltd.	Australia	LNG business	SK E&S Co., Ltd.	100.00%
BU13 Australia Pty. Ltd.	Australia	LNG business	SK E&S Co., Ltd.	100.00%

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

1.2 Consolidated subsidiaries (cont'd)

Subsidiaries	Domicile	Principal business activity	The largest shareholders	Equity ownership (%)
Energy Solution Holdings Inc.	USA	Investment	SK E&S Co., Ltd.	100.00%
Ariul Solar Power Co., Ltd.	Korea	New regeneration business	SK E&S Co., Ltd.	100.00%
Busan Jungkwan Energy Co., Ltd.	Korea	Integrated energy service	SK E&S Co., Ltd.	100.00%
I&G Co., Ltd.	Korea	Hydrogen business	SK E&S Co., Ltd.	100.00%
SK Engineering & Construction Co., Ltd. (*2)	Korea	Construction	SK Inc.	44.48%
Seosuwon Development Company (*2)	Korea	Real estate development and construction	SK Engineering & Construction Co., Ltd.	19.90%
SK TNS Co., Ltd. (*6)	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%
Thai Woo Ree Engineering Co., Ltd.	Thailand	Construction	SKEC (Thai), Ltd.	99.77%
SKEC Anadolu, 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 Ecuador, 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%
The Eco Platform Co., Ltd.	Korea	Investment	SK Engineering & Construction Co., Ltd.	100.00%
Environment Management Corporation Co., Ltd.	Korea	Operation of sewage treatment plant	The Eco Platform Co., Ltd.	100.00%
Maeripji Management Co., Ltd.	Korea	Investment	Environment Management Corporation Co., Ltd.	100.00%
YS TEC Co., Ltd.	Korea	Waste incineration	Maeripji Management Co., Ltd.	100.00%
Seonam Environment Energy Co., Ltd.	Korea	Waste recycling	Environment Management Corporation Co., Ltd.	100.00%
Honam Environmental Energy Co., Ltd.	Korea	Waste consignment disposal	Environment Management Corporation Co., Ltd.	100.00%
Green Hwasun Inc.	Korea	Operation of sewage treatment plant	Environment Management Corporation Co., Ltd.	100.00%
Green Sunchang Co., Ltd.	Korea	Operation of sewage treatment plant	Environment Management Corporation Co., Ltd.	100.00%
Gyeongsang Clear Mulgil Co., Ltd.	Korea	Operation of sewage treatment plant	Environment Management Corporation Co., Ltd.	65.00%
Dalseong Maleunmulgil Co., Ltd.	Korea	Operation of sewage treatment plant	Environment Management Corporation Co., Ltd.	70.00%
Goksung Environment Co., Ltd.	Korea	Operation of sewage treatment plant	Environment Management Corporation Co., Ltd.	100.00%
Environment Energy Company Co., Ltd.	Korea	Electricity & renewable energy generation	Environment Management Corporation Co., Ltd.	100.00%
Chungcheong Environment Energy Co., Ltd.	Korea	Waste incineration	Environment Energy Company Co., Ltd.	100.00%
Gyeonggi Environment Energy Co., Ltd.	Korea	Waste incineration	Environment Energy Company Co., Ltd.	100.00%
Gyeongbuk Environment Energy Co., Ltd.	Korea	Waste incineration	Environment Energy Company Co., Ltd.	100.00%
Gyeongin Environment Energy Company	Korea	Waste incineration	Environment Energy Company Co., Ltd.	100.00%
SK Materials Co., Ltd. (*2)	Korea	Special gas manufacturing and sales	SK Inc.	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 Materials (Shanghai) Co., Ltd.	China	Special 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%
Happy Companion Co., Ltd.	Korea	Cleaning, laundry, service	SK Materials Co., Ltd.	100.00%
SK Materials Airplus Inc.	Korea	Industrial gas sales	SK Materials Co., Ltd.	100.00%
SK Materials Ri New Tech Co., Ltd.	Korea	Industrial gas manufacturing	SK Materials Co., Ltd.	80.00%
SK Materials Performance Co., Ltd.	Korea	Semiconductor materials manufacturing and sales	SK Materials Co., Ltd.	100.00%
SK Materials JNC Co., Ltd.	Korea	Manufacturing of organic light emitting diode material	SK Materials Co., Ltd.	100.00%
SK Siltron Co., Ltd.	Korea	Silicon wafer for electronic industry manufacturing and sales	SK Inc.	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 manufacturing and sales	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 Inc.	64.02%
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 Inc.	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 Inc.	88.13%
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-Side-line Products Park Co., Ltd.	China	Agriculture product logistics	SK International Agro-Products Logistics Development Co., Ltd.	100.00%
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	SK Auto Service Hong Kong 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	SK China Company, Ltd.	100.00%
SK China Real Estate Co., Ltd.	Hong Kong	Real estate investment	SKY Property Management Ltd.	100.00%
SK C&C Beijing Co., Ltd.	China	Consulting for computer system integration and others	SK Inc.	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 Inc.	100.00%

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

1.2 Consolidated subsidiaries (cont'd)

Subsidiaries	Domicile	Principal business activity	The largest shareholders	Equity ownership (*1)
SK C&C USA, Inc.	USA	Consulting for computer system integration and others	SK Inc.	100.00%
S&G Technology	Saudi Arabia	Consulting for computer system integration and others	SK Inc.	51.00%
Saturn Agriculture Investment Co., Ltd.	Hong Kong	Investment	SK Inc.	81.00%
SK Investment Management Co., Ltd.	Hong Kong	Investment	SK Inc.	100.00%
SK Mobility Investments Company Limited	Hong Kong	Investment	SK Investment Management 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 Inc., 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 Inc.	100.00%
Plutus Capital NY, Inc.	USA	Investment	SK Inc.	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%
Grove Energy Capital LLC	USA	Investment	Plutus Capital NY, Inc., Pnes Investments, LLC	100.00%
Plutus Fashion NY, Inc.	USA	Fashion	SK Inc.	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 Inc., 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 Inc.	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%
SK BIOTEK USA, Inc.	USA	Medicine and life science	SK Pharmteco Inc.	100.00%
Crest Acquisition LLC	USA	Investment	SK Pharmteco Inc.	100.00%
Yposkesi, SAS	USA	Medicine manufacturing	Crest Acquisition LLC	70.00%
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 Inc.	100.00%
Socar Mobility Malaysia, Sdn. Bhd.	Malaysia	Car sharing service	SK Inc.	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%
Einstein Cayman Limited	USA	Investment	SK Inc.	100.00%
I Cube Capital Inc.	USA	Investment	SK Inc.	100.00%
I Cube Capital II, Inc.	USA	Investment	SK Inc.	100.00%
Primer Protein LLC	USA	Investment	SK Inc.	100.00%
SK Forest Co., Ltd.	USA	Investment	I Cube Capital II Inc.	100.00%
Hweechan Co., Ltd.	Korea	Landscaping and planting business	SK Inc.	100.00%
SK Pinx Co., Ltd.	Korea	Condo, resort operation	SK Inc.	100.00%
SK REITs Co., Ltd.	Korea	Golf club operating	Hweechan Co., Ltd.	100.00%
Clean Energy REITs Co., Ltd.	Korea	Real estate developing and trading	SK Inc.	100.00%
SK REITs Management Co., Ltd.	Korea	Real estate developing and trading	SK Inc.	100.00%
Hana Land Chip PEF 33	Korea	Real estate leasing	SK Inc.	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 9 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 9 other companies are widely dispersed, so it is determined that the Company has voting rights to exercise de facto control.
- (*3) Although the Group's equity interests for common stock in One store Co., Ltd. is 59.03%, as the preferred stocks with voting rights are issued, the equity interests with voting rights are 48.41%.
- (*4) Although the Group's equity interests for common stock in 11street Co., Ltd. is 98.10%, as the preferred stocks with voting rights are issued, the equity interests with voting rights are 80.26%.
- (*5) ADT Caps Co., Ltd. and SK Infosec Co., Ltd., the subsidiaries of the Group, merged on March 4, 2021, and the name of the entity after the merger is ADT Caps Co., Ltd. Although the Group's equity interests for common stock in ADT Caps Co., Ltd. is 100.00%, as the preferred stocks with voting rights are issued, the equity interests with voting rights are 62.60%.
- (*6) The assets and liabilities of SK TNS Co., Ltd. and SKC-Eco Solution Co., Ltd. and SK Networks Resources Australia (Wyong) Pty Ltd. and SK Networks Resources Pty Ltd. are classified as assets and liabilities held for sale (see Note 29 assets and liabilities held for sale).
- (*7) During the three-month period ended March 31, 2021, some of the stocks were sold and the share ratio changed from 75.00% to 64.02%.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

1.3 Changes in consolidated subsidiaries

Changes in the consolidated subsidiaries for the three-month period ended March 31, 2021 are as follows:

December 31, 2020	Inclusion	Exclusion	March 31, 2021
325	19	5	339

For the three-month period ended March 31, 2021, subsidiaries newly included in consolidation are as follows:

Subsidiaries	Reasons for changes
Media S Co., Ltd. UT LLC Pnes Investments, LLC IGE Co., Ltd. SK C&C USA, Inc. SK Mobility Investments Company Limited Grove Energy Capital LLC SK REITs Co., Ltd. Clean Energy REITs Co., Ltd. SK REITs Management Co., Ltd.	Establishment (10 companies)
goodsFLOW Co., Ltd. goodsCORE Co., Ltd. goodsPOST Co., Ltd. OOWO Co., Ltd. opengarden Co., Ltd. Busan Jungkwan Energy Co., Ltd. YS TEC Co., Ltd. Yposkesi, SAS Hana Land Chip PEF 33	Acquisition and others (9 companies)

For the three-month period ended March 31, 2021, subsidiaries excluded from consolidation are as follows:

Subsidiaries	Reasons for changes
Ningbo SK Baoying Asphalt Storage Co., Ltd. Hefei SK Baoying Asphalt Co., Ltd. Chongqing SK Asphalt Co., Ltd. SK Networks Middle East FZE	Disposal (3 companies)
Formerly, ADT Caps Co., Ltd.	Liquidation (1 company) Merger within consolidated entities (1 company)

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

1.4 Condensed financial information of significant consolidated subsidiaries

Details of condensed financial information of the significant subsidiaries as of and for the three-month period ended March 31, 2021 are as follows (Korean won in millions):

Subsidiaries	Total assets	Total liabilities	Sales	Net income (loss)
SK Innovation Co., Ltd.	₩ 18,480,908	₩ 4,654,487	₩ 1,313,910	₩ (216,019)
SK Energy Co., Ltd.	14,122,469	10,467,024	5,110,780	218,929
SK Global Chemical Co., Ltd.	5,653,474	2,721,004	1,939,634	79,927
SK Incheon Petrochem Co., Ltd.	4,992,154	3,333,615	1,016,667	70,058
SK Trading International Co., Ltd.	1,316,680	962,484	1,349,528	28,854
SK Lubricants Co., Ltd.	2,112,611	1,366,203	554,308	67,581
SK Iotechnology Co., Ltd.	1,697,002	435,496	117,034	26,905
SK Global Chemical International Trading (Shanghai) Co., Ltd.	177,713	120,742	286,522	10,959
SK Hi-tech Battery Materials(Jiang Su) Co., Ltd.	756,192	451,757	24,034	6,957
SK Energy International Pte. Ltd.	2,272,414	1,507,360	4,194,206	9,975
SK Energy Americas, Inc.	212,073	129,846	573,286	(423)
SK Energy Europe, Ltd.	246,266	163,330	229,651	(575)
SK Telecom Co., Ltd.	31,787,483	14,507,580	2,980,718	466,013
SK Broadband Co., Ltd.	5,708,606	3,013,996	968,597	51,198
ADT Caps Co., Ltd. (formerly, SK Infosec Co., Ltd.) (*1)	3,098,794	2,771,032	350,497	4,902
11street Co., Ltd.	1,013,148	563,007	131,304	(6,550)
SK Planet Co., Ltd.	500,872	179,078	57,383	(340)
PS&Marketing Corp.	460,250	247,739	368,030	(125)
SK Networks Co., Ltd.	5,843,363	3,850,968	2,095,928	51,798
SK Magic Co., Ltd.	1,072,968	745,571	252,831	21,904
SK Rent-a-Car Co., Ltd.	2,411,315	1,939,993	248,617	10,404
SKC Co., Ltd.	3,052,736	1,047,080	132,698	51,693
SK PIC Global Co., Ltd.	556,509	367,180	235,032	42,010
SK E&S Co., Ltd.	6,499,740	3,770,698	185,143	176,172
Yeongnam Energy Service Co., Ltd.	424,329	206,408	213,294	13,465
Ko-one Energy Service Co., Ltd.	757,040	414,378	396,533	18,061
Pusan City Gas Co., Ltd.	1,318,494	420,689	337,820	22,397
Chungcheong Energy Service Co., Ltd.	316,209	191,921	173,743	11,239
Paju Energy Service Co., Ltd.	1,733,799	1,109,864	270,188	32,019
Narae Energy Service Co., Ltd.	1,379,676	894,947	172,215	25,025
SK Engineering & Construction Co., Ltd.	5,788,604	5,023,576	1,745,608	49,942
SK Materials Co., Ltd. (*2)	2,081,143	1,570,333	261,677	40,300
SK Siltron Co., Ltd. (*2)	3,304,335	2,204,546	422,163	26,052
SK Biopharmaceuticals Co., Ltd.	602,436	116,872	143,706	128,954

(*1) The summary of financial information of ADT Caps Co., Ltd. (formerly, SK Infosec Co., Ltd.) is consolidated financial information, and the profits and losses of ADT Caps Co., Ltd. before the merger are included.

(*2) The condensed financial information is consolidated financial information.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

1.5 Disclosure of significant non-controlling interests in subsidiaries

Information about significant non-controlling interests in subsidiaries as of and for the three-month period ended March 31, 2021 are as follows (Korean won in millions):

	March 31, 2021					
	SK Innovation	SK Telecom	SK Networks	SKC	SK E&S	SK Engineering & Construction
	Co., Ltd.	Co., Ltd.	Co., Ltd.	Co., Ltd.	Co., Ltd.	Co., Ltd.
Percentage of the non-controlling ownership	63.05%	69.61%	55.57%	56.95%	10.00%	53.79%
Current assets	₩ 17,082,536	₩ 8,865,201	₩ 2,921,938	₩ 1,237,257	₩ 2,785,405	₩ 4,093,770
Non-current assets	25,904,646	38,896,266	6,132,061	4,215,988	9,366,257	2,998,954
Current liabilities	13,906,228	8,099,553	3,745,415	1,583,346	3,156,270	4,014,546
Non-current liabilities	13,763,861	15,092,815	3,017,464	1,942,652	5,031,515	2,120,546
Net assets	15,317,093	24,569,099	2,291,120	1,927,247	3,963,877	957,632
Book value of the non-controlling interests	10,188,042	16,557,049	1,353,858	1,151,129	1,691,996	621,733
Sales	9,239,757	4,780,461	2,753,815	784,552	2,112,233	1,915,168
Net income (loss)	(368,114)	571,975	65,523	61,188	215,653	62,319
Total comprehensive income (loss)	(126,269)	849,016	72,089	72,337	309,788	108,636
Net income (loss) of the non-controlling interests	(242,189)	359,223	35,302	42,616	45,193	28,346
Total comprehensive income (loss) of the non-controlling interests	(129,200)	513,163	38,938	48,930	56,528	55,598
Net cash flows from operating activities	562,356	891,101	112,958	(63,000)	213,439	(79,240)
Net cash flows from investing activities	(610,535)	(523,757)	(43,881)	(84,384)	(985,557)	(101,215)
Net cash flows from financing activities before dividends paid to the non-controlling interests	1,766,963	(510,592)	65,250	78,056	686,489	387,424
Dividends paid to the non-controlling interests	(6,294)	-	-	(24,500)	(60,386)	-
Net increase (decrease) in cash and cash equivalents	1,712,490	(143,248)	134,327	(93,828)	(146,015)	206,969

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

2. Summary of significant accounting policies

2.1 Basis of preparation

The Group prepares statutory interim financial statements in Korean in accordance with Korean International Financial Reporting Standards (“KIFRS”) *Interim Financial Reporting* enacted by the Act on External Audit of Stock Companies. The accompanying interim consolidated financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s review report thereon, Korean version, which is 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, 2020.

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 ₩1,133.5 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 three-month period ended March 31, 2021. 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 three-month period ended March 31, 2021, are the same as the accounting policies adopted for the preparation of consolidated financial statements as of and for the year ended December 31, 2020, 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, 2021.

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

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

2.2.2 New and revised KIFRS issued, but not yet effective

KIFRS 1001 *Presentation of Financial Statements* (Amended)

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

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

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

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

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

KIFRS 1103 *Business combinations* (Amended)

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

2018-2020 Annual improvements to KIFRS

The annual improvements include some amendments to KIFRS 1101 'First-time Adoption of KIFRS', KIFRS 1109 'Financial Instruments', KIFRS 1116 'Leases' and KIFRS 1041 'Agriculture'. The amendments to KIFRS 1116 are relevant only to illustrative examples and thus the effective date for the amendment was not specified. The Group plans to apply the other amendments for annual reporting period beginning on or after January 1, 2022, with early application permitted.

The Group is reviewing the possible effects of the above listed amendments on the consolidated financial statements.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

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

The Group changed its accounting policies relating to its determination of lease term in accordance with the interpretation of the 'Lease Term and Useful Life of Leasehold Improvements' published by the IFRS Interpretations Committee on 16 December 2019. In this regard, financial information for the three-month period ended March 31, 2020, presented for comparative purposes, has been restated.

Adjustments based on the changes in accounting policies in the interim condensed consolidated financial statements are as follows:

(1) Interim condensed consolidated statements of financial position (Korean won in millions)

	March 31, 2020 (Unaudited)		
	Before the change	Amounts due to changes in policies	After the change
Assets			
Prepaid expenses	₩ 4,364,620	₩ (11,442)	₩ 4,353,178
Lease receivables	79,523	8,455	87,978
Deposits received	978,650	(188)	978,462
Property, plant and equipment	43,354,600	(17,435)	43,337,165
Intangible assets	12,297,417	-	12,297,417
Right-of-use assets	4,576,862	647,484	5,224,346
Other assets	69,487,512	(3)	69,487,509
	<u>₩ 135,139,184</u>	<u>₩ 626,871</u>	<u>₩ 135,766,055</u>
Liabilities			
Accrued expenses	₩ 2,742,706	₩ (342)	₩ 2,742,364
Other payables	4,281,502	-	4,281,502
Provisions	834,785	21,964	856,749
Lease liabilities	4,117,241	615,960	4,733,201
Deferred tax liabilities	4,932,930	(3,212)	4,929,718
Other liabilities	66,869,564	-	66,869,564
	<u>₩ 83,778,728</u>	<u>₩ 634,370</u>	<u>₩ 84,413,098</u>
Equity			
Retained earnings	₩ 12,139,695	₩ (2,896)	₩ 12,136,799
Non-controlling interests	34,275,900	(4,603)	34,271,297
Other components of equity	4,944,861	-	4,944,861
	<u>₩ 51,360,456</u>	<u>₩ (7,499)</u>	<u>₩ 51,352,957</u>

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

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

(2) Interim condensed consolidated statements of comprehensive income (Korean won in millions)

	For the three-month period ended March 31, 2020			
	Before the change	Amounts due to changes in policies	Adjustment of profit or loss on discontinued operations (*1)	After the change
Sales	₩ 23,726,137	₩ 194	₩ (257,779)	₩ 23,468,552
Cost of sales	23,270,926	932	(195,373)	23,076,485
Gross profit	455,211	(738)	(62,406)	392,067
Selling and administrative expenses	1,377,929	-	(20,432)	1,357,497
Operating loss	(922,718)	(738)	(41,974)	(965,430)
Finance income	2,677,686	20	(56,059)	2,621,647
Finance costs	3,002,010	2,482	(41,342)	2,963,150
Share of profit of associates and joint ventures, net	124,307	-	62	124,369
Other non-operating income	393,007	(106)	(369)	392,532
Other non-operating expenses	392,887	(1,630)	(47,035)	344,222
Loss from continuing operations before income tax expense	(1,122,615)	(1,676)	(9,963)	(1,134,254)
Income tax expense (benefit) from continuing operations	(298,694)	(780)	(14,913)	(314,387)
Profit (loss) for the period from continuing operations	(823,921)	(896)	4,950	(819,867)
Loss from discontinued operations	(8,462)	-	(4,950)	(13,412)
Loss for the period attributable to:	(832,383)	(896)	-	(833,279)
Owners of the parent	(187,440)	(896)	-	(188,336)
Non-controlling interests	(644,943)	-	-	(644,943)
Total comprehensive income (loss) for the period attributable to:	(9,137)	(896)	-	(10,033)
Owners of the parent	262,744	(896)	-	261,848
Non-controlling interests	(271,881)	-	-	(271,881)
Earnings (loss) per share (Korean won)				
Basic loss per share	(3,595)	(17)	-	(3,612)
Basic earnings (loss) per share from continuing operations	(3,526)	(17)	75	(3,468)

(*1) The Group decided to discontinue North America and Peru's oil development (E&P) operations and others during 2020, and retrospectively modified the effects on profit or loss of discontinued operations (See Note 28).

(3) Interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows

Interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows, presented for comparative purposes, have been restated in relation to the modification to the interim condensed consolidated statement of financial position and interim condensed consolidated statement of comprehensive income above.

3. Significant accounting judgments, 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 three-month period ended March 31, 2021, are consistent with those followed in the preparation of consolidated financial statements for the year ended December 31, 2020.

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

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:

<u>Operating segments</u>	<u>Business</u>
SK Innovation Co., Ltd.	Petroleum refining, chemical, lubricating oil, battery and resources development
SK Telecom Co., Ltd.	Telecommunication and security service
SK Networks Co., Ltd.	Information communication, rental and trade
SKC Co., Ltd.	Chemical, industrial materials, and mobility material
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

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

4. Operating segments (cont'd)

(2) Details of financial information for each operating segment as of and for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in billions):

As of and for the three-month period ended March 31, 2021									
	SK Innovation Co., Ltd.	SK Telecom Co., Ltd.	SK Networks Co., Ltd.	SKC Co., Ltd.	SK E&S Co., Ltd.	SK Engineering & Construction Co., Ltd.	Others	Consolidation adjustments (*1)	Total
Total sales	₩ 9,240	₩ 4,780	₩ 2,754	₩ 785	₩ 2,112	₩ 1,915	₩ 2,269	₩ (1,605)	₩ 22,250
Internal sales	(107)	(96)	(353)	(67)	(71)	(127)	(784)	1,605	-
Net sales	9,133	4,684	2,401	718	2,041	1,788	1,485	-	22,250
Profit (loss) from continuing operations before income tax expense	(528)	684	14	93	275	98	1,830	(1,538)	928
Profit (loss) for the period from continuing operations	(388)	572	6	61	216	61	1,490	(1,519)	499
Total assets	42,987	47,761	9,054	5,453	12,152	7,093	49,545	(28,780)	145,265
Total liabilities	27,670	23,192	6,763	3,526	8,188	6,135	16,140	77	91,691
Depreciation	330	787	202	43	92	16	272	(16)	1,726
Amortization	21	247	6	8	2	3	25	82	394

As of and for the three-month period ended March 31, 2020									
	SK Innovation Co., Ltd.	SK Telecom Co., Ltd.	SK Networks Co., Ltd.	SKC Co., Ltd.	SK E&S Co., Ltd.	SK Engineering & Construction Co., Ltd.	Others	Consolidation adjustments (*1)	Total
Total sales	₩ 11,047	₩ 4,451	₩ 2,875	₩ 635	₩ 2,020	₩ 2,141	₩ 2,529	₩ (2,229)	₩ 23,469
Internal sales	(204)	(69)	(402)	(60)	(29)	(179)	(1,286)	2,229	-
Net sales	10,843	4,382	2,473	575	1,991	1,962	1,243	-	23,469
Profit (loss) from continuing operations before income tax expense	(2,089)	368	9	182	282	131	1,125	(1,142)	(1,134)
Profit (loss) for the period from continuing operations	(1,581)	306	5	127	212	112	1,071	(1,072)	(820)
Total assets	38,519	44,949	10,358	5,760	11,143	5,516	40,849	(21,328)	135,766
Total liabilities	22,167	22,407	8,131	3,546	7,189	4,474	15,243	1,256	84,413
Depreciation	285	780	179	40	99	14	146	(9)	1,534
Amortization	17	249	5	7	1	2	21	83	385

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

(3) Details of financial information by geographical location as of and for the three-month periods ended March 31, 2021 and 2020 (Korean won in billions):

As of and for the three-month period ended March 31, 2021							
	Korea	Asia	Europe	North America	Others	Consolidation adjustments	Total
Total sales	₩ 26,120	₩ 5,851	₩ 883	₩ 1,217	₩ 16	₩ (11,837)	₩ 22,250
Operating profit (loss)	2,669	101	-	56	2	(1,283)	1,545
Profit (loss) from continuing operations before income tax expense	3,159	163	(9)	23	13	(2,421)	928
Profit (loss) for the period	2,996	139	(13)	24	13	(2,660)	499
Total assets	163,762	14,506	4,738	17,320	1,663	(56,724)	145,265
Total liabilities	83,724	4,824	2,302	4,973	55	(4,187)	91,691

As of and for the three-month period ended March 31, 2020							
	Korea	Asia	Europe	North America	Others	Consolidation adjustments	Total
Total sales	₩ 31,058	₩ 7,702	₩ 844	₩ 1,811	₩ 22	₩ (17,968)	₩ 23,469
Operating profit (loss)	1,804	38	5	(31)	16	(2,797)	(965)
Profit (loss) from continuing operations before income tax expense	2,585	79	30	(7)	3	(3,824)	(1,134)
Profit (loss) for the period	2,634	69	25	(2)	11	(3,557)	(820)
Total assets	152,642	12,981	3,338	9,861	1,430	(44,486)	135,766
Total liabilities	78,452	3,971	1,343	2,555	242	(2,150)	84,413

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

4. Operating segments (cont'd)

(4) Details of financial information by revenue from contracts with customers for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in billions):

		For the three-month period ended March 31, 2021								
		SK Innovation Co., Ltd.	SK Telecom Co., Ltd.	SK Networks Co., Ltd.	SKC Co., Ltd.	SK E&S Co., Ltd.	SK Engineering & Construction Co., Ltd.	Others	Consolidation adjustments	Total
1. Total sales	₩	9,240	₩ 4,780	₩ 2,754	₩ 785	₩ 2,112	₩ 1,915	₩ 2,269	₩ (1,605)	₩ 22,250
2. Revenue from contracts with customers		9,232	4,780	2,304	785	2,110	1,910	1,801	(1,147)	21,775
Categories:										
Service sales		67	4,278	78	17	-	1,895	666	(505)	6,496
Finished goods sales		8,834	7	114	675	697	-	875	(230)	10,972
Merchandise sales		255	363	2,112	82	1,395	12	252	(408)	4,063
Other sales		76	132	-	11	18	3	8	(4)	244
		<u>9,232</u>	<u>4,780</u>	<u>2,304</u>	<u>785</u>	<u>2,110</u>	<u>1,910</u>	<u>1,801</u>	<u>(1,147)</u>	<u>21,775</u>
Timing of revenue recognition:										
Recognition at a point in time		9,165	502	2,226	768	199	15	1,135	(642)	13,368
Recognition over a period of time		67	4,278	78	17	1,911	1,895	666	(505)	8,407
		<u>9,232</u>	<u>4,780</u>	<u>2,304</u>	<u>785</u>	<u>2,110</u>	<u>1,910</u>	<u>1,801</u>	<u>(1,147)</u>	<u>21,775</u>
3. Revenue from other sources		8	-	450	-	2	5	468	(458)	475
		For the three-month period ended March 31, 2020								
		SK Innovation Co., Ltd.	SK Telecom Co., Ltd.	SK Networks Co., Ltd.	SKC Co., Ltd.	SK E&S Co., Ltd.	SK Engineering & Construction Co., Ltd.	Others	Consolidation adjustments	Total
1. Total sales	₩	11,047	₩ 4,451	₩ 2,875	₩ 635	₩ 2,020	₩ 2,141	₩ 2,529	₩ (2,229)	₩ 23,469
2. Revenue from contracts with customers		11,037	4,451	2,508	635	2,018	2,139	1,523	(1,235)	23,076
Categories:										
Service sales		66	4,016	102	15	-	2,124	639	(531)	6,431
Finished goods sales		10,896	8	159	538	696	-	674	(289)	12,682
Merchandise sales		57	315	2,246	72	1,292	15	153	(398)	3,752
Other sales		18	112	1	10	30	-	57	(17)	211
		<u>11,037</u>	<u>4,451</u>	<u>2,508</u>	<u>635</u>	<u>2,018</u>	<u>2,139</u>	<u>1,523</u>	<u>(1,235)</u>	<u>23,076</u>
Timing of revenue recognition:										
Recognition at a point in time		10,971	435	2,406	620	12	15	884	(704)	14,639
Recognition over a period of time		66	4,016	102	15	2,006	2,124	639	(531)	8,437
		<u>11,037</u>	<u>4,451</u>	<u>2,508</u>	<u>635</u>	<u>2,018</u>	<u>2,139</u>	<u>1,523</u>	<u>(1,235)</u>	<u>23,076</u>
3. Revenue from other sources		10	-	367	-	2	2	1,006	(994)	393

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

5. Financial instruments

5.1 Financial assets

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

	March 31, 2021				Total
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	Financial assets designated as hedging instruments	
Current assets					
Cash and cash equivalents	₩ 1,866,543	₩ -	₩ 10,098,402	₩ -	₩ 11,964,945
Short-term financial instruments	2,095,726	-	1,899,881	-	3,995,607
Trade receivables (*1)	104,019	-	8,802,954	-	8,906,973
Other receivables	179,560	-	1,820,346	-	1,999,906
Short-term loans	-	-	188,324	-	188,324
Accrued income	-	-	155,755	-	155,755
Short-term investment securities	111,039	-	45	-	111,084
Guarantee deposits	-	-	329,876	-	329,876
Derivative financial assets	78,912	-	-	48,572	127,484
Lease receivables	-	-	27,064	-	27,064
	<u>4,435,799</u>	<u>-</u>	<u>23,322,647</u>	<u>48,572</u>	<u>27,807,018</u>
Non-current assets					
Long-term financial instruments	14,127	-	87	-	14,214
Long-term trade receivables	-	-	283,521	-	283,521
Long-term other receivables	270,863	-	29,436	-	300,299
Long-term loans	-	-	416,415	-	416,415
Long-term investment securities	1,183,864	3,709,093	1,093	-	4,894,050
Guarantee deposits	-	-	587,163	-	587,163
Derivative financial assets	564,615	-	-	109,370	673,985
Lease receivables	-	-	44,961	-	44,961
	<u>2,033,469</u>	<u>3,709,093</u>	<u>1,362,676</u>	<u>109,370</u>	<u>7,214,608</u>
	<u>₩ 6,469,268</u>	<u>₩ 3,709,093</u>	<u>₩ 24,685,323</u>	<u>₩ 157,942</u>	<u>₩ 35,021,626</u>

(*1) Contract assets (unbilled receivables) amounting to ₩1,129,333 million as of March 31, 2021 are not included in the financial assets.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

5. Financial instruments (cont'd)

	December 31, 2020				
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	Financial assets designated as hedging instruments	Total
Current assets					
Cash and cash equivalents	₩ 1,625,890	₩ -	₩ 8,471,050	₩ -	₩ 10,096,940
Short-term financial instruments	2,120,910	-	2,362,905	-	4,483,815
Trade receivables (*1)	140,357	-	7,765,586	-	7,905,943
Other receivables	211,476	-	1,420,432	-	1,631,908
Short-term loans	-	-	193,526	-	193,526
Accrued income	-	-	154,932	-	154,932
Short-term investment securities	150,624	-	45	-	150,669
Guarantee deposits	-	-	356,573	-	356,573
Derivative financial assets	75,022	-	-	54,799	129,821
Lease receivables	-	-	56,327	-	56,327
	<u>4,324,279</u>	<u>-</u>	<u>20,781,376</u>	<u>54,799</u>	<u>25,160,454</u>
Non-current assets					
Long-term financial instruments	4,315	-	9,393	-	13,708
Long-term trade receivables	-	-	274,789	-	274,789
Long-term other receivables	305,699	-	35,400	-	341,099
Long-term loans	-	-	416,482	-	416,482
Long-term investment securities	987,981	3,366,930	1,098	-	4,356,009
Guarantee deposits	-	-	574,946	-	574,946
Derivative financial assets	524,082	-	-	72,133	596,215
Lease receivables	-	-	25,079	-	25,079
	<u>1,822,077</u>	<u>3,366,930</u>	<u>1,337,187</u>	<u>72,133</u>	<u>6,598,327</u>
	<u>₩ 6,146,356</u>	<u>₩ 3,366,930</u>	<u>₩ 22,118,563</u>	<u>₩ 126,932</u>	<u>₩ 31,758,781</u>

(*1) Contract assets (unbilled receivables) amounting to ₩965,473 million as of December 31, 2020 are not included in the financial assets.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

5.2 Financial liabilities

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

	March 31, 2021			
	Financial liabilities measured at FVTPL	Other financial liabilities	Financial liabilities designated as hedging instruments	Total
Current liabilities:				
Short-term borrowings	₩ -	₩ 6,554,276	₩ -	₩ 6,554,276
Trade payables	-	7,951,542	-	7,951,542
Other payables	34,529	5,301,683	-	5,336,212
Current portion of long-term debt	-	6,695,941	-	6,695,941
Accrued expenses	-	3,706,124	-	3,706,124
Dividends payable	-	800,691	-	800,691
Leasehold deposits received	-	204,732	-	204,732
Derivative financial liabilities	53,562	-	29,243	82,805
Lease liabilities	-	1,249,799	-	1,249,799
Finance guarantee liabilities	-	712	-	712
	<u>88,091</u>	<u>32,465,500</u>	<u>29,243</u>	<u>32,582,834</u>
Non-current liabilities:				
Bonds payable and long-term borrowings	-	40,137,546	-	40,137,546
Long-term trade payables	-	274	-	274
Long-term other payables	3,197	1,508,205	-	1,511,402
Long-term accrued expenses	-	14,923	-	14,923
Leasehold deposits received	-	281,849	-	281,849
Derivative financial liabilities	570,695	-	91,777	662,472
Long-term Lease liabilities	-	3,327,326	-	3,327,326
Financial guarantee liabilities	-	20,060	-	20,060
	<u>573,892</u>	<u>45,290,183</u>	<u>91,777</u>	<u>45,955,852</u>
	<u>₩ 661,983</u>	<u>₩ 77,755,683</u>	<u>₩ 121,020</u>	<u>₩ 78,538,686</u>

	December 31, 2020			
	Financial liabilities measured at FVTPL	Other financial liabilities	Financial liabilities designated as hedging instruments	Total
Current liabilities:				
Short-term borrowings	₩ -	₩ 6,201,430	₩ -	₩ 6,201,430
Trade payables	-	6,061,576	-	6,061,576
Other payables	36,573	5,690,598	-	5,727,171
Current portion of long-term debt	-	6,216,778	-	6,216,778
Accrued expenses	-	3,964,534	-	3,964,534
Dividends payable	-	840	-	840
Leasehold deposits received	-	210,035	-	210,035
Derivative financial liabilities	46,981	-	49,684	96,665
Lease liabilities	-	2,244,201	-	2,244,201
Finance guarantee liabilities	-	832	-	832
	<u>83,554</u>	<u>30,590,824</u>	<u>49,684</u>	<u>30,724,062</u>
Non-current liabilities:				
Bonds payable and long-term borrowings	-	36,843,510	-	36,843,510
Long-term trade payables	-	712	-	712
Long-term other payables	3,392	1,165,392	-	1,168,784
Long-term accrued expenses	-	10,610	-	10,610
Leasehold deposits received	-	262,079	-	262,079
Derivative financial liabilities	567,874	-	166,351	734,225
Long-term Lease liabilities	-	3,421,750	-	3,421,750
Financial guarantee liabilities	-	21,447	-	21,447
	<u>571,266</u>	<u>41,725,500</u>	<u>166,351</u>	<u>42,463,117</u>
	<u>₩ 654,820</u>	<u>₩ 72,316,324</u>	<u>₩ 216,035</u>	<u>₩ 73,187,179</u>

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

5.3 Fair values of financial instruments by hierarchy level

1) Fair values and book values of financial instruments as of March 31, 2021 and December 31, 2020 are as follows (Korean won in millions):

	March 31, 2021		December 31, 2020	
	Book value	Fair value	Book value	Fair value
Bonds payable	₩ 34,299,155	₩ 34,745,867	₩ 31,167,494	₩ 31,259,176
Borrowings	19,088,608	19,229,716	18,094,224	18,273,146

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 (0.73% ~ 4.26%) 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 March 31, 2021 and December 31, 2020 are as follows (Korean won in millions):

	March 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL	₩ 3,962,269	₩ 530,183	₩ 1,333,289	₩ 5,825,741
Financial assets measured at FVOCI	1,964,371	-	1,744,722	3,709,093
Derivative financial assets	11,569	789,900	-	801,469
	<u>₩ 5,938,209</u>	<u>₩ 1,320,083</u>	<u>₩ 3,078,011</u>	<u>₩ 10,336,303</u>
Financial liabilities:				
Financial liabilities measured at FVTPL	₩ -	₩ -	₩ 37,726	₩ 37,726
Derivative financial liabilities	343	185,635	559,299	745,277
	<u>₩ 343</u>	<u>₩ 185,635</u>	<u>₩ 597,025</u>	<u>₩ 783,003</u>
	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL	₩ 3,746,800	₩ 731,883	₩ 1,068,569	₩ 5,547,252
Financial assets measured at FVOCI	1,633,968	-	1,732,962	3,366,930
Derivative financial assets	4,552	721,484	-	726,036
	<u>₩ 5,385,320</u>	<u>₩ 1,453,367</u>	<u>₩ 2,801,531</u>	<u>₩ 9,640,218</u>
Financial liabilities:				
Financial liabilities measured at FVTPL	₩ -	₩ -	₩ 39,965	₩ 39,965
Derivative financial liabilities	329	271,262	559,299	830,890
	<u>₩ 329</u>	<u>₩ 271,262</u>	<u>₩ 599,264</u>	<u>₩ 870,855</u>

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

6. Trade receivables

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

	March 31, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
Trade receivables:				
Trade receivables (*1)	₩ 9,504,365	₩ 305,317	₩ 8,502,117	₩ 294,879
Contract assets (unbilled receivables)	1,129,333	-	965,473	-
Loss allowance:				
Trade receivables	(597,392)	(21,796)	(596,174)	(20,090)
	<u>₩ 10,036,306</u>	<u>₩ 283,521</u>	<u>₩ 8,871,416</u>	<u>₩ 274,789</u>

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

(2) Details of contract assets and liabilities related to the contract with the customer as of March 31, 2021 and December 31, 2020 are as follows (Korean won in millions):

	March 31, 2021	December 31, 2020
Contract assets: (*1)		
Construction business	₩ 981,369	₩ 838,273
Telecommunication business	163,411	148,281
Others	148,063	127,294
	<u>₩ 1,292,843</u>	<u>₩ 1,113,848</u>
Contract liabilities: (*2)		
Construction business	₩ 1,177,895	₩ 1,118,684
Telecommunication business	260,716	260,596
Others	985,920	868,660
	<u>₩ 2,424,531</u>	<u>₩ 2,247,940</u>

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

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

(3) Details of construction profit variation by changes of accounting estimates related to construction contracts as of March 31, 2021 are as follows (Korean won in millions):

	March 31, 2021				
	Change in estimated construction revenue	Change in estimated cost	Impact on current period loss	Impact on future period profit	Change in unbilled (overbilled) receivables
SK Engineering & Construction Co., Ltd. and its subsidiaries	₩ 413,364	₩ 365,378	₩ 35,024	₩ 12,962	₩ 35,024
Others	425	(49)	407	67	407
	<u>₩ 413,789</u>	<u>₩ 365,329</u>	<u>₩ 35,431</u>	<u>₩ 13,029</u>	<u>₩ 35,431</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.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

6. Trade receivables (cont'd)

(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 March 31, 2021 are as follows (Korean won in millions):

Subsidiaries	Project	Contract date	Completion date	Percentage (%)	Unbilled receivables		Trade receivables (*1)	
					Amount	Impairment	Amount	Loss allowance
SK Engineering & Construction Co., Ltd.	RRE Project	2009.12	2016.05	99.9	₩ -	₩ -	₩ -	₩ -
	Goseong high fire power construction	2014.07	2022.01	92.5	-	-	-	-

(*1) It refers to amounts of billed receivables.

7. Inventories

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

	March 31, 2021			December 31, 2020		
	Cost	Valuation allowance	Book value	Cost	Valuation allowance	Book value
Merchandise	₩ 1,040,728	₩ (34,528)	₩ 1,006,200	₩ 864,806	₩ (45,647)	₩ 819,159
Finished goods	1,917,923	(53,464)	1,864,459	1,563,756	(59,899)	1,503,857
Semifinished goods and work in progress	985,000	(37,721)	947,279	845,458	(47,258)	798,200
Raw materials and sub-materials	1,615,193	(28,626)	1,586,567	1,354,419	(24,761)	1,329,658
Materials in transit	1,646,137	-	1,646,137	1,354,400	-	1,354,400
Supplies	324,456	(3,601)	320,855	311,475	(4,074)	307,401
Uncompleted contracts	67,688	-	67,688	57,673	-	57,673
Others	9,679	-	9,679	9,476	(327)	9,149
	<u>₩ 7,606,804</u>	<u>₩ (157,940)</u>	<u>₩ 7,448,864</u>	<u>₩ 6,361,463</u>	<u>₩ (181,966)</u>	<u>₩ 6,179,497</u>

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

8. Investment securities

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

	March 31, 2021			Total
	Financial assets measured at FVTPL	Financial assets measured at FVOCI (*1)	Financial assets measured at amortized cost	
Equity instruments:				
Marketable equity instruments	₩ -	₩ 1,964,371	₩ -	₩ 1,964,371
Non-marketable equity instruments	135,574	1,731,324	-	1,866,898
	<u>135,574</u>	<u>3,695,695</u>	<u>-</u>	<u>3,831,269</u>
Bond instruments:				
Beneficiary securities and others	612,878	662	-	613,540
Debt securities	546,451	12,736	1,138	560,325
	<u>1,159,329</u>	<u>13,398</u>	<u>1,138</u>	<u>1,173,865</u>
	<u>₩ 1,294,903</u>	<u>₩ 3,709,093</u>	<u>₩ 1,138</u>	<u>₩ 5,005,134</u>
Current investment securities	₩ 111,039	₩ -	₩ 45	₩ 111,084
Non-current investment securities	1,183,864	3,709,093	1,093	4,894,050
	December 31, 2020			Total
	Financial assets measured at FVTPL	Financial assets measured at FVOCI (*1)	Financial assets measured at amortized cost	
Equity instruments:				
Marketable equity instruments	₩ -	₩ 1,633,968	₩ -	₩ 1,633,968
Non-marketable equity instruments	87,275	1,720,055	-	1,807,330
	<u>87,275</u>	<u>3,354,023</u>	<u>-</u>	<u>3,441,298</u>
Bond instruments:				
Beneficiary securities and others	572,689	662	-	573,351
Debt securities	478,641	12,245	1,143	492,029
	<u>1,051,330</u>	<u>12,907</u>	<u>1,143</u>	<u>1,065,380</u>
	<u>₩ 1,138,605</u>	<u>₩ 3,366,930</u>	<u>₩ 1,143</u>	<u>₩ 4,506,678</u>
Current investment securities	₩ 150,624	₩ -	₩ 45	₩ 150,669
Non-current investment securities	987,981	3,366,930	1,098	4,356,009

(*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 Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

9. Investments in associates and joint ventures

(1) Investments in associates and joint ventures

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

Company	Domicile	Equity ownership (*1)	March 31, 2021		December 31,
			Acquisition cost	Book value	2020
					Book value
Associates:					
SK Hynix Inc.	Korea	20.1%	₩ 5,420,310	₩ 11,821,533	₩ 11,750,425
Plug Power Inc. (*2,3)	USA	9.9%	1,793,533	1,825,424	-
Vingroup Joint Stock Company (*3)	Vietnam	6.4%	957,882	886,901	851,300
Masan Group Corporation (*3)	Vietnam	9.4%	457,718	383,216	367,832
Eureka Midstream Holdings	USA	40.0%	465,582	488,891	465,917
Shenzhen Lonian Electrics Co., Ltd.	China	26.0%	383,369	403,877	383,049
FR BR Aggregator	USA	39.0%	350,718	254,083	283,933
Huizhou EVE United Energy Co., Ltd.	China	49.0%	344,465	370,748	353,815
Peru LNG Company, LLC	USA	20.0%	331,144	253,785	243,456
Daehan Oil Pipeline Corporation	Korea	41.0%	311,372	308,502	311,015
NHIP II Bison Holdings, LLC	USA	24.5%	297,511	285,740	244,325
Hana Card Co., Ltd. (*3)	Korea	15.0%	253,707	324,994	314,930
Yemen LNG Company Ltd. (*3,4)	Yemen	6.9%	252,813	-	-
Beijing BESK Technology Co., Ltd.	China	49.0%	247,427	243,002	235,604
Korea IT Fund (*5)	Korea	63.3%	242,170	323,309	323,294
Canakkale Highway And Bridge	Turkey	25.0%	228,446	224,439	208,272
ProteoVant Sciences, Inc. (*2)	USA	40.0%	222,370	222,370	-
Joyvio (*3)	China	14.0%	213,793	199,354	197,974
Best Oil Company Limited	Myanmar	35.0%	154,732	151,800	159,557
ENN (Zhoushan) LNG Co., Ltd. (*3).	China	10.0%	132,938	140,600	133,164
Socar Co., Ltd.	Korea	22.2%	109,304	72,710	80,033
Others				<u>1,194,407</u>	<u>1,239,600</u>
				<u>20,379,685</u>	<u>18,147,495</u>
Joint ventures (*6):					
Sinopec-SK (Wuhan) Petrochemical Co., Ltd.	China	35.0%	676,332	1,006,204	942,775
Mitsui Chemicals & SKC Polyurethanes Co., Ltd.	Korea	50.0%	349,942	434,495	419,404
Hana Land Chip PEF 33 (*7)	Korea	-	-	-	262,881
ZETA CAYMAN Limited	Cayman	50.0%	177,904	259,479	163,720
Eurasia Tunnel	Turkey	50.0%	174,215	272,988	254,324
Boryeong LNG Terminal Co., Ltd.	Korea	50.0%	133,323	138,197	146,568
SABIC SK Nexlene Company Pte. Ltd.	Singapore	50.0%	112,670	93,688	93,915
Others				<u>398,871</u>	<u>378,036</u>
				<u>2,603,922</u>	<u>2,661,623</u>
				<u>₩22,983,607</u>	<u>₩ 20,809,118</u>

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

(*2) It was newly acquired during the three-month period ended March 31, 2021.

(*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.

(*7) During the three-month period ended March 31, 2021, the Group acquired additional 34.80% shares of Hana Land Chip PEF 33 and gained control. Accordingly, the Group reclassified it from investment in joint ventures to investment in subsidiaries.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

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 three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

		For the three-month period ended March 31, 2021							
		Beginning balance	Acquisitions	Disposals	Equity profit or losses on investments	Other comprehensive income	Dividends received	Others (*1,2)	Ending balance
Associates	₩	18,147,495	₩ 2,076,332	₩ (17,705)	₩ 178,719	₩ 67,757	₩ (189,253)	₩ 116,340	₩ 20,379,685
Joint ventures		2,661,623	6,684	-	61,379	120,109	(13,904)	(231,969)	2,603,922
	₩	20,809,118	₩ 2,083,016	₩ (17,705)	₩ 240,098	₩ 187,866	₩ (203,157)	₩ (115,629)	₩ 22,983,607

		For the three-month period ended March 31, 2020							
		Beginning balance	Acquisitions	Disposals	Equity profit or losses on investments	Other comprehensive income	Dividends received	Others (*2)	Ending balance
Associates	₩	19,423,252	₩ 84,823	₩ (1,141)	₩ 160,535	₩ 143,499	₩ (171,812)	₩ 232,998	₩ 19,872,154
Joint ventures		2,471,464	1,674	(28,215)	(36,166)	27,665	(27,042)	17,605	2,426,985
	₩	21,894,716	₩ 86,497	₩ (29,356)	₩ 124,369	₩ 171,164	₩ (198,854)	₩ 250,603	₩ 22,299,139

(*1) Others include ₩262,881 million of transfer due to reclassification of Hana Land Chip PEF 33 to investment in subsidiaries.

(*2) Others include the effects of changes in scope of consolidation, net foreign currency differences and others.

(3) Details of unrecognized changes in equity method caused by discontinuing the application of equity method as of March 31, 2021 are as follows (Korean won in millions):

	Beginning balance	Changes	Ending balance
Pentaport Development Co., Ltd.	₩ 79,238	₩ 34	₩ 79,272
SK Telesys Corporation	3,960	-	3,960
Korea Consortium Kazakh B.V.	186,473	-	186,473
Yemen LNG Company Ltd. and others	45,279	2,386	47,665

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

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

(4) Condensed financial information of significant investments in associates and joint ventures as of March 31, 2021 are as follows (Korean won in millions):

	As of and for the three-month period ended March 31, 2021						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Sales	Net income (loss)	Total comprehensive income (loss)
Associates:							
SK Hynix Inc.	₩ 18,384,877	₩ 56,733,131	₩ 9,830,992	₩ 12,908,427	₩ 8,494,188	₩ 992,640	₩ 1,269,775
Vingroup Joint Stock Company	8,074,702	12,756,846	8,576,548	5,589,331	1,406,350	65,113	65,113
Masan Group Corporation	1,461,250	4,221,416	1,908,746	2,544,933	1,001,628	15,672	15,672
Eureka Midstream Holdings	28,444	957,010	372,415	6,911	23,017	10,935	(15,765)
Shenzhen Londian Wason Holdings Group. Co., Ltd.	814,680	757,343	500,158	282,287	206,037	15,489	15,800
FR BR Aggregator	-	1,294,897	4,785	551,245	-	(34,642)	(34,642)
Huizhou EVE United Energy Co., Ltd.	508,469	574,899	232,131	73,055	250,289	34,709	34,709
Peru LNG Company, LLC	362,983	2,394,477	305,042	1,183,342	306,394	(4,289)	(4,289)
Daehan Oil Pipeline Corporation	81,379	949,211	49,974	264,340	42,643	6,221	6,221
NHIP II Bison Holdings, LLC	20,819	1,005,349	912	52	-	(123)	(123)
Hana Card Co., Ltd.	8,142,264	303,040	986,452	5,608,190	306,149	72,635	73,047
Beijing BESK Technology Co., Ltd.	327,532	461,312	282,688	10,726	101,123	905	905
Korea IT Fund	129,515	380,973	-	-	33	23	23
Canakkale Highway And Bridge	40,908	3,361,489	132,890	2,371,751	140,423	(15,761)	13,743
ProteoVant Sciences, Inc.	111,491	50	1,353	5,899	-	(7,090)	(7,090)
Best Oil Company Limited	183,939	226,575	147,054	18,412	118,306	4,169	4,169
ENN (Zhoushan) LNG Co., Ltd.	279,318	798,262	85,636	573,145	20,092	31,195	31,267
Socar Co., Ltd.	88,058	184,010	150,944	62,585	50,231	(8,603)	(8,603)
Joint ventures:							
Sinopec-SK (Wuhan) Petrochemical Co., Ltd.	925,645	4,454,110	1,161,403	1,547,201	1,866,419	89,827	89,827
Mitsui Chemicals & SKC Polyurethanes Co., Ltd.	539,176	929,545	384,626	134,535	316,205	39,280	38,502
ZETA CAYMAN Limited	1,080	518,299	419	-	-	(417)	174,773
Eurasia Tunnel	150,751	1,420,643	138,604	902,910	2,370	8,991	18,649
Boryeong LNG Terminal Co., Ltd.	201,954	1,504,626	415,547	1,043,303	36,521	5,154	5,154
SABIC SK Nexlene Company Pte. Ltd.	192,159	530,161	107,163	348,979	100,046	8,524	(13,157)

10. Property, plant and equipment

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

	March 31, 2021	December 31, 2020
Acquisition cost	₩ 67,920,282	₩ 65,074,322
Accumulated depreciation and accumulated impairment loss	(20,173,149)	(19,163,698)
	₩ 47,747,133	₩ 45,910,624

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

10. Property, plant and equipment (cont'd)

(2) Changes in property, plant and equipment for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2021						
	Beginning balance	Business combination	Acquisitions	Disposals	Depreciation	Others (*1)	Ending balance
Land	₩ 8,527,871	₩ 824,972	₩ 1,436	₩ (4,931)	₩ -	₩ (7,336)	₩ 9,342,012
Buildings	4,568,817	223,527	805	(814)	(52,876)	43,656	4,783,115
Structures	1,660,194	47,413	1,278	(262)	(28,684)	6,549	1,686,488
Machinery and equipment	20,261,529	62,621	52,962	(18,837)	(970,140)	951,572	20,339,707
Vehicles	199,411	83	2,620	(370)	(8,440)	2,084	195,388
Operating lease asset	1,786,789	-	255,805	(7,255)	(111,205)	(66,266)	1,857,868
Others	3,382,742	12,904	128,574	(671)	(171,311)	673,861	4,026,099
Construction-in-progress	5,523,271	3,300	1,025,275	(120)	-	(1,035,270)	5,516,456
	<u>₩ 45,910,624</u>	<u>₩ 1,174,820</u>	<u>₩ 1,468,755</u>	<u>₩ (33,260)</u>	<u>₩ (1,342,656)</u>	<u>₩ 568,850</u>	<u>₩ 47,747,133</u>

	For the three-month period ended March 31, 2020						
	Beginning balance	Business combination	Acquisitions	Disposals	Depreciation	Others (*1)	Ending balance
Land	₩ 8,787,048	₩ 9,670	₩ 3,365	₩ (59,396)	₩ -	₩ 12,219	₩ 8,752,906
Buildings	4,271,484	29,196	1,470	(6,565)	(46,592)	43,170	4,292,163
Structures	1,518,777	6,300	1,011	(2,766)	(28,320)	20,027	1,515,029
Machinery and equipment	18,582,898	91,694	49,068	(2,298)	(928,658)	877,219	18,669,923
Vehicles	185,700	152	793	(780)	(6,306)	2,524	182,083
Operating lease asset	1,746,356	-	172,736	(5,258)	(88,105)	(89,879)	1,735,850
Others	3,537,088	1,871	237,999	(10,381)	(168,764)	(151,863)	3,445,950
Construction-in-progress	4,198,976	133,179	1,220,035	(7,579)	-	(801,350)	4,743,261
	<u>₩ 42,828,327</u>	<u>₩ 272,062</u>	<u>₩ 1,686,477</u>	<u>₩ (95,023)</u>	<u>₩ (1,266,745)</u>	<u>₩ (87,933)</u>	<u>₩ 43,337,165</u>

(*1) Others include changes in consolidation scope, transfer of intangible assets and investment properties, impairment losses, net translation differences and others.

11. Right-of-use assets and lease liabilities

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

	March 31, 2021	December 31, 2020
Acquisition cost	₩ 7,010,172	₩ 7,879,536
Accumulated depreciation and accumulated impairment losses	(1,954,936)	(1,701,056)
	<u>₩ 5,055,236</u>	<u>₩ 6,178,480</u>

(2) Changes in right-of-use assets for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2021						
	Beginning balance	Business combination	Increase	Decrease	Depreciation	Others (*1)	Ending balance
Land and buildings	₩ 3,230,719	₩ 17	₩ 188,440	₩ (85,681)	₩ (240,440)	₩ (757,973)	₩ 2,335,082
Tank	217,252	-	2,071	(763)	(17,263)	675	201,972
Ships and vessels	1,013,186	-	-	-	(22,917)	11,520	1,001,789
Vehicles	1,264,696	103	33,600	(43,851)	(72,302)	25,561	1,207,807
Others	452,627	-	26,534	(182)	(27,203)	(143,190)	308,586
	<u>₩ 6,178,480</u>	<u>₩ 120</u>	<u>₩ 250,645</u>	<u>₩ (130,477)</u>	<u>₩ (380,125)</u>	<u>₩ (863,407)</u>	<u>₩ 5,055,236</u>

	For the three-month period ended March 31, 2020						
	Beginning balance	Business combination	Increase	Decrease	Depreciation	Others (*1)	Ending balance
Land and buildings	₩ 1,912,681	₩ 67,576	₩ 180,312	₩ (51,613)	₩ (120,638)	₩ 243,727	₩ 2,232,045
Tank	266,195	-	10,726	(2,076)	(16,812)	1,464	259,497
Ships and vessels	1,065,528	-	-	-	(21,891)	25,704	1,069,341
Vehicles	1,424,084	242	48,726	(55,712)	(72,667)	176	1,344,849
Others	492,290	951	46,530	(1,144)	(32,507)	(187,506)	318,614
	<u>₩ 5,160,778</u>	<u>₩ 68,769</u>	<u>₩ 286,294</u>	<u>₩ (110,545)</u>	<u>₩ (264,515)</u>	<u>₩ 83,565</u>	<u>₩ 5,224,346</u>

(*1) The amounts include exclusion from the scope of consolidation, net foreign exchange differences and others.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

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

(3) Changes in lease liabilities for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2021							Ending balance
	Beginning balance	Business combination	Increase	Interest expenses	Decrease	Transfer	Others (*1)	
Lease liabilities	₩ 5,665,951	₩ 120	₩ 245,906	₩ 28,373	₩ (276,161)	₩ -	₩ (1,087,064)	₩ 4,577,125

	For the three-month period ended March 31, 2020							Ending balance
	Beginning balance	Business combination	Increase	Interest expenses	Decrease	Transfer	Others (*1)	
Lease liabilities	₩ 4,647,511	₩ 68,900	₩ 288,316	₩ 33,098	₩ (277,182)	₩ (306)	₩ (27,136)	₩ 4,733,201

(*1) The amounts include exclusion from the scope of consolidation, net foreign exchange differences and others.

The Group recognized lease payments of ₩33,781 million(₩47,645 million as of March 31, 2020) in relation to short-term leases, ₩2,413 million(₩2,410 million as of March 31, 2020) in relation to leases of low-value assets during the period ended.

12. Investment properties

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

	March 31, 2021	December 31, 2020
Acquisition cost	₩ 703,735	₩ 701,118
Accumulated depreciation and accumulated impairment loss	(134,494)	(130,564)
	₩ 569,241	₩ 570,554

(2) Changes in investment properties for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2021						Ending balance
	Beginning balance	Acquisitions	Disposals	Depreciation	Others (*1)		
Land	₩ 501,811	₩ -	₩ (4,682)	₩ -	₩ (17,683)	₩ 479,446	
Buildings	64,915	467	(3,147)	(2,788)	26,539	85,986	
Structures	3,828	-	-	(19)	-	3,809	
	₩ 570,554	₩ 467	₩ (7,829)	₩ (2,807)	₩ 8,856	₩ 569,241	

	For the three-month period ended March 31, 2020						Ending balance
	Beginning balance	Acquisitions	Disposals	Depreciation	Others (*1)		
Land	₩ 241,383	₩ 111	₩ (15,258)	₩ -	₩ 10,021	₩ 236,257	
Buildings	245,891	473	(559)	(2,651)	(1,178)	241,976	
Structures	484	-	-	(36)	(1)	447	
	₩ 487,758	₩ 584	₩ (15,817)	₩ (2,687)	₩ 8,842	₩ 478,680	

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

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

13. Goodwill

(1) Changes in goodwill for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Beginning balance	₩ 4,755,455	₩ 2,598,464
Business combination (see Note 35 Business combination)	589,594	1,267,661
Others (*1)	(92,581)	26,060
Ending balance	₩ 5,252,468	₩ 3,892,185

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

14. Intangible assets

(1) Details of intangible assets for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2021						
	Beginning balance	Business combination	Acquisitions	Disposals	Amortization	Others (*2)	Ending balance
Development costs	₩ 219,166	₩ 1,848	₩ 17,691	₩ (1,660)	₩ (13,112)	₩ 10,243	₩ 234,176
Facility usage rights	66,014	-	180	(3)	(2,312)	956	64,835
Industrial property rights	87,019	16,171	1,688	(4)	(2,047)	380	103,207
Frequency usage rights	1,932,765	-	-	-	(124,526)	-	1,808,239
Customer-related assets	2,842,553	-	-	(57)	(63,323)	9,585	2,788,758
Membership (*1)	284,835	-	6,152	(4,850)	-	(45)	286,092
Development costs for petroleum resource	1,149,011	-	34,029	-	(7,241)	(605,522)	570,277
Brand-related assets (*1)	2,631,393	-	-	-	-	951	2,632,344
Developed technology	989,587	-	-	-	(38,717)	8,349	959,219
Others (*3)	1,702,097	22,749	7,299	(520)	(142,396)	63,185	1,652,414
	₩ 11,904,440	₩ 40,768	₩ 67,039	₩ (7,094)	₩ (393,674)	₩ (511,918)	₩ 11,099,561

	For the three-month period ended March 31, 2020						
	Beginning balance	Business combination	Acquisitions	Disposals	Amortization	Others (*2)	Ending balance
Development costs	₩ 151,824	₩ -	₩ 13,233	₩ (674)	₩ (9,036)	₩ 3,195	₩ 158,542
Facility usage rights	48,300	-	147	-	(1,792)	801	47,456
Industrial property rights	74,659	-	219	(135)	(1,493)	9,203	82,453
Frequency usage rights	2,647,501	-	-	-	(130,495)	-	2,517,006
Customer-related assets	2,221,365	335,632	31	(79)	(55,162)	18,294	2,520,081
Membership (*1)	237,662	516	8,739	(6,171)	-	473	241,219
Development costs for petroleum resource	1,492,031	-	41,886	-	(10,922)	37,874	1,560,869
Brand-related assets (*1)	2,596,643	-	-	-	-	1,589	2,598,232
Developed technology	941,534	50,814	-	-	(38,426)	3,221	957,143
Others (*3)	1,656,267	3,447	35,639	(2,173)	(137,866)	59,102	1,614,416
	₩ 12,067,786	₩ 390,409	₩ 99,894	₩ (9,232)	₩ (385,192)	₩ 133,752	₩ 12,297,417

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

(*2) This includes exclusion from the scope of consolidation, impairment loss, net translation differences, transfer to intangible assets or property, plant and equipment from construction-in-progress and others.

(*3) This comprises intangible assets recognized through business combination, software, usable and profitable donation assets and others.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

15. Borrowings and bonds payable

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

	March 31, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
Short-term borrowings (*1)	₩ 6,554,276	₩ -	₩ 6,201,430	₩ -
Bonds and long-term borrowings:				
Bonds payable	5,393,430	28,905,725	4,767,907	26,399,587
Long-term borrowings (*1)	1,302,511	11,231,821	1,448,871	10,443,923
	<u>6,695,941</u>	<u>40,137,546</u>	<u>6,216,778</u>	<u>36,843,510</u>
	<u>₩ 13,250,217</u>	<u>₩ 40,137,546</u>	<u>₩ 12,418,208</u>	<u>₩ 36,843,510</u>

(*1) It includes borrowings collateralized for trade receivables of ₩131,785 million and ₩188,155 million as of March 31, 2021 and December 31, 2020, respectively, which were transferred but not derecognized.

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

	March 31, 2021	December 31, 2020
SK Inc.	₩ 6,400,000	₩ 6,400,000
SK Innovation Co., Ltd.	2,126,750	1,604,000
SK Energy Co., Ltd.	3,300,000	3,300,000
SK Global Chemical Co., Ltd.	1,610,000	1,610,000
SK Incheon Petrochem Co., Ltd.	1,970,000	1,870,000
SK Lubricants Co., Ltd.	840,000	840,000
SK Battery America, Inc.	1,133,500	-
SK Telecom Co., Ltd.	7,050,200	6,895,600
SK Broadband Co., Ltd.	1,630,050	1,686,400
ADT Caps Co., Ltd. (formerly, SK Infosec Co., Ltd.)	24,782	24,782
SK Networks Co., Ltd.	1,030,000	1,030,000
SK Magic Co., Ltd.	430,000	280,000
SK Rent-a-Car Co., Ltd.	630,000	375,000
SKC Co., Ltd.	398,720	312,943
SKC Solmics Co., Ltd.	42,670	41,760
SK Telesys Co., Ltd.	30,000	30,000
SKC Hightech & Marketing Co., Ltd.	60,605	59,376
SK E&S Co., Ltd.	1,520,000	1,020,000
Paju Energy Service Co., Ltd.	730,000	730,000
Narae Energy Service Co., Ltd.	380,000	420,000
Yeosu Energy Service Co., Ltd.	200,000	200,000
SK Engineering & Construction Co., Ltd.	1,308,000	1,008,000
SK Materials Co., Ltd.	645,000	455,000
SK Siltron Co., Ltd.	779,000	924,000
	<u>34,269,277</u>	<u>31,116,861</u>
Addition: premium on bonds payable	29,878	50,633
Less: current portion	<u>(5,393,430)</u>	<u>(4,767,907)</u>
	<u>₩ 28,905,725</u>	<u>₩ 26,399,587</u>

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

15. Borrowings and bonds payable (cont'd)

(3) Details of long-term borrowings as of March 31, 2021 and December 31, 2020 are as follows (Korean won in millions):

Financial institution	Description	Interest rate (%)	March 31, 2021	December 31, 2020
Korea Development Bank and others	General	0.00 ~ 4.75	₩ 6,911,572	₩ 6,050,756
Korea Development Bank and others	Fund for facility	0.00 ~ 4.90	2,762,510	2,925,741
Standed Chartered Bank and others	Foreign borrowings	0.00 ~ 8.00	1,343,254	1,374,882
Korea Energy Agency (*1)	Fund for mine exploration	0.00 ~ 8.80	63,537	83,853
Econg 1st Co., Ltd. and others	Callable preferred share	2.70 ~ 2.95	100,000	100,000
Korea Development Bank and others	Fund for operation	0.00 ~ 2.78	87,644	97,650
Korea Development Bank and others	Fund for supply pipeline	1.75	7,432	7,602
KEB Hana Bank	Fund for reasonable energy consumption	1.75	3,660	3,660
NH Bank	Fund for safety management	1.75	246	261
Korea Development Bank and others (*2)	Takeover	LIBOR(3M) + 1.60	158,690	152,320
Mizuho Bank and others (*3)	Takeover	EURIBOR(3M) + 0.70	213,855	215,457
MD Prime 1st Co., Ltd. and others	Others	3.07, 3.20	909,976	909,976
			12,562,376	11,922,158
Less: discount			(28,044)	(29,364)
Less: current portion			(1,302,511)	(1,448,871)
			<u>₩ 11,231,821</u>	<u>₩ 10,443,923</u>

(*1) As of March 31, 2021 and December 31, 2020, SK Innovation Co., Ltd., a subsidiary of the group, holds a loan amounting to ₩55,133 million and ₩53,191 million from 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 Co., Ltd., one of the subsidiaries, has a repayment obligation for borrowings of SK Global Chemical Americas, Inc. in the event of default. The purpose of the borrowings of SK Global Chemical Americas, Inc. was to acquire The Dow Chemical Company's EAA business domiciled in the US and Spain and its tangible and intangible assets.

(*3) SK Global Chemical Co., Ltd., one of the subsidiaries, has a repayment obligation for borrowings of SK Functional Polymer S.A.S in the event of default. The purpose of the borrowings of SK Functional Polymer S.A.S was to acquire high-functional polymer business and the related tangible and intangible assets.

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

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

16. Provisions

Changes in the provisions for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2021					
	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Provision for sale warranties	₩ 91,319	₩ 7,630	₩ (3,128)	₩ 95,821	₩ 4,970	₩ 90,851
Provision for service / construction warranties	101,415	5,181	(4,173)	102,423	101,989	434
Provision for restoration	166,855	10,476	(4,391)	172,940	49,985	122,955
Provision for onerous contracts	353,075	2,341	(20,135)	335,281	280,303	54,978
Other provisions	224,737	42,761	(53,956)	213,542	198,285	15,257
	<u>₩ 937,401</u>	<u>₩ 68,389</u>	<u>₩ (85,783)</u>	<u>₩ 920,007</u>	<u>₩ 635,532</u>	<u>₩ 284,475</u>

	For the three-month period ended March 31, 2020					
	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Provision for sale warranties	₩ 75,025	₩ 5,495	₩ (2,384)	₩ 78,136	₩ 3,457	₩ 74,679
Provision for service / construction warranties	93,034	2,435	(3,609)	91,860	91,860	-
Provision for restoration	160,170	4,974	(988)	164,156	53,056	111,100
Provision for onerous contracts	152,857	-	(4,673)	148,184	148,184	-
Other provisions	335,545	86,719	(47,851)	374,413	350,962	23,451
	<u>₩ 816,631</u>	<u>₩ 99,623</u>	<u>₩ (59,505)</u>	<u>₩ 856,749</u>	<u>₩ 647,519</u>	<u>₩ 209,230</u>

17. Defined benefit liabilities

(1) Details of defined benefit liabilities as of March 31, 2021 and December 31, 2020 are as follows (Korean won in millions):

	March 31, 2021	December 31, 2020
Present value of defined benefit obligation	₩ 3,576,161	₩ 3,491,805
Fair value of plan assets (*1)	(3,005,200)	(3,054,840)
Total	<u>₩ 570,961</u>	<u>₩ 436,965</u>

(*1) The Group has recognized ₩557 million as defined benefit assets as of March 31, 2021.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

17. Defined benefit liabilities (cont'd)

(2) Changes in the defined benefit liabilities for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	<u>For the three-month period ended March 31, 2021</u>		
	Present value of defined benefit obligation	Fair value of plan assets	Total
Beginning balance	₩ 3,491,805	₩ (3,054,840)	₩ 436,965
Business combination	2,236	-	2,236
Provision for pension benefits:			
Current service cost	116,926	-	116,926
Past service cost	157	-	157
Net interest expense (income)	19,192	(17,456)	1,736
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expenses)	-	9,661	9,661
Actuarial changes arising from changes in financial assumptions and others	27,785	-	27,785
Contributions by employer directly to plan assets	-	(24,813)	(24,813)
Benefit paid	(128,019)	135,073	7,054
Others	46,079	(52,825)	(6,746)
Ending balance	<u>₩ 3,576,161</u>	<u>₩ (3,005,200)</u>	<u>₩ 570,961</u>
	<u>For the three-month period ended March 31, 2020</u>		
	Present value of defined benefit obligation	Fair value of plan assets	Total
Beginning balance	₩ 3,171,225	₩ (2,763,924)	₩ 407,301
Business combination	11,165	(9,794)	1,371
Provision for pension benefits:			
Current service cost	111,370	-	111,370
Past service cost	815	-	815
Net interest expense (income)	15,770	(17,503)	(1,733)
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expenses)	-	2,529	2,529
Actuarial changes arising from changes in financial assumptions and others	52,217	-	52,217
Contributions by employer directly to plan assets	-	(39,125)	(39,125)
Benefit paid	(106,224)	126,998	20,774
Others	26,061	(21,326)	4,735
Ending balance	<u>₩ 3,282,399</u>	<u>₩ (2,722,145)</u>	<u>₩ 560,254</u>

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

18. Other assets and liabilities

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Current assets:		
Short-term loans	₩ 188,324	₩ 193,526
Accrued income	155,755	154,932
Advanced payments	1,094,267	830,073
Prepaid expenses	2,842,585	2,730,042
Guarantee deposits	329,876	356,573
Derivative financial assets	127,484	129,821
Lease receivables	27,064	56,327
Other contract assets	112,953	100,700
Others	110,008	121,713
	<u>₩ 4,988,316</u>	<u>₩ 4,673,707</u>
Non-current assets:		
Long-term prepaid expenses	₩ 1,461,717	₩ 1,428,210
Long-term loans	416,415	416,482
Guarantee deposits	587,163	574,946
Derivative financial assets	673,985	596,215
Long-term lease receivables	44,961	25,079
Other long-term contract assets	50,557	47,675
Others (*1)	192,749	217,889
	<u>₩ 3,427,547</u>	<u>₩ 3,306,496</u>

(*1) Includes defined benefit assets amounting to ₩557 million as of March 31, 2021. The excess amount of certain plans in the Group has not been offset because the amount was not entitled and intended to settle the defined benefit liabilities of other plans (see Note 17).

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Current liabilities:		
Accrued expenses	₩ 3,706,124	₩ 3,964,534
Dividends payable	800,691	840
Advances received	1,804,989	1,779,351
Unearned revenue	134,663	62,879
Withholdings	2,334,057	2,238,208
Deposits received	204,732	210,035
Income tax payable	1,355,262	1,161,735
Derivative financial liabilities	82,805	96,665
Lease liabilities	1,249,799	2,244,201
Finance guarantee liabilities	712	832
Other contract liabilities	395,032	297,350
Others	56,666	18,832
	<u>₩ 12,125,532</u>	<u>₩ 12,075,462</u>
Non-current liabilities:		
Long-term accrued expenses	₩ 14,923	₩ 10,610
Long-term unearned revenue	573,006	571,257
Deposits received	281,849	262,079
Derivative financial liabilities	662,472	734,225
Long-term lease liabilities	3,327,326	3,421,750
Financial guarantee liabilities	20,060	21,447
Other long-term contract liabilities	29,997	40,011
Others (*1)	243,604	209,331
	<u>₩ 5,153,237</u>	<u>₩ 5,270,710</u>

(*1) Includes long-term employee benefit liabilities amounting to ₩119,241 million and ₩117,973 million as of March 31, 2021 and December 31, 2020, respectively.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

19. Derivative financial assets and liabilities

(1) Details of derivative financial assets and liabilities as of March 31, 2021 and December 31, 2020 are as follows (Korean won in millions):

	March 31, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
Firm contracts	₩ 20,590	₩ 5,225	₩ (25,471)	₩ 5,488
Swap contracts	7,646	(183,615)	27,906	(640,075)
Forward contracts	(25,146)	(323,622)	10,036	2,008
Futures contracts	17,299	2,669	4,608	1,673
Options contracts	24,290	510,856	16,077	492,896
	<u>₩ 44,679</u>	<u>₩ 11,513</u>	<u>₩ 33,156</u>	<u>₩ (138,010)</u>
Derivative financial assets	₩ 127,484	₩ 673,985	₩ 129,821	₩ 596,215
Derivative financial liabilities	(82,805)	(662,472)	(96,665)	(734,225)

20. Equity

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

	March 31, 2021	December 31, 2020
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 share (par value: ₩1,200 million) in 2015 by reducing retained earnings, which resulted in a difference between total par value of ordinary shares and issued capital.

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

	March 31, 2021	December 31, 2020
Additional paid-in capital (*1)	₩ 5,605,831	₩ 5,605,831
Treasury shares (*2)	(1,811,454)	(1,811,454)
Others	2,524,980	1,455,769
	<u>₩ 6,319,357</u>	<u>₩ 5,250,146</u>

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

(*2) As of March 31, 2021, 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 (11,019,129 ordinary shares and 1,787 preferred shares) during the year 2015.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

20. Equity (cont'd)

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Legal reserve (*1)	₩ 7,693	₩ 7,693
Voluntary reserve	62,897	62,897
Unappropriated retained earnings	12,332,488	12,426,086
	<u>₩ 12,403,078</u>	<u>₩ 12,496,676</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.

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Net loss on valuation of financial assets measured at FVOCI	₩ 238,132	₩ 151,824
Equity adjustments of investments in associates and joint ventures	(43,007)	(163,810)
Net gain on valuation of derivative instruments	8,599	24,898
Net gain on translation of foreign operation	(22,618)	(340,075)
	<u>₩ 181,106</u>	<u>₩ (327,163)</u>

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

20. Equity (cont'd)

(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:

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

Share compensation expense recognized during the current reporting period is ₩221 million (total : ₩4,884 million), and the remaining share compensation expense to be recognized in later periods is ₩1,164 million. Apart from the above share options, the Company has entered into a Stock Grant in which the employees are granted with treasury shares free of charge. For the Stock Grant, there is no separate vesting condition, and may not be transferred within the term. As of March 31, 2021, the stock compensation expenses recognized in relation to Stock Grant are ₩119 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):

	1-1	1-2	1-3	2
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

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
Group of SK Innovation Co., Ltd.	₩ 87	₩ 1,963	₩ 6,621	₩ 8,584
Group of SK Telecom Co., Ltd.	1,045	8,634	5,185	13,819
Group of SK Networks Co., Ltd.	18	729	2,468	3,197
Group of SKC Co., Ltd.	203	1,294	4,442	5,736
Group of SK E&S Co., Ltd.	-	496	14	510
Others	274	1,838	3,490	5,328
	₩ 1,627	₩ 14,954	₩ 22,220	₩ 37,174

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

21. Selling and administrative expenses

Details of selling and administrative expenses for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Salaries	₩ 351,299	₩ 344,371
Provision for pension benefits	40,013	62,379
Employee welfare benefits	89,579	78,865
Travel	7,487	13,796
Bad debt expenses	16,541	27,409
Communications	1,890	1,939
Utilities	9,192	9,471
Taxes and dues	21,910	23,690
Supplies	9,284	7,722
Rents	31,973	41,488
Depreciation	111,061	111,691
Amortization	69,726	57,702
Repairs	7,027	6,305
Insurance	13,283	11,980
Advertising	110,930	106,647
Research and development	105,504	127,441
Education and examination	14,723	21,551
Outsourcing technology services	207,917	197,576
Transport	87,422	72,474
Others	41,205	33,000
	<u>₩ 1,347,966</u>	<u>₩ 1,357,497</u>

22. Finance income and costs

Details of finance income and costs for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Finance income:		
Interest income	₩ 36,149	₩ 56,160
Gain on foreign currency transactions	253,346	452,666
Gain on foreign currency translation	139,554	230,513
Gain on transactions of derivatives	217,680	990,742
Gain on valuation of derivatives	168,874	890,913
Others	82,088	653
	<u>₩ 897,691</u>	<u>₩ 2,621,647</u>

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Finance costs:		
Interest expenses	₩ 338,628	₩ 358,019
Loss on foreign currency transactions	261,529	501,510
Loss on foreign currency translation	247,578	380,032
Loss on transactions of derivatives	269,557	890,501
Loss on valuation of derivatives	111,264	820,096
Others	42,620	12,992
	<u>₩ 1,271,176</u>	<u>₩ 2,963,150</u>

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

23. Other non-operating income and expenses

(1) Details of other non-operating income for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Other non-operation income:		
Dividend income	₩ 4,723	₩ 6,112
Rental income	260	388
Gain on disposal of trade receivables	11,951	4,679
Gain on disposal of investments in associates and joint ventures	373,819	243,392
Gain on disposal of property, plant and equipment	44,668	5,469
Gain on disposal of intangible assets	1,733	12,329
Others	129,454	120,163
	<u>₩ 566,608</u>	<u>₩ 392,532</u>

(2) Details of other non-operating expenses for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Other non-operation expenses:		
Loss on disposal of trade receivables	₩ 5,554	₩ 4,754
Loss on impairment of investments in associates and joint ventures	1,730	434
Loss on disposal of property, plant and equipment	7,143	69,410
Loss on impairment of property, plant and equipment	1,018	75,089
Loss on disposal of intangible assets	139	188
Loss on impairment of intangible assets	63	488
Donations	7,108	22,782
Others	1,026,845	171,077
	<u>₩ 1,049,600</u>	<u>₩ 344,222</u>

24. Expense classified based on nature of expense

Details of classification based on nature of expenses for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Employee benefits	₩ 1,917,087	₩ 1,876,735
Depreciation and amortization	2,116,455	1,916,452
Network connection	218,942	197,301
Transport	181,312	143,850
Advertising	116,678	107,815
Lease payments and rents	107,014	131,354
Others	4,100,510	4,075,887
Use of raw materials and purchase of finished goods and merchandise	12,549,510	15,707,027
Changes in finished goods and semi-finished goods	(602,355)	277,561
	<u>₩ 20,705,153</u>	<u>₩ 24,433,982</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 for continuing operations in the current quarter is 46.27%, and the average effective tax rate is not calculated during the previous quarter due to pre-tax losses.

26. Earnings (losses) per share

(1) Basic and diluted earnings (losses) per share

Basic earnings (losses) per share for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions, except per share and weighted-average number of ordinary shares outstanding):

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Profit (loss) for the period attributable to owners of the parent	₩ 232,268	₩ (188,336)
Less: preferred share dividends	(854)	(571)
Profit (loss) for the period attributable to ordinary share owners of the parent	₩ 231,414	₩ (188,907)
Weighted-average number of ordinary shares outstanding (*1)	52,306,892	52,304,347
Basic earnings (losses) per ordinary share (Korean won)	₩ 4,424	₩ (3,612)

(*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 weighted-average number of ordinary shares for the three-month periods ended March 31, 2021 and 2020 is as follows:

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Weighted-average number of issued shares outstanding	70,360,297	70,360,297
Weighted-average number of treasury shares	(18,053,405)	(18,055,950)
Weighted-average number of ordinary shares outstanding	52,306,892	52,304,347

Diluted earnings (losses) per share for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions, except per share and weighted-average number of ordinary shares outstanding):

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Profit (loss) for the period attributable to ordinary share owners of the parent	₩ 231,414	₩ (188,907)
Addition: Share-based payments	111	-
Diluted profit (loss) for the period attributable to ordinary share owners of the parent	₩ 231,525	₩ (188,907)
Weighted-average number of diluted ordinary shares outstanding	52,416,897	52,304,347
Diluted earnings (losses) per ordinary share (Korean won) (*1)	₩ 4,417	₩ (3,612)

(*1) For the three-month period ended March 31, 2020, there is no dilution effect of potential ordinary shares due to net loss, so the diluted losses per share is the same as the basic losses per share.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

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

The basis of calculating weighted-average number of diluted ordinary shares for the three-month periods ended March 31, 2021 and 2020 is as follows:

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Weighted-average number of ordinary shares outstanding	52,306,892	52,304,347
Effect of exercise of stock option (*1)	110,005	-
Weighted-average number of diluted ordinary shares outstanding	<u>52,416,897</u>	<u>52,304,347</u>

(*1) For the three-month period ended March 31, 2020, there was no dilution of potential ordinary shares due to net loss, so the effect of exercise of stock option was not considered.

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

Basic earnings (losses) per share from continuing operations for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions, except basic earnings (losses) per share and weighted-average number of ordinary shares outstanding):

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Profit (loss) for the period attributable to owners of the parent	₩ 231,414	₩ (188,907)
Less: profit (loss) from discontinued operations	34,471	(7,517)
Profit (loss) for the period from continuing operations attributable to ordinary share owners of the parent	₩ 196,943	₩ (181,390)
Weighted-average number of ordinary shares outstanding	<u>52,306,892</u>	<u>52,304,347</u>
Basic earnings (losses) per share from continuing operations (Korean won)	<u>₩ 3,765</u>	<u>₩ (3,468)</u>

Diluted earnings (losses) per share from continuing operations for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions, except per share and weighted-average number of ordinary shares outstanding):

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Profit (loss) for the period from continuing operations attributable to ordinary share owners of the parent	₩ 196,943	₩ (181,390)
Addition: Share-based payments	111	-
Diluted profit (loss) for the period from continuing operations attributable to ordinary share owners of the parent	₩ 197,054	₩ (181,390)
Weighted-average number of diluted ordinary shares outstanding	<u>52,416,897</u>	<u>52,304,347</u>
Diluted earnings (losses) per share from continuing operations (Korean won) (*1)	<u>₩ 3,759</u>	<u>₩ (3,468)</u>

(*1) For the three-month period ended March 31, 2020, the diluted losses per share from continuing operations is the same as the basic losses per share from continuing operations because there is no dilution of potential ordinary shares due to net loss from continuing operations.

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

Basic earnings (losses) per share from discontinued operations for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions, except basic earnings (losses) per share and weighted-average number of ordinary shares outstanding):

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Profit (loss) for the period from discontinued operations attributable to share owners of the parent	₩ 34,471	₩ (7,517)
Weighted-average number of ordinary shares outstanding	<u>52,306,892</u>	<u>52,304,347</u>
Basic earnings (losses) per share from discontinued operations (Korean won)	<u>₩ 659</u>	<u>₩ (144)</u>

(*1) For profit (loss) from discontinued operations, diluted earnings per share are the same as basic earnings per share because there is no dilution on the stock option.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

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 as of and for the three-month periods ended March 31, 2021 and 2020.

(1) Details of significant transactions with the related parties for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	Company name	For the three-month period ended			
		Sales and others		Expenses and others	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Other related parties	Daehan Oil Pipeline Corporation	₩ 4,453	₩ 3,915	₩ 15,362	₩ 16,355
	SABIC SK Nexlene Company Pte. Ltd.	135	70	48,078	33,789
	Korea Nexlene Company	38,078	48,999	4	2
	Best Oil Company Limited	182,756	166,226	253	-
	Asia Bitumen Trading Pte. Ltd.	2,545	22,667	-	1,982
	Hana land chip PEF 33 (*1)	-	8,036	-	8,594
	Sinopec-SK(Wuhan) Petrochemical Co., Ltd.	336	370	133,285	109,931
	Baic Eletronics SK(Jiangsu) Technology Co., Ltd.	14,399	2,254	85,426	2,414
	Xinglu (HongKong) Ltd.	16,253	-	-	-
	F&U Credit Information Co., Ltd.	995	502	12,715	12,781
	Wave City Development Co., Ltd.	935	11,653	-	-
	SK Hynix Inc.	917,362	956,062	8,560	4,768
	SK Hynix Semiconductor (China) Ltd.	77,259	104,382	358	396
	SK Hynix Semiconductor (Chongqing) Ltd.	9,058	6,606	-	-
	SK Hynix Semiconductor HK Ltd.	-	-	201,895	215,466
	SK Hynix System IC Co., Ltd.	16,425	20,623	17	-
	Happynarae Co., Ltd.	4,211	10,083	67,308	82,279
	SKC Evonik Peroxide Korea Co., Ltd.	3,894	3,674	11,915	13,552
	Mitsui Chemicals & SKC Polyurethanes, Inc.	56,815	54,673	4,338	4,777
	Boryeong LNG Terminal Co., Ltd.	14,503	11,916	22,986	18,705
	Huizhou EVE United Energy Co., Ltd.	26,259	9,750	151,331	17,595
	Eurasia Tunnel	693	1,301	-	-
	Xe-Pian Xe-Namnoy Power Company	4,144	10,120	-	-
Others	99,685	23,258	24,428	34,710	
Others (*2)	Ulsan Aromatics Co., Ltd.	12,583	12,746	16,243	21,027
	SK Chemicals Co., Ltd.	20,320	32,105	5,140	22,081
	SK Gas Co., Ltd.	9,764	6,603	50,080	109,664
	Ubins Co., Ltd.	354	182	11,494	15,010
	Others	55,722	9,374	43,612	36,172
		<u>₩ 1,589,936</u>	<u>₩ 1,538,150</u>	<u>₩ 914,828</u>	<u>₩ 782,050</u>

(*1) During the three-month period ended March 31, 2021, the Group acquired additional 34.80% shares of Hana Land Chip PEF 33 and gained control, and thus, it was excluded from other related parties.

(*2) 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*.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

27. Transactions with related parties (cont'd)

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

	Company name	March 31, 2021		December 31, 2020		
		Receivables		Receivables		
		(*1)	Payables	(*1)	Payables	
Other related parties	Daehan Oil Pipeline Corporation	₩ 386	₩ 8,649	₩ 332	₩ 8,094	
	SABIC SK Nexlene Company Pte. Ltd.	7,514	41,672	7,329	29,817	
	Korea Nexlene Company	15,494	84	13,112	156	
	Best Oil Company Limited	164,770	37,444	93,789	37,647	
	Asia Bitumen Trading Pte. Ltd.	2,536	-	-	-	
	Hana land chip PEF 33 (*2)	-	-	5,983	8,579	
	Sinopec-SK(Wuhan) Petrochemical Co., Ltd.	357	13,581	417	11	
	Baic Eletronics SK(Jiangsu) Technology Co., Ltd.	1,313	87,266	6,211	59,562	
	Xinglu (HongKong) Ltd.	16,552	-	36,866	-	
	Korea Consortium Kazakh B.V. (*3)	146,170	-	146,170	-	
	F&U Credit Information Co., Ltd.	22	5,633	43	4,699	
	Hana Card Co., Ltd.	634	-	352	145,328	
	Wave City Development Co., Ltd.	12,513	-	42,562	19	
	SK Hynix Inc.	534,443	100,932	681,053	119,197	
	SK Hynix Semiconductor (China) Ltd.	50,725	352	35,687	314	
	SK Hynix Semiconductor (Chongqing) Ltd.	15,536	-	12,660	-	
	SK Hynix Semiconductor HK Ltd.	-	56,187	-	55,500	
	SK Hynix System IC Co., Ltd.	15,139	25	15,906	29	
	Happyarae Co., Ltd.	5,393	20,679	3,817	40,622	
	SKC Evonik Peroxide Korea Co., Ltd.	-	3,892	-	4,819	
	Mitsui Chemicals & SKC Polyurethanes, Inc.	20,978	2,736	12,117	2,815	
	Boryeong LNG Terminal Co., Ltd.	17,479	4,068	4,921	2,141	
	Pentaport Development Co., Ltd.	74,238	-	74,238	-	
	Huizhou EVE United Energy Co., Ltd.	434	154,396	19	72,276	
	Eurasia Tunnel	24,908	-	35,619	-	
	SK E&C JURONG Investment Singapore Pte. Ltd. (*3)	59,914	-	59,914	-	
	Xe-Pian Xe-Namnoy Power Company	139,562	26,004	139,128	26,004	
	ProteoVant Sciences, Inc.	-	113,130	-	-	
	Others	64,714	14,314	51,042	18,186	
	Others (*4)	Ulsan Aromatics Co., Ltd.	3,672	6,158	3,942	6,415
		SK Chemicals Co., Ltd.	17,438	1,883	14,567	2,266
		SK Gas Co., Ltd.	14,256	240,975	12,655	242,355
Ubins Co., Ltd.		51	6,694	535	18,624	
Others		78,195	39,789	16,251	22,067	
		<u>₩ 1,505,336</u>	<u>₩ 1,063,089</u>	<u>₩ 1,527,237</u>	<u>₩ 927,542</u>	

(*1) The Group recognized bad debt expense amounting to ₩1 million and ₩1,789 million for the three-month periods ended March 31, 2021 and 2020, respectively. The Group recognized losses from write-off and others amounting to ₩(-)1 million for the three-month period ended March 31, 2021. The Group recognized the loss allowance amounting to ₩311,551 million and ₩311,551 million as of March 31, 2021 and December 31, 2020, respectively.

(*2) During the three-month period ended March 31, 2021, the Group acquired additional 34.80% shares of Hana Land Chip PEF 33 and gained control, and thus, it was excluded from other related parties.

(*3) As of March 31, 2021 and December 31, 2020, the Group recognized loss allowances in full amount of corresponding receivables.

(*4) 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 Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

27. Transactions with related parties (cont'd)

(3) Details of significant financial transactions with related-parties for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

Company	Currency	March 31, 2021		March 31, 2020	
		Loans	Collection	Loans	Collection
Yemen LNG Company Ltd.	KRW	625	-	696	-
Eurasia Tunnel	KRW	-	11,243	311	952
Yongin Iiban Industry Danji Co., Ltd.	KRW	5,072	-	-	-
PT REGAS ENERGITAMA INFRASTRUKTUR	KRW	783	-	-	-

(4) There were additional capital contribution transactions for investments in associates and joint ventures for the three-month periods ended March 31, 2021 and 2020 (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-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Salaries	₩ 4,056	₩ 3,373
Provision for pension benefits	6,179	4,714
Share-based payment expenses	340	199
	<u>₩ 10,575</u>	<u>₩ 8,286</u>

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

28. Discontinued operations

(1) Details of discontinued operations

SK Innovation Co., Ltd., a subsidiary of the Group, decided to suspend operations in North American and Peruvian petroleum development (E&P) businesses during the prior period, and is in the process of selling and withdrawing related assets as of March 31, 2021, and the profits and losses arising from the relevant business units are classified as discontinued operating income. The purpose of the sale of oil development (E&P) businesses in North America and Peru is in line with the long-term policy of subsidiaries to focus their capabilities on core businesses.

SK Networks Co., Ltd., a subsidiary of the Group, decided to discontinue operations with the sale of its resource business to clean up non-core businesses, strengthen its financial soundness and secure investment funds, before the prior period. Meanwhile, the oil retail business, which had been classified as discontinued operations due to the decision to sell it before the prior period, was sold in June 2020.

SKC Co., Ltd., a subsidiary of the Group, confirmed a plan to sell SKC Eco Solutions Co., Ltd. in December 2020 in order to promote the Exit strategy of EVA and Back Sheet solar power business and PVDF business for construction. In addition, the Group finalized its plan to sell all of its shares in SK Bioland Co., Ltd. in August 2020 which operated the BHC sector and sold it to Hyundai HCN Co., Ltd. in October 2020.

SK Engineering & Construction Co., Ltd., a subsidiary of the Group, decided to sell its entire stake in SK TNS Co., Ltd., a subsidiary of the Group, to Network Infra Holdings LLC, for the purpose of converting a portfolio focused on eco-friendly and new energy through a resolution of the board of directors on January 7, 2021. The sale was completed in April 2021.

(2) Gain and loss from the discontinued operation for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2021				
	Petroleum development business in SK innovation Co., Ltd.	Resource business and others in SK Networks Co., Ltd.	EVA solar business in SKC Co., Ltd.	SK TNS Co., Ltd.	Total
Revenue	₩ 241,101	₩ 96,375	₩ 843	₩ 90,591	₩ 428,910
Expenses	177,431	16,658	1,068	88,597	283,754
Gain (loss) before income tax expense	63,670	79,717	(225)	1,994	145,156
Income tax expense (benefit)	43,518	20,227	-	498	64,243
Gain (loss) from discontinued operations	₩ 20,152	₩ 59,490	₩ (225)	₩ 1,496	₩ 80,913
Attributable to :					
Owners of the parent	7,446	26,431	(97)	691	34,471
Non-controlling interests	12,706	33,059	(128)	805	46,442

	For the three-month period ended March 31, 2020						
	Petroleum development business in SK innovation Co., Ltd.	Oil retail business in SK Networks Co., Ltd.	Resource business and others in SK Networks Co., Ltd.	EVA solar business in SKC Co., Ltd.	SK Bioland Co., Ltd.	SK TNS Co., Ltd.	Total
Revenue	₩ 170,894	₩ 224,785	₩ 7,148	₩ 5,126	₩ 22,323	₩ 115,864	₩ 546,140
Expenses	129,341	234,716	11,078	46,786	21,084	107,032	550,037
Gain (loss) before income tax expense	41,553	(9,931)	(3,930)	(41,660)	1,239	8,832	(3,897)
Income tax expense (benefit)	12,708	(2,403)	(2,996)	-	328	1,878	9,515
Gain (loss) from discontinued operations	₩ 28,845	₩ (7,528)	₩ (934)	₩ (41,660)	₩ 911	₩ 6,954	₩ (13,412)
Attributable to :							
Owners of the parent	10,543	(3,174)	(394)	(18,101)	396	3,213	(7,517)
Non-controlling interests	18,302	(4,354)	(540)	(23,559)	515	3,741	(5,895)

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

28. Discontinued operations (cont'd)

(3) Details of cash flows relating to discontinued operations for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended March 31, 2021				
	Petroleum development business in SK innovation Co., Ltd.	Resource business and others in SK Networks Co., Ltd.	EVA solar business in SKC Co., Ltd.	SK TNS Co., Ltd.	Total
Cash flows from operating activities	₩ 25,286	₩ (7,904)	₩ (204)	₩ (57,828)	₩ (40,650)
Cash flows from investing activities	35,414	70,517	30	(204)	105,757
Cash flows from financing activities	(27,851)	2,584	(41)	-	(25,308)

	For the three-month period ended March 31, 2020						
	Petroleum development business in SK innovation Co., Ltd.	Oil retail business in SK Networks Co., Ltd.	Resource business and others in SK Networks Co., Ltd.	EVA solar business in SKC Co., Ltd.	SK Bioland Co., Ltd.	SK TNS Co., Ltd.	Total
Cash flows from operating activities	₩ 30,201	₩ (23,213)	₩ (9,142)	₩ (878)	₩ (315)	₩ (9,532)	₩ (12,879)
Cash flows from investing activities	(14,765)	2,887	(454)	(373)	(2,756)	-	(15,461)
Cash flows from financing activities	-	-	463	3,608	3,986	-	8,057

29. Assets and liabilities held for sale

Details of assets and liabilities held for sale as of March 31, 2021 are as follows (Korean won in millions):

		March 31, 2021	
		Assets	Liabilities
Investment securities	ESR Cayman Limited (*1)	₩ 662,937	₩ -
Business segment	Resources business segment and others (*2)	109,876	31,119
Subsidiaries	SKC-Eco Solution Co., Ltd. (*3)	2,420	288
	SK TNS Co., Ltd. (*4)	241,238	114,153
Associates	Zhejiang Shenxin SK Packaging Co., Ltd.	4,582	-
Property, plant and equipment and others	Myeongdong office building	44,534	-
	EVA/Back Sheet and PVDF	3,069	-
	Machinery, equipment and others	48,238	-
	land, buildings and others	35,280	-
Intangible assets and others	Peru mining area (*5)	639,871	4,742
		<u>₩ 1,792,045</u>	<u>₩ 150,302</u>

(*1) As the the Group decided to sell all of its investments in associates during the year ended December 31, 2020, it classified the investments as held-for-sale and measured them at the lower of their carrying amounts and fair value less costs to sell. The Group has sold some of the shares during the year ended December 31, 2020 and the sale of remaining shares is underway as of March 31, 2021.

(*2) SK Networks Co., Ltd., a subsidiary, decided to discontinue oil retail business resources segment during the previous period and 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.

(*3) SKC Co., Ltd., a subsidiary, classified the disposal group of SKC Eco Solution Co., Ltd., a subsidiary, as assets held-for-sale according to the decision of the board of directors on December 23, 2020. 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.

(*4) SK Engineering & Construction Co., Ltd., a subsidiary, decided to sell its stake in SK TNS Co., Ltd. to secure financial resources for the growth of its new business. 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.

(*5) SK Innovation Co., Ltd, a subsidiary, signed a contract to sell the entire stake in Blocks 56 and 88 in Peru to Pluspetrol for the purpose of adjusting the E&P business portfolio and converting the business model during the prior 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.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

30. Cash flow information

(1) Details of non-cash adjustments for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Provision for pension benefits	₩ 118,819	₩ 110,452
Depreciation	1,725,588	1,533,947
Amortization	393,674	385,192
Bad debt expenses	17,756	40,675
(Reversal of) Valuation loss on inventories	(24,681)	646,545
Interest expenses	341,132	371,996
Loss on foreign currency translation	316,679	437,727
Loss on valuation of derivatives	111,264	821,600
Loss on disposal of trade receivables	5,554	4,755
Loss on impairment of investments in associates and joint ventures	1,730	434
Loss on disposal of property, plant and equipment	7,143	69,540
Loss on impairment of property, plant and equipment	1,018	113,154
Loss on disposal of intangible assets	3,207	188
Loss on impairment of intangible assets	23,931	491
Income tax expense (benefit)	493,794	(304,872)
Share of profit of associates and joint ventures	(240,098)	(124,307)
Interest income	(57,332)	(57,072)
Gain on foreign currency translation	(208,328)	(289,884)
Gain on valuation of derivatives	(169,133)	(890,913)
Dividend income	(4,723)	(6,114)
Gain on disposal of trade receivables	(11,951)	(4,679)
Gain on disposal of investments in associates and joint ventures	(373,819)	(243,392)
Gain on disposal of property, plant and equipment	(44,668)	(5,469)
Gain on disposal of intangible assets	(3,438)	(12,329)
Others	(187,222)	64,563
	<u>₩ 2,235,896</u>	<u>₩ 2,662,228</u>

(2) Details of working capital adjustments for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Inventories	₩ (1,244,686)	₩ 1,477,443
Trade receivables	(954,369)	1,391,532
Other receivables	265,346	267,692
Trade payables	1,714,007	(1,975,619)
Other payables	34,433	(1,153,475)
Advances received	155,352	112,994
Retirement benefits	(81,940)	(80,163)
Plan assets	57,435	66,547
Others	(337,214)	(311,262)
	<u>₩ (391,636)</u>	<u>₩ (204,311)</u>

(3) Significant non-cash transactions for the three-month periods ended March 31, 2021 and 2020 are as follows (Korean won in millions):

	For the three-month period ended	
	March 31, 2021	March 31, 2020
Decrease in other payables due to acquisition of property, plant and equipment and others	₩ (706,020)	₩ (678,546)

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

31. Commitments and contingencies

(1) Guarantees provided for the Group as of March 31, 2021 are as follows (Korean won in millions and foreign currencies in thousands):

Guarantee	Guarantor	Currency	Amount	Description of guarantee
SK Inc.	Korea Software Financial Corporation	KRW	372,668	Performance guarantees for contract and others
	Seoul Guarantee Insurance	KRW	9,971	Performance guarantees for contract and others
Netruck Co., Ltd.	Seoul Guarantee Insurance	KRW	1,094	Performance insurances for warranties and others
SK Telink Co., Ltd.	Seoul Guarantee Insurance	KRW	3,736	Performance guarantees for contract
SK Planet Co., Ltd.	Seoul Guarantee Insurance	KRW	3,446	Performance guarantees for contract and others
SK Broadband Co., Ltd.	Seoul Guarantee Insurance	KRW	34,787	Guarantee of warranties-contract
	Korea Contents Gongje Union	KRW	40,228	Guarantee of warranties-contract
ADT Caps Co., Ltd. (formerly, SK Infosec Co., Ltd.)	Korea Software Financial Cooperative	KRW	16,875	Guarantee of bid payment and others
SK M & Service Co., Ltd.	Seoul Guarantee Insurance	KRW	1,477	Guarantee of payment and others
	Shinhan Bank	KRW	200	Guarantee of payment in Korean won
PS&Marketing Corp.	Seoul Guarantee Insurance	KRW	1,584	Performance guarantees
Dreamus company Co., Ltd.	Seoul Guarantee Insurance	KRW	256	Performance guarantees for contract
One store Co., Ltd.	Seoul Guarantee Insurance	KRW	2,140	Guarantee for E-commerce and others
	KEB Hana Bank	KRW	100	Performance guarantees for contract
Home&Service Co., Ltd.	Seoul Guarantee Insurance	KRW	4	Specific debt guarantee
SK Store Co., Ltd.	Kookmin Bank	KRW	1,200	Performance guarantees and others
11street Co., Ltd.	KEB Hana Bank	KRW	720	Performance guarantees and others
	Seoul Guarantee Insurance	KRW	36,905	Guarantee of deposit on lease and others
FSK L&S Co., Ltd.	Seoul Guarantee Insurance	KRW	524	Performance guarantees for contract and others
Service Top Co., Ltd.	Seoul Guarantee Insurance	KRW	397	Performance guarantees for contract
SK Networks Co., Ltd.	KEB Hana Bank	KRW	2,000	Guarantee of payment for goods
	BIDV	USD	2,000	Guarantee of bid
	Seoul Guarantee Insurance	KRW	9,447	Performance guarantees for contract
	Korea Trade Insurance Corporation	KRW	59,281	Guarantee of debt
SK Networks Service Co., Ltd.	Seoul Guarantee Insurance	KRW	14,121	Performance guarantees for sales contract
	KEB Hana Bank	KRW	1,200	Performance guarantees for contract
SK Magic Co., Ltd.	Seoul Guarantee Insurance	KRW	20,794	Performance insurances for warranties and others
	Machinery Financial Cooperative	KRW	324	Performance insurances for warranties and others
SK Magic Service Co., Ltd.	Seoul Guarantee Insurance	KRW	2	Guarantee of payment for home shopping
SK Rent-a-Car Co., Ltd.	Seoul Guarantee Insurance	KRW	8,876	Performance guarantees for contract
MINTIT Co., Ltd.	Korea Technology Finance Corporation	KRW	2,125	Guarantee of debt
SK Telesys Co., Ltd.	Seoul Guarantee Insurance	KRW	2,137	Guarantee of warranties and contract
SKC Hightech & Marketing Co., Ltd.	KEB Hana Bank	USD	27,000	Guarantee of FRN issue
SK Nexilis Co., Ltd.	Seoul Guarantee Insurance	KRW	55	Guarantee of payment
SK E&S Co., Ltd.	Seoul Guarantee Insurance	KRW	21,393	Performance guarantees for contract 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	1,166	Guarantee of warranties and approval
Chonnam City Gas Co., Ltd.	Seoul Guarantee Insurance	KRW	252	Guarantee of warranties and payment
Pusan City Gas Co., Ltd.	Seoul Guarantee Insurance	KRW	1,334	Guarantee of seizure contract and others
Jeonbuk Energy Service Co., Ltd.	Seoul Guarantee Insurance	KRW	228	Performance guarantees and warranties
Chungcheong Energy Service Co., Ltd.	Seoul Guarantee Insurance	KRW	705	Performance guarantees and others
Ko-one Energy Service Co., Ltd.	Seoul Guarantee Insurance	KRW	1,593	Performance guarantees for contract
Paju Energy Service Co., Ltd.	Seoul Guarantee Insurance	KRW	549	Performance guarantees for approval and others
Narae Energy Service Co., Ltd.	Seoul Guarantee Insurance	KRW	3,462	Guarantee of license to use state property and others
Kangwon City Gas Co., Ltd.	Seoul Guarantee Insurance	KRW	1,930	Performance guarantees for contract and approval
Yeosu Energy Service Co., Ltd.	Seoul Guarantee Insurance	KRW	1,297	Performance guarantees for deposit on approval
Prism Energy International. Zhoushan Limited	Citibank China	CNY	40,000	Guarantee of Terminal fee

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

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	792,405	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	87,690	Performance guarantees for overseas construction and others	
		QAR	411,068	Performance guarantees for overseas construction and others	
		TRY	30,672	Performance guarantees for overseas construction and others	
		SAR	228,716	Performance guarantees for overseas construction and others	
		THB	278,254	Performance guarantees for overseas construction and others	
		KZT	7,568,929	Performance guarantees for overseas construction and others	
		VND	683,197,914	Performance guarantees for overseas construction and others	
		HKD	20,061	Performance guarantees for overseas construction and others	
		IQD	2,600,000	Performance guarantees for overseas construction and others	
		AED	76,676	Performance guarantees for overseas construction and others	
		PLN	13,000	Performance guarantees for overseas construction and others	
		KEB Hana Bank	USD	157,115	Performance guarantees for overseas construction and others
			GBP	29,571	Performance guarantees for overseas construction and others
			EUR	104,368	Performance guarantees for overseas construction and others
		Korea Eximbank	SAR	182,198	Performance guarantees for overseas construction and others
			USD	91,369	Performance guarantees for overseas construction and others
SAR	72,453		Performance guarantees for overseas construction and others		
Korea Housing Guarantee Co., Ltd. Seoul Guarantee Insurance	EUR	60,750	Performance guarantees for overseas construction and others		
	KRW	2,456,939	Housing guarantees and others		
	KRW	359,084	Performance guarantees for domestic construction and others		
Engineering Financial Cooperative Construction Guarantee Cooperative	KRW	1,335,572	Domestic construction contract		
	KRW	2,736,408	Performance guarantees for domestic construction and others		
	KRW	25,244	Performance guarantees for business, construction, warranties and others		
	KRW	41,141	Performance guarantees for contract, payment, construction, advance payment and others		
	KRW	115,916	Guarantees for contract, advance payment, warranties and others		
Environment Management Corporation Co., Ltd.	KBIZ	KRW	2,399	Guarantees for contract	
	ICFC	KRW	224,864	Performance guarantees for domestic construction	
	Seoul Guarantee Insurance	KRW	1,323	Performance guarantees and others	
	Seoul Guarantee Insurance	KRW	285	Performance guarantees for sales contract	
SK TNS Co., Ltd.	Shinhan Bank	USD	19,000	Guarantee of foreign currencies	
SK Materials Co., Ltd.	Construction Guarantee Cooperative	KRW	22,289	Performance guarantees for contract	
SK Pinx Co., Ltd.	Seoul Guarantee Insurance	KRW	24,806	Performance guarantees for contract	
SK Siltron Co., Ltd.	Seoul Guarantee Insurance	KRW	66	Guarantee of supply and others	
SK Forest Co., Ltd.					
Hweechan Co., Ltd.					

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

31. Commitments and contingencies (cont'd)

(2) Guarantees provided to others as of March 31, 2021 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	5,000	Performance guarantees for mandatory work and others
SK Global Chemical Co., Ltd.	Sabic SK Nexlene Company Pte. Ltd.	USD	220,000	Guarantee of debt
Iberian Lube Base Oils S.A.	Puertos del Estado	EUR	879	Guarantees for construction
	Railway Administration and others	EUR	269	Guarantee for installing facilities and others
SK Telink Co., Ltd.	IOT Wave Co., Ltd. and others	KRW	1,354	Performance guarantees for insurance and others
SK Communications Co., Ltd.	Green umbrella	KRW	40	Performance guarantees for contract
	Purchaser or right holder of electronic payment method	KRW	4,025	Protection of user funds from electronic financiers
Dreamus Company Co., Ltd.	Youngkwang Precision Industry Co., Ltd. and others	KRW	567	Performance guarantees for contract
SKC Co., Ltd.	PI Advanced Materials Co., Ltd.	USD	7,836	Guarantee for litigation
	SKC Int'l	CNY	8,400	Guarantee of local financing
SK E&S Co., Ltd.	Boryeong LNG Terminal Co., Ltd.	KRW	360,000	Guarantee of debt
Busan Jungkwan Energy Co., Ltd.	Korea Power Exchange	KRW	2,745	Guarantee of power transaction, emission transaction
SK TNS Co., Ltd.	Korea Development Bank	KRW	44,000	Redeemable preferred share cash deficiency support agreement
Environment Management Corporation Co., Ltd.	Dongbugwon Puleunmul Co., Ltd. and others	KRW	31,600	Guarantee of debt
	Geochang Malgunmool Sarang Co., Ltd. and others	KRW	28,924	Guarantee for loan agreement
SK Engineering & Construction Co., Ltd.	SBC General Trading & Contracting Co. WLL and others	KWD	6,432	Performance guarantees for contract and others
	Pohang Clean Water Co., Ltd. and others	KRW	732,429	Cash deficiency support agreement
	Gwangan District 2 redevelopment maintenance business association	KRW	229,542	Guarantees for reconstruction project financing
	Customers of Songdo SK view lake	KRW	1,024,590	Guarantee of debt
	Lu 1 City SK leaders view and others	KRW	2,147,682	Guarantee of completion
	Member of employee stock ownership association	KRW	2,282	Guarantee of payment
	Callable preferred share investor	KRW	130,000	Cash deficiency support agreement
	Fuel cell power generation project	KRW	68,824	Performance assurance related to long-term maintenance contracts
Contractor issuing guarantee for sale	KRW	2,234,342	Joint surety	

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 ₩843,795 million as of March 31, 2021.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

31. Commitments and contingencies (cont'd)

(3) The Group's significant pending litigations as of March 31, 2021, in which the Group is a plaintiff are as follows (Korean won in millions):

Plaintiff	Defendant	Description	Claim	Status
ADT Caps Co., Ltd. (formerly, SK Infosec Co., Ltd.)	Individual and others	Claim for injunction to ban of transfer and others	KRW 1,141	Second trial in progress and others
PS&Marketing Corp.	Individual and others	Claim for payment and others	KRW 264	First trial in progress and others
SK Networks Co., Ltd.	Individual and others	Claim for payment and others	KRW 2,334	First trial in progress and others
SK Magic Co., Ltd.	Careswater Co., Ltd. and others	Claim for payment and others	KRW 3,006	Third trial in progress and others
SK Rent-a-Car Co., Ltd.	Individual and others	Claim for payment and others	KRW 138	First trial in progress and others
SKC Co., Ltd.	Individual	Claim against a payment order	KRW 2,634	First trial in progress
SK Telesys Co., Ltd.	YOOJIN21 Co., Ltd. and others	Claim for construction payment and others	KRW 1,161	First trial in progress
SK E&S Co., Ltd.	Governor of JeollaNamdo province	Claim for cancellation of warning disposition and others	KRW 52	First trial in progress
Pusan City Gas Co., Ltd.	YCP Co., Ltd.	Claim for settlement	KRW 4,699	First trial in progress
Narae Energy Service Co., Ltd.	Hanam City Hall	Claim for cancellation of the imposition of the contribution to the water supply cause	KRW 5,310	First trial in progress and others
SK Engineering & Construction Co., Ltd.	K-Water Resources Corporation	Claim for payment of construction	KRW 165	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 Finanical Cooperative	Claim for deposit of construction performance and others	KRW 3,916	First trial in progress
	Plant & Mechanical Contractors Financial Cooperative and others	Claim for deposit of construction performance and others	KRW 5,482	Second trial in progress and others
	Korea National Oil Corporation	Claim for payment of construction	KRW 17,051	First trial in progress
	Republic of Korea and others	Claim for payment of construction and others	KRW 11,836	Second trial in progress and others
	Korea Land & Housing Corporation	Claim for payment of construction	KRW 44	First trial in progress
	Korea Gas Corporation	Claim related to Jangrim Jinhae	KRW 3,561	Second trial in progress
	Busan-Jinhae Free Economic Zone Authhority	Claim for payment of construction	KRW 3,319	Second trial in progress
	Individual and others	Claim related to performance guarantee and others	KRW 97,835	First trial in progress and others
The Eco Platform Co., Ltd.	Siheung City and others	Claim related to settlement of operating and management expenses and others	KRW 23,197	First trial in progress

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

31. Commitments and contingencies (cont'd)

The Group's significant pending litigations as of March 31, 2021, in which the Group is a defendant are as follows (Korean won in millions and foreign currencies in thousands):

Plaintiff	Defendant	Description	Claim	Status
Individual and others	ADT Caps Co., Ltd. (formerly, SK Infosec Co., Ltd.)	Claim for damages and others	KRW 1,866	First trial in progress and others
Individual	PS&Marketing Corp.	Claim for insurance	KRW 45	First trial in progress and others
Individual and others	SK Networks Co., Ltd.	Claim for damages and others	KRW 3,022	First trial in progress and others
Lotte Insurance Co., Ltd. and others	SK Magic Co., Ltd.	Claim for compensation and others	KRW 223	First trial in progress and others
Individual and others	SK Rent-a-Car Co., Ltd.	Claim for damages and others	KRW 476	First trial in progress
Homeplus Co., Ltd.	SKC Co., Ltd.	Claim for damages	KRW 787	First trial in progress
Federation of Korean Trade Unions and others	SK Telesys Co., Ltd.	Claim for payment of construction	KRW 1,459	First trial in progress
58 laid-off workers from the labor union	SK Nexilis Co., Ltd.	Claim for damages	KRW 2,900	First trial in progress
Korea Land & Housing Corporation and others	Ko-one energy service Co., Ltd.	Claim for reduction of loss compensation and others	KRW 1,317	First trial in progress
Busan Green Energy Co., Ltd. and others	Pusan City Gas Co., Ltd.	Claim for return of unfair benefit and others	KRW 693	Third trial in progress and others
Yulim Engineering Co., Ltd.	Chonnam City Gas Co., Ltd.	Claim for payment of construction	KRW 92	Second trial in progress
Korea Land & Housing Corporation and others	Chungcheong energy Service Co., Ltd.	Claim for cancellation of allotted charges and others	KRW 1,961	First trial in progress
Gimcheon Energy Service Co., Ltd. and others	Narae Energy Service Co., Ltd.	Claim for affirmation of contracted price reduction	KRW 4,661	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 design compensation cost return and others	KRW 7,804	Third trial in progress and others
Hanwha Engineering & Construction Corp.		Claim for cost share	KRW 5,087	First trial in progress
Woori Bank		Claim for payment of construction	KRW 12,096	First trial in progress
Suwon Sky view residents' representative and others		Claim for damages and others	KRW 44,793	First trial in progress and others
Korea Rural Community Corporation		Claim for damages	KRW 8,036	Second 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 1,367	Second trial in progress and others
Korea Rail Network Authority		Claim for damages	KRW 15,340	First trial in progress
Busan Transportation Corporation		Claim for damages and others	KRW 519	Third trial in progress
Individual and others		Claim for apartment and others	KRW 162,087	First trial in progress and others
Siheung City and others	The Eco Platform Co., Ltd.	Claim for debt non-existence confirmation	KRW 2,544	First trial in progress and others

On April 29, 2019, LG Chem Ltd. and LG Energy Solution Ltd. (corporation that has been spun off from LG Chem Ltd.) filed a lawsuit against SK Innovation Co., Ltd. and SK Battery America, Inc., 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, LG Chem Ltd. and LG Energy Solution Ltd. requested a default judgment to ITC over an incomplete fulfilment of evidence preservation obligation breached by SK Innovation Co., Ltd. and SK Battery America, Inc. during the litigation process. On February 14, 2020, the ITC made a default judgment against SK Innovation Co., Ltd. and SK Battery America, Inc. in a lawsuit without holding additional hearings for the infringement of trade secrets.

SK Innovation Co., Ltd. and SK Battery America, Inc. requested a review of Default Judgment by the U.S. International Trade Commission on April 17, 2020, which decided to review the entire Default Judgment, but decided to ban imports in the U.S. for ten years by Initial Determination on February 10, 2021.

On September 26, 2019, LG Chem Co., Ltd. and LG Energy Solution Co., Ltd. additionally filed a lawsuit against SK Innovation Co., Ltd. and SK Battery America, Inc. through the ITC alleging patent breaches and requested a ban on import as remedial action.

31. Commitments and contingencies (cont'd)

In addition, LG Chem Co., Ltd. and LG Energy Solution Co., Ltd. filed lawsuit against SK Innovation Co., Ltd. and SK Battery America, Inc. on April 29, 2019, in relation to the business confidentiality. LG Energy Solution Co., Ltd. (the lawsuit has been transferred from LG Chem Ltd. due to spin-off) filed a patent infringement lawsuit at Court of Delaware on September 26, 2019.

On April 11, 2021, SK Innovation and LG Energy Solution Ltd. stated that SK Innovation will pay ₩1 trillion in cash throughout 2021 and 2022 and ₩1 trillion in royalties corresponding to a certain percentage of sales from 2023 to LG Energy Solution Ltd. under the condition of withdrawing all related domestic and international disputes and no further additional disputes over patents to be applied/registered for the next 10 years, and the details are being negotiated. Although the final agreement has not been signed, as of March 31, 2021, ₩1 trillion of cash to be paid to LG Energy Solution Ltd., based on the basic agreement announced by both companies, was reflected in the consolidated financial statements as other non-operating expenses, and royalties of ₩1 trillion to be paid to LG Energy Solution Ltd., will be reflected in the consolidated financial statements at each time of payment.

On May 4, 2020, the Attorney General Office of California, USA, filed a civil lawsuit in the California District Court located in San Francisco against Vitol Inc., SK Trading International Co., Ltd. and SK Energy Americas Inc., the subsidiaries of the Group, for manipulating the market price of gasoline products and anti-competitive and unfair practices during the refinery explosion in 2015. The case is currently in progress, and the duration and final outcome are not estimable at the moment. Since May 6, 2020, end-users of gasoline have filed a number of collective lawsuits in California federal court. The duration and final outcome thereof are also not estimable at the moment.

SKC Co., Ltd., a subsidiary of the Group, guarantees 50% of claim amounts related to the patent litigation filed by Kaneka Corporation against PI Advanced Materials Co., Ltd. As of March 31, 2021, the appeal of the lawsuit in the U.S. was rejected and the jury's verdict determined damages, but the final ruling was not made because some of the compensation for damages were not confirmed. Meanwhile, during the prior period, Kaneka Corporation filed a lawsuit against PI Advanced Materials Co., Ltd. in Korea based on a portion of final judgment on the U.S. jury's verdict. Accordingly, the Group paid PI Advanced Materials Co., Ltd. USD 7,836 thousand which is 50% of USD 15,671 thousand in damages. Based on the final results of litigation, the Group may have to pay more according to the ratio as specified by the payment arrangement. As of March 31, 2021, the final result of trial 1 and the timing of payment of compensation for damage 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 headquarters building from Agricultural Bank, the trustee of Hana Daol Fund Management. Under the terms of the lease, the lease period is until December 31, 2021, and the Company has the preemptive right to purchase the building at the fair value when the lessor elects to dispose the property. Meanwhile, the Company exercised its preemptive right and plans to purchase the headquarters office through the Company or SK affiliated company by November 30, 2021.
- 3) The Company holds IT outsourcing and IT system maintenance agreements to provide hardware and information systems maintenance and development service entered into between the Company and SK Group companies and others.

31. Commitments and contingencies (cont'd)

- 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.
- 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 st Fund	Corporate Turnaround 1 st Fund
Number of shares	6,548,672	4,808,259
Contract date	April 11, 2017	May 11, 2017
Expiry date	April 10, 2022	May 10, 2022
Settlement	The Company and the 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 March 31, 2021, 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)

- 7) The Group entered into 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 March 31, 2021, 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.
- 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 March 31, 2021, Prism Energy International Pte., Ltd., a subsidiary, provides LOU (Letter of Undertaking) to ship owners HHIENS1 Shipholding S.A., HHIENS2 Shipholding S.A., HHIENS3 Shipholding S.A. and HHIENS4 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 March 31, 2021, SK E&S Co., Ltd., one of the subsidiaries, is responsible for performance guarantee in case of SK E&S LNG, LLC's inability to make payments for service or for claims against breach of obligation. In regard to this, the Company provides performance guarantee for SK E&S Co., Ltd.'s guarantee.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

31. Commitments and contingencies (cont'd)

12) As of March 31, 2021, details of contracts of the subsidiaries of SK E&S Co., Ltd. are as follows:

Contracting parties	Description of contract	Counterparty	Term of contract
Kangwon City Gas Co., Ltd. and 7 subsidiaries	Contract for the supply of long-term natural gas (*1)	Korea Gas Corporation Co., Ltd.	-
SK E&S Co., Ltd.	Contract of supply for natural gas	Tangguh PSC Contractor Parties	2006.1 ~ 2026.7
	Contract for the repair and maintenance of gas turbine	GE International Inc.	2004.6 ~ 2026.12 (estimated)
	Contract for the storage and vaporization service of natural gas	POSCO ENERGY Co., Ltd.	2005.6 ~ 2025.12 2020.7 ~ 2040.12
	Rental contract of the plant and tower site	POSCO Co., Ltd.	2003.8 ~ 2028.12
	Contract for the REC trading	Godeok Green Energy Co., Ltd. and others	20 years from contract (estimated)
Paju Energy Service Co., Ltd.	Contract for the long-term maintenance program	Siemens AG and others	2014.6 ~ 2031.6 (estimated)
	Contract for the REC trading	GeoGeum Solar Park Co., Ltd. and others	15 years from 2018 (estimated)
	Contract for LTSA	Doosan Fuelcell Co., Ltd.	10 years from performance warranty date
Narae Energy Service Co., Ltd.	Contract for the long-term maintenance program	Siemens AG and others	2015.1 ~ 2032.1 (estimated)
	Contract for the long-term maintenance program	Doosan Heavy Industries & Construction Co., Ltd.	12 years from 2012
	Contract for the operation and maintenance program	Jeonbuk Group Energy Co., Ltd. and Gimcheon Energy Service Co., Ltd.	2015.1 ~ 2025.1
	Contract for the supply of long-term natural gas	Korea Gas Corporation Co., Ltd.	20 years from 2015.5
	Contract for the REC trading	Seokyeong Energy Co and others	20 years from contract
Narae Energy Service Co., Ltd. and Paju Energy Service Co., Ltd.	Contract for the use plumbing system	Korea Gas Corporation Co., Ltd.	20 years from 2017
SK E&S Co., Ltd. and Narae Energy Service Co., Ltd. and Paju Energy Service Co., Ltd.	Contract for the storage and vaporization service of natural gas	Boryeong LNG Terminal Co., Ltd.	20 years from 2017
Yeoju Energy Service Co., Ltd.	Contract for LTSA	Siemens Gas & Power GmbH	2019.12 ~ 2047.12 (estimated)
Pusan City Gas Co., Ltd.	Rental contract	Siemens Energy Ltd.	Until 2022
SK E&S LNG, LLC	Contract for the liquefaction and storage of natural gas	Megamart Co., Ltd. and others	20 years from 2019
	Contract for the use pipeline of natural gas	FLNG Liquefaction 3, LLC	20 years from 2019
Prism Energy International Pte. Ltd.	Contract of supply for natural gas	Kinder Morgan, Inc.	20 years from 2019
	Contract of supply for natural gas	Chevron Australia Pty. Ltd. and others	2017.1 ~ 2022.3
	Contract of supply for natural gas	PETRONAS LNG LTD.	2019.6 ~ 2023.12
	Time charter contract	SK Shipping Co., Ltd.	20 years from ship delivery date
SK E&S Australia Pty. Ltd.	Contract for FPSO	BW Offshore Singapore Pte. Ltd. (Australia Branch)	15 years from service date
	Contract for the liquefaction service of natural gas	Darwin LNG Pty. Ltd. and others	2020.12 (contract) 15 years from service date (estimated)
Prism Energy International Zhoushan Limited	Contract for the storage and vaporization service of natural gas	ENN (Zhoushan) LNG Co., Ltd.	2020.7 ~ 2030.7
	Contract of sale for natural gas	Beijing Gas Blue Sky Holdings Ltd.	2020.7 ~ 2030.7

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

13) As of March 31, 2021, 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	2020.02 ~ 2022.05	₩ 14,058
Contract for Yeoju natural gas power plant 154kV connection facility construction	Yeoju Energy Service Co., Ltd.	Korea Electric Power Corporation	2019.12 ~ 2021.07	₩ 18,160

31. Commitments and contingencies (cont'd)

- 14) As of March 31, 2021, 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	SK E&S Australia Pty. Ltd.	Santos NA Barossa Pty. Ltd.	37.5%
Woodford, USA	Dew Blaine Energy, LLC	Continental Resources, Inc.	49.9%

- 15) SK Energy Co., Ltd. and SK Incheon Petrochemical Co., Ltd., subsidiaries of the Group, pay electricity bills and tariffs through B2B corporate purchase agreement contracts and national tax cards signed with some financial institutions, and pay the bill to the credit card company at the end of the credit donation period under the agreement. As of March 31, 2021, the related amount payable is ₩1,644,433 million.

- 16) SK ie Technology Co., Ltd., a subsidiary, conducted a paid-in capital increase of third party allocation on September 23, 2020 with Premier Superior Ltd. (hereinafter referred to as "Investor") as its new owner. The inter-shareholder agreement between SK Innovation Co., Ltd., a major shareholder of SK ie Technology Co., Ltd., and investors includes the following key agreements:

- Tag-along right and Drag-along right of Investor
- Preemptive rights of the largest shareholder for the exercise of the Investor's claim for Drag-along right.
- The largest shareholder's right to sell and the Investor's right to purchase under certain conditions.
- Restrictions on the disposal of the largest shareholder's shares under certain conditions and others.

In the meantime, the key details regarding the investor's right to purchase are as follows:

	Exercise Conditions	Exercise Price
Investor's right to buy I	Non-compliance with corporate disclosure procedures and others	Amount calculated by applying 15% annual compound interest based on IRR to the investment principal (₩300,005 million)
Investor's right to buy II	Proceeding to disclose the company in situations where the price condition is not met and others	Amount calculated by applying 7% annual compound interest based on IRR to the investment principal (₩300,005 million)

31. Commitments and contingencies (cont'd)

- 17) SK Energy Co., Ltd., a subsidiary of the Group, signed an option contract regarding the shares of ordinary stocks held by non-controlling shareholders of goodsFLOW Co., Ltd. The terms of the contract for this option are as follows:

	Put option	Call option	Call option
Purpose of Contract	Acquisition of equity	SK Energy Co., Ltd.	SK Energy Co., Ltd.
Option rights holder	Tae-jin Jung, Byung-wook Oh and others	Tae-jin Jung, Byung-wook Oh and others	Hanyu Energy Co., Ltd. and others
Option obligor	SK Energy Co., Ltd.		
Payment method	Cash		
Object of exercise	A total of 1,014,362 shares (42.54%) of goodsFLOW Co., Ltd.'s shares held by Tae-jin Jung, Byung-wook Oh, shareholders of goodsFLOW Co., Ltd.		A total of 351,076 shares (14.73%) of goodsFLOW Co., Ltd.'s shares held by Hanyu Energy Co., Ltd., shareholders of goodsFLOW Co., Ltd.
Time of exercise	The date on which three years have elapsed from January 31, 2021 or the date agreed between the parties, whichever is earlier		
Price of exercise	Price per share ₩33,553		Fair value at the time of exercise of the call option.

- 18) 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 March 31, 2021 is ₩494,904 million which is recorded as other receivables and long-term other receivables.
- 19) In relation to the merger and acquisition of SK Broadband Co., Ltd., a subsidiary, SK Telecom Co., Ltd. has entered into an agreement with the shareholders of the merged company. If certain requirements are not met after a business combination, shareholders of the merged company can exercise the drag along right of common shares of SK Broadband Co., Ltd., held by the parent company, and SK Telecom Co., Ltd. may exercise the right to purchase shares. As of March 31, 2021, SK Telecom Co., Ltd. has recognized a total of ₩320,984 million of derivative financial liabilities for the rights included in the agreement above.
- 20) As of March 31, 2021, 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.
- 21) SK Materials Airplus Inc., 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 KEB Hana Bank. With this trusted amount as collateral, SK Materials Airplus Inc. entered into borrowing commitment for the facility for up to ₩120,000 million. As of March 31, 2021 and 2020, there are no trade receivables transferred to the financial trust account in connection with this contract.

31. Commitments and contingencies (cont'd)

(5) Hybrid bonds

Details of hybrid bonds as of March 31, 2021 and December 31 2020 are as follows (Korean won in millions):

Issue segment	Description	Issue date	Maturity date (*1)	Interest rate (%) (*2)	March 31, 2021	December 31, 2020
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	2nd Korean currency type	2019.10.11	2049.10.11	3.30	330,000	330,000
	3rd Korean currency type	2020.07.14	2050.07.14	3.60	400,000	400,000

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

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

(6) Others

As of March 31, 2021, 56 notes (including 53 blank notes) and 72 checks (including 71 blank checks) are provided to financial institutions as collateral for borrowings.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

32. Pledged assets

The following assets were pledged as collateral for the Group's borrowings and others as of March 31, 2021 (Korean won in millions and foreign currencies in thousands):

Subsidiaries	Asset	Currency	Collateralized amount (*1)	Provided to	Description
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	1,568	Lessor	Restricted real rights for office lease
Incross Co., Ltd.	Financial instruction	KRW	21,211	Naver Co., Ltd. and others	Performance guarantees for contract
SK Networks Co., Ltd.	Property, plant and equipment	KRW	490,515	Korea Development Bank and others	Collateral for sales and others
SK Magic Co., Ltd.	Property, plant and equipment	KRW	96,000	Korea Development Bank	Collateral for borrowing
SK Rent-a-Car Co., Ltd.	Property, plant and equipment	KRW	412,730	Korea Development Bank and others	Collateral for borrowing
SK Telesys Co., Ltd.	Property, plant and equipment	KRW	21,500	KDB Capital Corporation and others	Collateral for borrowing
SKC Solmics Co., Ltd.	Property, plant and equipment	KRW	91,100	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.	Property, plant and equipment	KRW	396,000	Korea Development Bank and others	Collateral for borrowing
SK PIC Global 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 subsidiaries	KRW	103,874	Industrial Bank of Korea and others	Collateral for PF
	Investments in joint ventures	KRW	141,069	Korea Development Bank and others	Collateral for PF
		USD	14,000	BANGKOK BANK PUBLIC COMPANY LIMITED	Collateral for PF
	Investments in associates	KRW	18,124	Industrial Bank of Korea and others	Collateral for PF
Pusan City Gas Co., Ltd.	Investments in associates	KRW	5,153	Shinhan Bank and others	Collateral for PF
	Investment property	KRW	3,990	Megamart Co., Ltd. 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	LG Hello Vision Co., Ltd.	Collateral for deposits received
Narae Energy Service Co., Ltd.	Property, plant and equipment and others	KRW	589,000	Korea Development Bank and others	Collateral for borrowing
Busan Jungkwan Energy Co., Ltd.	Property, plant and equipment	KRW	124,648	Industrial Bank of Korea	Collateral for PF
SK Engineering & Construction Co., Ltd.	Investment securities and others	KRW	444,113	Korea Housing Guarantee Co., Ltd. and others	Collateral for borrowing and others
	Investment property	KRW	142,000	Kookmin Bank and others	Collateral for borrowing
The Eco Platform Co., Ltd.	Property, plant and equipment	KRW	33,973	KEB Hana Bank and others	Collateral for borrowing
	Equity instruments and others	KRW	1,160,893	Korea Development Bank and others	Collateral for borrowing and others
	Others	KRW	31,653	KEB Hana Bank and others	Establishing pledge and others
SK China Company, Ltd.	Others	USD	12,387	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	6,793	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 Materials Airplus Inc.	Property, plant and equipment	KRW	809,300	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	KRW	671,577	Korea Development Bank and others	Collateral for borrowing
SK Biotek Co., Ltd.	Property, plant and equipment	KRW	120,000	Korea Development Bank	Collateral for borrowing
Hweechan Co., Ltd.	Property, plant and equipment	KRW	4,000	KEB Hana Bank	Collateral for borrowing

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

ADT Caps Co., Ltd. (formerly, SK Infosec Co., Ltd.), a subsidiary, provides its shares in Capstec Co., Ltd. as collateral for its long-term borrowing of ₩1,950,000 million.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

33. Guarantees provided among the Group entities

Guarantees provided among the Group entities as of March 31, 2021 are as follows (Korean won in millions and foreign currencies in thousands):

Guarantor	Guarantee	Currency	Amount	Description of guarantee
SK Inc.	Abrasax Investment Inc.	USD	315,000	Cash deficiency support of debt
	Hudson Energy NY, LLC	USD	226,000	Cash deficiency support of debt
SK Innovation Co., Ltd.	SK E&P America, Inc.	USD	45,000	Guarantee of debt
	SK Battery America, Inc.	USD	1,670,000	Guarantee of debt
	SK Battery Hungary Kft.	USD	310,000	Guarantee of debt
		EUR	20,000	Guarantee of debt
		HUF	9,810,000	Guarantee of local factory construction
	SK Hi-tech Battery Materials (Jiangsu) Co., Ltd.	USD	50,000	Guarantee of debt
		CNY	500,000	Guarantee of debt
	SK Hi-Tech Battery Materials Poland Sp. Zo.o.	USD	130,000	Guarantee of debt
	SK Battery Manufacturing Kft.	USD	200,000	Guarantee of debt
		EUR	220,000	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	160,000	Guarantee of payment for principal of debt
	SK Functional Polymer, S.A.S	EUR	216,000	Guarantee of payment for principal of debt
SK ie technology Co., Ltd.	SK Hi-Tech Battery Materials(Jiang Su) Co., Ltd.	CNY	68,996	Guarantee of financial obligation
		USD	6,422	Guarantee of financial obligation
SK Telink Co., Ltd.	ADT Caps Co., Ltd. (formerly, SK Infosec Co., Ltd.)	KRW	1	Performance guarantees for insurance and others
F&U Credit Information Co., Ltd.	SK Telink Co., Ltd.	KRW	30	Performance guarantees for insurance (payment, warranties, contract)
SK Networks Co., Ltd.	SK Networks Deutschland GmbH	EUR	16,000	Standing surety for investee
	SK Networks Hong Kong Ltd.	USD	102,600	Standing surety for investee
	SK Networks (Shanghai) Co., Ltd.	USD	62,500	Standing surety for investee
		CNY	54,000	Standing surety for investee
	SK Networks Japan Co., Ltd.	JPY	300,000	Standing surety for investee
	SK Networks America, Inc.	USD	20,000	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	8,000	Standing surety for investee
	SKC, Inc.	USD	133,000	Guarantee of payment
SKC Co., Ltd.	SKC (Jiangsu) High Tech Plastics Co., Ltd.	USD	64,930	Guarantee of payment
		CNY	309,400	Guarantee of payment
		JPY	1,600,000	Guarantee of payment
	SK Telesys Co., Ltd.	KRW	30,000	Guarantee of financial obligation
	SKC (Natong) PU Specialty Co., Ltd.	CNY	136,708	Guarantee of payment
		USD	7,000	Guarantee of payment
	SKC (Natong) Semiconductor Materials Technology Co., Ltd.	CNY	65,000	Guarantee of payment
		USD	18,500	Guarantee of payment
	SKC Hi-Tech&Marketing (Suzhou) Co., Ltd.	CNY	106,400	Guarantee of debt
	SK E&S Co., Ltd.	Caillip GAS Marketing, LLC	USD	116,000
SK E&S Americas, Inc.	Paju Energy Service Co., Ltd.	KRW	500,000	Guarantee of debt and others
	Narae Energy Service Co., Ltd.	KRW	290,000	Guarantee of debt and others
	Yeouju Energy Service Co., Ltd.	KRW	200,000	Guarantee of payment for principal of debt
	Prism Energy International Pte. Ltd.	USD	720,000	Guarantee for derivative hedge and others
	SK E&S LNG, LLC	USD	63,000	Guarantee for derivative hedge and others
	SK E&S LNG, LLC	USD	9,342	Performance guarantee for LPG injection
	Caillip Gas Marketing, LLC	USD	25,000	Performance guarantee for purchase contract of Feed Gas
				Performance guarantees for contract and others
SK Engineering & Construction Co., Ltd.	SKEC Anadolu, LLC	EUR	80,148	Performance guarantees for contract and others
	Silvertown Investco Limited.	GBP	10,671	Guarantee of financial obligation
	Sunlake Co., Ltd.	CAD	6,000	Guarantee of financial obligation
	The Eco Platform Co., Ltd.	KRW	84,527	Fund supplement agreement for loan agreement
SK Materials Co., Ltd.	SK Materials Jiangsu Co., Ltd.	USD	34,900	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 (Shenyang) auto rental Co., Ltd.	USD	6,087	Guarantee of debt
	SK Rent-A-Car (Qingdao) Co., Ltd.	USD	6,300	Guarantee of debt
SK Biotek Co., Ltd.	SK Biotek Ireland Limited.	USD	50,000	Guarantee for credit limit
		EUR	10,000	Performance guarantees

34. 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 March 31, 2021 and December 31, 2020 is as follows (Korean won in millions):

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Financial assets measured at FVTPL	₩ 6,333,694	₩ 6,059,081
Financial assets measured at FVOCI	13,398	12,907
Financial assets measured at amortized cost	24,685,323	22,118,563
Derivatives designated as hedging instruments	<u>157,942</u>	<u>126,932</u>
	<u>₩ 31,190,357</u>	<u>₩ 28,317,483</u>

On the other hand, 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).

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

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.

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 ₩18,762 million as of March 31, 2021. 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 March 31, 2021 and December 31, 2020

	March 31, 2021	December 31, 2020
SK Innovation Co., Ltd.	₩ 1,690	₩ 1,790
SK Engineering & Construction Co., Ltd.	18,762	20,169
SK Biotek Co., Ltd.	320	320
	<u>₩ 20,772</u>	<u>₩ 22,279</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 March 31, 2021 is as follows. Amounts include interests paid and presented at gross amounts (Korean won in millions):

	Book value	Contractual cash flow	Less than 3 months	3 ~ 12 months	1 ~ 5 years	More than 5 years
Borrowings	₩ 19,088,608	₩ 20,106,514	₩ 2,602,429	₩ 5,541,278	₩ 10,911,556	₩ 1,051,251
Bonds	34,299,155	37,413,476	1,384,217	4,734,292	22,647,543	8,647,424
Derivative financial liabilities	745,277	780,917	48,552	39,406	679,000	13,959
Trade payables	7,951,816	7,951,816	7,661,978	289,564	274	-
Lease liabilities	4,577,125	4,865,917	202,374	987,079	2,936,725	739,739
Other liabilities	11,876,705	11,994,331	7,076,457	3,029,558	1,661,264	227,052
	<u>₩ 78,538,686</u>	<u>₩ 83,112,971</u>	<u>₩ 18,976,007</u>	<u>₩ 14,621,177</u>	<u>₩ 38,836,362</u>	<u>₩ 10,679,425</u>

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

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.

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 March 31, 2021 and December 31, 2020 are as follows (Korean won in millions and foreign currencies in thousands):

	Currency	March 31, 2021		December 31, 2020	
		Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
Assets	USD	6,404,421	₩ 7,259,411	4,399,956	₩ 4,787,152
	JPY	18,262,256	187,614	16,926,984	178,454
	CNY	1,832,881	315,897	2,995,196	500,078
	EUR	218,567	290,320	352,292	471,451
	Others		997,443		437,237
			₩ 9,050,685		₩ 6,374,372
Liabilities	USD	9,449,650	₩ 10,711,178	6,966,664	₩ 7,579,730
	JPY	11,919,163	122,449	12,517,757	131,970
	CNY	2,057,577	354,623	2,773,350	463,039
	EUR	408,423	542,504	376,452	503,783
	Others		1,033,135		559,060
			₩ 12,763,889		₩ 9,237,582

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

Currency	March 31, 2021		December 31, 2020	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
USD	₩ (345,177)	₩ 345,177	₩ (279,258)	₩ 279,258
JPY	6,517	(6,517)	4,648	(4,648)
CNY	(3,873)	3,873	3,704	(3,704)
EUR	(25,218)	25,218	(3,233)	3,233

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).

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 171.1% as of March 31, 2021. The maturity of the debt is dispersed in the long term; so, debt-repayments are not demanding.

The Group's debt ratio as of March 31, 2021 and December 31, 2020 is as follows (Korean won in millions):

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Total liabilities	₩ 91,691,070	₩ 85,778,459
Total equity	53,574,183	51,859,918
Debt ratio	171.1%	165.4%

35. Business combination

(1) General information

The Group acquired 103,000 million third-party shares (35%) of Hana Land Chip PEF 33, as of January 1, 2021, as the deemed acquisition date. Hana Land Chip PEF 33 has been reclassified from investment in joint ventures to investment in subsidiaries.

SK Engineering & Construction Co., Ltd., a subsidiary of the Group, acquired an additional 30% of the voting shares of YS TEC Co., Ltd., an unlisted company that primarily engages in the activity of landfill waste on January 15, 2021. Accordingly, YS TEC Co., Ltd. has been reclassified from investment in joint ventures to investment in subsidiaries.

SK E&S Co., Ltd., a subsidiary of the Group, gained control by acquiring 100% of the shares in Busan Jungkwan Energy Co., Ltd. on January 1, 2021, as the deemed acquisition date. Busan Jungkwan Energy Co., Ltd. started commercial operation of 2 power generation facilities with a capacity of 50MW in October 2008 and January 2012, respectively, and produces and supplies heat and electricity in Busan Jungkwan District in a stable manner.

Crest Acquisition LLC, a subsidiary of the Group, acquired 70% of shares and gained control in Yposkesi, SAS, a French gene and cell therapy (GCT) drug consignment production (CMO) company, on March 31, 2021, as the deemed acquisition date to strengthen global drug consignment production business.

SK Inc. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2021 and 2020 (Unaudited)

35. Business combination (cont'd)

(2) Identifiable assets acquired and liabilities assumed

Details of identifiable assets acquired and liabilities assumed due to merger are as follows (Korean won in millions):

	Hana Land Chip PEF 33	YS TEC Co., Ltd.	Busan Jungkwan Energy Co., Ltd.	Yposkesi, SAS
Assets:				
Cash and cash equivalents	₩ 6,989	₩ 26,900	₩ 1,673	₩ 106,744
Trade and other receivables	323	3,971	6,959	7,745
Inventories	-	-	-	5,752
Property, plant and equipment	1,003,000	27,802	133,080	10,938
Right-of-use assets	-	73	47	-
Intangible assets	-	56	21,746	18,966
Deferred tax assets	-	143	8,672	-
Other assets	-	980	4,953	1,888
	<u>1,010,312</u>	<u>59,925</u>	<u>177,130</u>	<u>152,033</u>
Liabilities:				
Trade and other payables	7,593	4,599	4,006	1,546
Borrowing liabilities	308,500	-	103,874	11,306
Lease liabilities	-	75	45	-
Current tax liabilities	-	3,719	-	-
Defined benefit liabilities	-	-	1,281	955
Other liabilities	-	4,041	51,684	14,582
	<u>316,093</u>	<u>12,434</u>	<u>160,890</u>	<u>28,389</u>
Fair value of identifiable net assets	<u>₩ 694,219</u>	<u>₩ 47,491</u>	<u>₩ 16,240</u>	<u>₩ 123,644</u>

As of March 31, 2021, 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):

	Hana Land Chip PEF 33	YS TEC Co., Ltd.	Busan Jungkwan Energy Co., Ltd.	Yposkesi, SAS
a. The total consideration transferred (*1)	₩ 694,805	₩ 376,387	₩ 23,100	₩ 339,889
b. Fair value of proportionate share of acquired net assets:				
Fair value of the net identifiable assets	694,219	47,491	16,240	123,644
Non-controlling Interests (*2)	-	-	-	(37,007)
	<u>694,219</u>	<u>47,491</u>	<u>16,240</u>	<u>86,637</u>
b. Goodwill (c=a-b)	<u>₩ 586</u>	<u>₩ 328,896</u>	<u>₩ 6,860</u>	<u>₩ 253,252</u>

(*1) It includes the fair value of interests of investments in associates and joint ventures held before the business combination.

(*2) Non-controlling interests arising from the merger are measured in proportion to the non-controlling interests in identifiable net assets of the merged company.

36. Subsequent events

36.1 Share acquisition of Signet EV Inc.

On April 15, 2021, the board of directors decided to acquire a total of 7,540,087 convertible preferred shares (55.5% stake) of Signet EV Inc. including old and new shares in order to expand the Company's portfolio of electric vehicle charging businesses which are the high growth businesses in the future. The estimated acquisition amount is ₩293,236 million, and the expected acquisition date is July 15, 2021.

36.2 SK Innovation Co., Ltd.'s litigation settlement

On April 11, 2021, SK Innovation and LG Energy Solution Ltd. stated that SK Innovation will pay ₩1 trillion in cash throughout 2021 and 2022 and ₩1 trillion in royalties corresponding to a certain percentage of sales from 2023 to LG Energy Solution Ltd. under the condition of withdrawing all related domestic and international disputes and no further additional disputes over patents to be applied/registered for the next 10 years, and the details are being negotiated. Although the final agreement has not been signed, as of March 31, 2021, ₩1 trillion of cash to be paid to LG Energy Solution Ltd., based on the basic agreement announced by both companies, was reflected in the consolidated financial statements as other non-operating expenses, and royalties of ₩1 trillion to be paid to LG Energy Solution Ltd., will be reflected in the consolidated financial statements at each time of payment.

36.3 Listing of SK ie Technology Co., Ltd. and sale of old shares

SK ie Technology Co., Ltd., a subsidiary of the Group, decided to proceed with the listing on the stock market and issue new shares at the board of directors on March 31, 2021, and it was listed on the stock market on May 11, 2021. The total number of public offerings is 21,390,000 shares of registered common stocks, consisting of 8,556,000 shares of new stocks and 12,834,000 shares of old stocks. The Group's equity interests in SK ie Technology Co., Ltd. has decreased from 90% to 61.2% due to the increase in total number of stocks following the issuance of new stocks.

36.4 Partial sale of shares in SK Lubricants Co., Ltd.

The Group entered into a contract to partially sell its stake of SK Lubricants Co., Ltd., a subsidiary of the Group, following the decision made by the Board of Directors on April 28, 2021. The planned number of stocks to be sold is 16 million shares (40%) out of 40 million shares held by the parent company, with the sales value of ₩1.0937 trillion, and accordingly, the Group's equity interests in SK Lubricants Co., Ltd. will decrease from 100% to 60%.

36.5 Spin-off of SK Telecom Co., Ltd.

SK Telecom Co., Ltd., a subsidiary of the Group, is reviewing the reorganization of wired and wireless telecommunications companies, including SK Broadband Co., Ltd. and others and holding company with semiconductor and new ICT assets, including SK hynix Inc., ADT Caps Co., Ltd. (formerly, SK Infosec Co., Ltd.), 11street Co., Ltd., and Tmap Mobility Co., Ltd. and others through spin-off. After spin-off, the surviving company will primarily engage in the wired and wireless communication business, and the newly established company will primarily engage in the investment business. SK Telecom Co., Ltd., a subsidiary of the Group, plans to make decisions and announcements regarding spin-off in the first half of 2021.

36.6 Retirement of treasury stocks of SK Telecom Co., Ltd.

SK Telecom Co., Ltd., a subsidiary of the Group, decided to retire its treasury stocks at the board of directors on May 4, 2021, and the details are as follows (Korean won in millions, except per share):

Types and numbers of retirement stocks	8,685,568 shares of ordinary stocks
Estimated retirement amount	₩ 1,965,952
Scheduled retirement date	May 6, 2021
Acquisition method of stocks to be retired	Previously acquired treasury stocks

36.7 Additional investment in Content Wavve Corp.

SK Telecom Co., Ltd., a subsidiary of the Group, held a board of directors on March 25, 2021, and decided to invest an additional ₩100,000 million in the Content Wavve Corp., an associate, and the investment was completed on April 13, 2021.