



# **SK Inc.**

## **and its subsidiaries**

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

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## 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 referred as the "Group"), which comprise the interim condensed consolidated statement of financial position as of June 30, 2021, and the related interim condensed consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2021 and 2020, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows for the six-month periods then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the interim condensed 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, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

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

**Other matter**

We have audited the consolidated statement of financial position of the Group as of December 31, 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.



August 13, 2021

This review report is effective as of August 13, 2021, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's review report to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed 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 and six-month periods ended June 30, 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 June 30, 2021 and December 31, 2020**

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

	Notes	Korean won		Translation into U.S. dollar (Note 2)	
		June 30, 2021 (Unaudited)	December 31, 2020	June 30, 2021 (Unaudited)	December 31, 2020
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	5	₩ 11,329,559	₩ 10,096,940	\$ 10,026,158	\$ 8,935,345
Short-term financial instruments	5, 32	7,362,113	4,483,815	6,515,144	3,967,978
Trade receivables, net	5, 6, 27, 32, 34	10,403,469	8,871,416	9,206,610	7,850,811
Other receivables, net	5, 27, 31, 34	1,767,214	1,631,397	1,563,906	1,443,714
Inventories, net	7, 32	8,249,197	6,179,497	7,300,174	5,468,581
Short-term investment securities	5, 8, 32, 34	65,470	150,669	57,938	133,335
Other current assets	5, 18, 19, 32, 34	5,043,451	4,674,218	4,463,231	4,136,476
Assets held for sale	29	1,647,744	1,964,345	1,458,181	1,738,358
<b>Total current assets</b>		<b>45,868,217</b>	<b>38,052,297</b>	<b>40,591,342</b>	<b>33,674,598</b>
Non-current assets:					
Long-term financial instruments	5, 32	32,357	13,708	28,635	12,131
Long-term trade receivables, net	5, 6, 27, 34	322,630	274,789	285,513	243,176
Long-term other receivables, net	5, 27, 31, 34	287,470	341,099	254,398	301,858
Long-term investment securities	5, 8, 32, 34	5,793,384	4,356,009	5,126,888	3,854,875
Investments in associates and joint ventures	9, 32	24,917,473	21,018,963	22,050,861	18,600,852
Property, plant and equipment, net	10, 32	48,803,183	45,895,594	43,188,658	40,615,570
Right-of-use assets, net	11	4,881,842	6,178,480	4,320,214	5,467,681
Investment property, net	12, 32	466,984	569,156	413,260	503,678
Goodwill	13	5,144,059	4,463,951	4,552,265	3,950,399
Intangible assets, net	14	11,135,098	12,029,112	9,854,069	10,645,232
Deferred tax assets		1,116,593	1,165,308	988,135	1,031,246
Other non-current assets	5, 18, 19, 27, 34	3,122,429	3,306,496	2,763,213	2,926,104
<b>Total non-current assets</b>		<b>106,023,502</b>	<b>99,612,665</b>	<b>93,826,109</b>	<b>88,152,802</b>
<b>Total assets</b>		<b>₩ 151,891,719</b>	<b>₩ 137,664,962</b>	<b>\$ 134,417,451</b>	<b>\$ 121,827,400</b>
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Current liabilities:					
Short-term borrowings	5, 15, 34	₩ 6,349,232	₩ 6,201,430	\$ 5,618,789	\$ 5,487,991
Trade payables	5, 27, 34	7,614,731	6,061,576	6,738,700	5,364,227
Other payables	5, 27, 34	5,562,144	5,727,171	4,922,251	5,068,293
Provisions	16	611,133	634,979	540,826	561,928
Current portion of long-term debt	5, 15, 34	7,036,850	6,216,778	6,227,301	5,501,573
Other current liabilities	5, 18, 19	11,470,344	12,075,462	10,150,747	10,686,250
Liabilities held for sale	29	77,810	295,301	68,858	261,328
<b>Total current liabilities</b>		<b>38,722,244</b>	<b>37,212,697</b>	<b>34,267,472</b>	<b>32,931,590</b>
Non-current liabilities:					
Bonds payable and long-term borrowings	5, 15, 34	41,728,093	36,843,510	36,927,516	32,604,877
Long-term trade payables	5, 27, 34	-	712	-	630
Long-term other payables	5, 34	1,690,308	1,168,784	1,495,848	1,034,322
Defined benefit liabilities	17	644,530	436,965	570,381	386,695
Provisions	16	551,464	302,422	488,021	267,630
Deferred tax liabilities		5,197,926	4,569,245	4,599,935	4,043,580
Other non-current liabilities	5, 18, 19, 27, 34	5,171,411	5,270,709	4,576,470	4,664,344
<b>Total non-current liabilities</b>		<b>54,983,732</b>	<b>48,592,347</b>	<b>48,658,171</b>	<b>43,002,078</b>
<b>Total liabilities</b>		<b>93,705,976</b>	<b>85,805,044</b>	<b>82,925,643</b>	<b>75,933,668</b>
<b>Equity</b>					
Equity attributable to owners of the parent:					
Issued capital	1, 20	15,385	15,385	13,615	13,615
Other paid-in capital	20	6,869,058	5,250,146	6,078,812	4,646,147
Retained earnings	20	12,919,749	12,496,676	11,433,406	11,059,005
Other components of equity	20	335,742	(327,163)	297,117	(289,525)
<b>Total equity attributable to owners of the parent</b>		<b>20,139,934</b>	<b>17,435,044</b>	<b>17,822,950</b>	<b>15,429,242</b>
Non-controlling interests		38,045,809	34,424,874	33,668,858	30,464,490
<b>Total equity</b>		<b>58,185,743</b>	<b>51,859,918</b>	<b>51,491,808</b>	<b>45,893,732</b>
<b>Total liabilities and equity</b>		<b>₩ 151,891,719</b>	<b>₩ 137,664,962</b>	<b>\$ 134,417,451</b>	<b>\$ 121,827,400</b>

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 and six-month periods ended June 30, 2021 and 2020**

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

	Notes	Korean won			
		June 30, 2021 (Unaudited)		June 30, 2020 (Unaudited)	
		Three months	Six months	Three months	Six months
<b>Sales</b>	4, 27	₩ 23,445,731	₩ 45,655,521	₩ 18,502,517	₩ 41,930,313
<b>Cost of sales</b>	24, 27	<u>20,814,791</u>	<u>40,134,760</u>	<u>17,072,457</u>	<u>40,112,072</u>
<b>Gross profit</b>		<b>2,630,940</b>	<b>5,520,761</b>	<b>1,430,060</b>	<b>1,818,241</b>
Selling and administrative expenses	21, 24, 27	<u>1,415,948</u>	<u>2,758,531</u>	<u>1,257,856</u>	<u>2,609,182</u>
<b>Operating income (loss)</b>	4	<b>1,214,992</b>	<b>2,762,230</b>	<b>172,204</b>	<b>(790,941)</b>
Finance income	22	564,547	1,461,916	587,540	3,208,750
Finance costs	22	1,010,529	2,280,650	833,948	3,796,121
Gain on investments in associates and joint ventures, net	9	477,087	717,185	243,849	368,218
Other non-operating income	23	1,025,528	1,585,520	554,411	946,873
Other non-operating expenses	23	<u>129,186</u>	<u>1,178,593</u>	<u>360,579</u>	<u>704,790</u>
<b>Profit (loss) from continuing operations before income tax expense</b>	4	<b>2,142,439</b>	<b>3,067,608</b>	<b>363,477</b>	<b>(768,011)</b>
<b>Income tax expense from continuing operations</b>	25	<b>717,249</b>	<b>1,146,503</b>	<b>347,835</b>	<b>32,995</b>
<b>Profit (loss) for the period from continuing operations</b>	4	<b>1,425,190</b>	<b>1,921,105</b>	<b>15,642</b>	<b>(801,006)</b>
<b>Gain (loss) from discontinued operation</b>	28	<b>126,943</b>	<b>210,702</b>	<b>102,127</b>	<b>85,496</b>
<b>Profit (loss) for the period</b>		<b>₩ 1,552,133</b>	<b>₩ 2,131,807</b>	<b>₩ 117,769</b>	<b>₩ (715,510)</b>
Attributable to:					
Owners of the parent		500,963	733,231	11,827	(176,509)
Non-controlling interests		1,051,170	1,398,576	105,942	(539,001)
<b>Other comprehensive income (loss):</b>					
Items that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Remeasurement gain(loss) on defined benefit plans		19,521	(10,478)	(8,990)	(52,723)
Net gain on valuation of financial assets at FVOCI		511,523	749,644	213,044	136,582
Items that may be reclassified to profit or loss in subsequent periods (net of tax):					
Equity adjustments of investments in associates and joint ventures		89,128	270,496	(97,041)	47,345
Net gain (loss) on valuation of derivative financial instruments		27,011	14,992	(10,157)	26,213
Net gain(loss) on translation of foreign operations		<u>(5,902)</u>	<u>559,652</u>	<u>(165,212)</u>	<u>597,473</u>
		<u>641,281</u>	<u>1,584,306</u>	<u>(68,356)</u>	<u>754,890</u>
<b>Total comprehensive income for the period</b>		<b>₩ 2,193,414</b>	<b>₩ 3,716,113</b>	<b>₩ 49,413</b>	<b>₩ 39,380</b>
Attributable to:					
Owners of the parent		672,134	1,404,470	(95,195)	166,653
Non-controlling interests		1,521,280	2,311,643	144,608	(127,273)
<b>Earnings (losses) per share (Korean won):</b>	26				
Basic earnings (loss) per share		₩ 9,545	₩ 13,969	₩ 204	₩ (3,407)
Diluted earnings (loss) per share		9,525	13,939	204	(3,407)
Basic earnings (loss) per share from continuing operations		8,468	12,210	(649)	(4,090)
Diluted earnings (loss) per share from continuing operations		8,451	12,184	(649)	(4,090)

(Continued)

**SK Inc. and its subsidiaries**  
**Interim condensed consolidated statements of comprehensive income**  
**for the three-month and six-month periods ended June 30, 2021 and 2020**  
(U.S. dollar in thousands, except for earnings per share)

	Notes	Translation into U.S. dollar (Note 2)			
		June 30, 2021 (Unaudited)		June 30, 2020 (Unaudited)	
		Three months	Six months	Three months	Six months
<b>Sales</b>	4, 27	\$ 20,748,435	\$ 40,403,116	\$ 16,373,909	\$ 37,106,472
<b>Cost of sales</b>	24, 27	18,420,169	35,517,487	15,108,369	35,497,409
<b>Gross profit</b>		2,328,266	4,885,629	1,265,540	1,609,063
Selling and administrative expenses	21, 24, 27	1,253,051	2,441,178	1,113,147	2,309,011
<b>Operating income (loss)</b>	4	1,075,215	2,444,451	152,393	(699,948)
Finance income	22	499,599	1,293,731	519,947	2,839,602
Finance costs	22	894,273	2,018,274	738,007	3,359,399
Gain on investments in associates and joint ventures, net	9	422,201	634,677	215,796	325,857
Other non-operating income	23	907,547	1,403,115	490,629	837,941
Other non-operating expenses	23	114,324	1,043,003	319,096	623,708
<b>Profit (loss) from continuing operations before income tax expense</b>	4	1,895,965	2,714,697	321,662	(679,655)
<b>Income tax expense from continuing operations</b>	25	634,734	1,014,604	307,819	29,199
<b>Profit (loss) for the period from continuing operations</b>	4	1,261,231	1,700,093	13,843	(708,854)
<b>Gain (loss) from discontinued operation</b>	28	112,339	186,462	90,378	75,660
<b>Profit (loss) for the period</b>		\$ 1,373,570	\$ 1,886,555	\$ 104,221	\$ (633,194)
Attributable to:					
Owners of the parent		443,330	648,877	10,466	(156,203)
Non-controlling interests		930,240	1,237,678	93,755	(476,991)
<b>Other comprehensive income (loss):</b>					
Items that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Remeasurement gain(loss) on defined benefit plans		17,275	(9,273)	(7,956)	(46,658)
Net gain on valuation of financial assets at FVOCI		452,675	663,402	188,535	120,869
Items that may be reclassified to profit or loss in subsequent periods (net of tax):					
Equity adjustments of investments in associates and joint ventures		78,874	239,377	(85,877)	41,898
Gain (loss) on valuation of derivative financial instruments		23,904	13,267	(8,988)	23,197
Net gain (loss) on translation of foreign operations		(5,223)	495,267	(146,205)	528,737
		567,505	1,402,040	(60,491)	668,043
<b>Total comprehensive income for the period</b>		\$ 1,941,075	\$ 3,288,595	\$ 43,730	\$ 34,849
Attributable to:					
Owners of the parent		594,810	1,242,893	(84,242)	147,480
Non-controlling interests		1,346,265	2,045,702	127,972	(112,631)
<b>Earnings (losses) per share (U.S. dollar):</b>	26				
Basic earnings (losses) per share		\$ 8.45	\$ 12.36	\$ 0.18	\$ (3.02)
Basic earnings (losses) per share from continuing operations		8.43	12.34	0.18	(3.02)

The 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 six-month period ended June 30, 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
<b>As of January 1, 2020</b>	₩ 15,385	₩ 4,074,176	₩ 12,556,584	₩ 37,624	₩ 16,683,769	₩ 35,492,263	₩ 52,176,032
Total comprehensive income:							
Loss for the period	-	-	(176,509)	-	(176,509)	(539,001)	(715,510)
Remeasurement loss on defined benefit plans	-	-	(29,458)	-	(29,458)	(23,265)	(52,723)
Net loss on valuation of financial instruments at FVOCI	-	-	-	30,064	30,064	106,518	136,582
Equity adjustments of investments in associates and joint ventures	-	-	-	10,701	10,701	36,644	47,345
Net gain (loss) on valuation of derivative financial instruments	-	-	-	39,801	39,801	(13,588)	26,213
Net gain on translation of foreign operations	-	-	-	292,054	292,054	305,419	597,473
Transaction with shareholders:							
Dividends	-	-	(211,503)	-	(211,503)	(798,426)	(1,009,929)
Equity transactions within consolidated entities	-	1,267,196	-	-	1,267,196	709,058	1,976,254
Changes in the scope of consolidation	-	-	-	-	-	(2,768)	(2,768)
Others	-	1,403	(210)	-	1,193	197	1,390
<b>As of June 30, 2020 (Unaudited)</b>	₩ 15,385	₩ 5,342,775	₩ 12,138,904	₩ 410,244	₩ 17,907,308	₩ 35,273,051	₩ 53,180,359
<b>As of January 1, 2021</b>	₩ 15,385	₩ 5,250,146	₩ 12,496,676	₩ (327,163)	₩ 17,435,044	₩ 34,424,874	₩ 51,859,918
Total comprehensive income:							
Profit for the period	-	-	733,231	-	733,231	1,398,576	2,131,807
Remeasurement loss on defined benefit plans	-	-	(2,495)	-	(2,495)	(7,983)	(10,478)
Net loss on valuation of financial instruments at FVOCI	-	-	10,829	216,303	227,132	522,512	749,644
Equity adjustments of investments in associates and joint ventures	-	-	-	142,617	142,617	127,879	270,496
Net gain on valuation of derivative financial instruments	-	-	-	(3,471)	(3,471)	18,463	14,992
Net gain on translation of foreign operations	-	-	-	307,456	307,456	252,196	559,652
Transaction with shareholders:							
Dividends	-	-	(317,256)	-	(317,256)	(645,981)	(963,237)
Equity transactions within consolidated entities	-	1,616,940	-	-	1,616,940	1,933,284	3,550,224
Changes in the scope of consolidation	-	-	-	-	-	23,080	23,080
Others	-	1,972	(1,236)	-	736	(1,091)	(355)
<b>As of June 30, 2021 (Unaudited)</b>	₩ -	₩ 1,618,912	₩ 423,073	₩ 662,905	₩ 2,704,890	₩ 3,620,935	₩ 6,325,825

**SK Inc. and its subsidiaries**  
**Interim condensed consolidated statements of changes in equity**  
**for the six-month period ended June 30, 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
<b>As of January 1, 2020</b>	\$ 13,615	\$ 3,605,465	\$ 11,112,021	\$ 33,296	\$ 14,764,397	\$ 31,409,082	\$ 46,173,479
Total comprehensive income:							
Loss for the period	-	-	(156,203)	-	(156,203)	(476,991)	(633,194)
Remeasurement loss on defined benefit plans	-	-	(26,069)	-	(26,069)	(20,588)	(46,657)
Net gain on valuation of financial instruments measured at FVOCI	-	-	-	26,605	26,605	94,264	120,869
Equity adjustments of investment in associates and joint ventures	-	-	-	9,470	9,470	32,428	41,898
Net gain (loss) on valuation of derivative financial instruments	-	-	-	35,222	35,222	(12,025)	23,197
Net gain on translation of foreign operations	-	-	-	258,455	258,455	270,282	528,737
Transaction with shareholders:							
Dividends	-	-	(187,171)	-	(187,171)	(706,572)	(893,743)
Equity transactions within consolidated entities	-	1,121,412	-	-	1,121,412	627,485	1,748,897
Changes in the scope of consolidation	-	-	-	-	-	(2,450)	(2,450)
Others	-	1,242	(186)	-	1,056	174	1,230
<b>As of June 30, 2020 (Unaudited)</b>	\$ 13,615	\$ 4,728,119	\$ 10,742,392	\$ 363,048	\$ 15,847,174	\$ 31,215,089	\$ 47,062,263
<b>As of January 1, 2021</b>	\$ 13,615	\$ 4,646,147	\$ 11,059,005	\$ (289,525)	\$ 15,429,242	\$ 30,464,490	\$ 45,893,732
Total comprehensive income:							
Profit for the period	-	-	648,877	-	648,877	1,237,678	1,886,555
Remeasurement loss on defined benefit plans	-	-	(2,208)	-	(2,208)	(7,065)	(9,273)
Net gain on valuation of financial instruments measured at FVOCI	-	-	9,583	191,419	201,002	462,400	663,402
Equity adjustments of investments in associates and joint ventures	-	-	-	126,210	126,210	113,167	239,377
Net gain (loss) on valuation of derivative financial instruments	-	-	-	(3,072)	(3,072)	16,339	13,267
Net gain on translation of foreign operations	-	-	-	272,085	272,085	223,182	495,267
Transaction with shareholders:							
Dividends	-	-	(280,758)	-	(280,758)	(571,665)	(852,423)
Equity transactions within consolidated entities	-	1,430,920	-	-	1,430,920	1,710,871	3,141,791
Changes in the scope of consolidation	-	-	-	-	-	20,425	20,425
Others	-	1,745	(1,093)	-	652	(964)	(312)
<b>As of June 30, 2021 (Unaudited)</b>	\$ -	\$ 1,432,665	\$ 374,401	\$ 586,642	\$ 2,393,708	\$ 3,204,368	\$ 5,598,076

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 six-month period ended June 30, 2021 and 2020**

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

		For the six-month period ended June 30			
		Korean won		Translation into U.S. dollar (Note 2)	
Notes		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
<b>Cash flows from operating activities:</b>					
		₩	₩	\$	\$
		2,131,807	(715,510)	1,886,555	(633,194)
	30	4,031,683	3,972,565	3,567,861	3,515,544
	30	(1,602,851)	2,134,919	(1,418,452)	1,889,309
		80,463	90,871	71,206	80,417
		(695,312)	(744,727)	(615,320)	(659,050)
		240,968	232,492	213,246	205,745
		(1,141,098)	(735,117)	(1,009,821)	(650,546)
		<b>3,045,660</b>	<b>4,235,493</b>	<b>2,695,275</b>	<b>3,748,225</b>
<b>Cash flows from investing activities:</b>					
		(2,906,884)	13,386	(2,572,464)	11,846
		37,504	(35,833)	33,189	(31,711)
		77,532	56,465	68,612	49,969
		93,896	42,257	83,094	37,396
		142,872	2,102,578	126,435	1,860,688
		187,225	39,555	165,686	35,004
		14,806	12,801	13,103	11,328
		430,287	-	380,785	-
		(358,015)	(295,949)	(316,827)	(261,902)
		(3,307,215)	(283,562)	(2,926,739)	(250,940)
		(3,906,034)	(4,346,374)	(3,456,667)	(3,846,349)
		(159,687)	(282,646)	(141,316)	(250,129)
		(726,664)	(1,027,167)	(643,065)	(908,997)
		-	1,269,922	-	1,123,825
		1,414,074	(1,034,386)	1,251,393	(915,386)
		<b>(8,966,303)</b>	<b>(3,768,953)</b>	<b>(7,934,781)</b>	<b>(3,335,358)</b>
<b>Cash flows from financing activities:</b>					
		(245,267)	2,563,695	(217,050)	2,268,757
		8,635,767	6,829,697	7,642,272	6,043,980
		(3,344,196)	(4,099,634)	(2,959,465)	(3,627,995)
		(425,807)	(427,068)	(376,820)	(377,936)
		(521,850)	(504,983)	(461,814)	(446,888)
		(986,103)	(1,010,483)	(872,658)	(894,233)
		3,863,945	1,230,400	3,419,420	1,088,850
		(38,284)	(5,079)	(33,880)	(4,495)
		<b>6,938,205</b>	<b>4,576,545</b>	<b>6,140,005</b>	<b>4,050,040</b>
		<b>1,017,562</b>	<b>5,043,085</b>	<b>900,499</b>	<b>4,462,907</b>
		<b>137,140</b>	<b>139,201</b>	<b>121,362</b>	<b>123,187</b>
		<b>77,917</b>	<b>-</b>	<b>68,952</b>	<b>-</b>
		<b>10,096,940</b>	<b>7,981,755</b>	<b>8,935,345</b>	<b>7,063,500</b>
		<b>₩ 11,329,559</b>	<b>₩ 13,164,041</b>	<b>\$ 10,026,158</b>	<b>\$ 11,649,594</b>

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**  
**June 30, 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 June 30, 2021, the issued capital of the Company amounts to ₩15,385 million (including ₩113 million of preferred shares). Major shareholders and their equity ownership are Tae-won Chey, National Pension Service and Ki-won Choi each holding 18.44%, 7.93% and 6.85% respectively, as of June 30, 2021.

**1.2 Consolidated subsidiaries**

The Company and its subsidiaries (collectively, the “Group”) are engaged in petroleum refining, telecommunications, wholesale and retail, chemicals, construction and other industries. Subsidiaries whose accounts are included in the consolidated financial statements as of June 30, 2021 are as follows:

Subsidiaries	Domicile	Principal business activity	The largest shareholders	Equity ownership (*1)
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%
opengarden Co., Ltd.	Korea	Service	goodsFLOW Co., Ltd.	100.00%
SK Global Chemical Co., Ltd.	Korea	Petrochemicals 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%
Sino-Korea Green New Material (JiangSu) Limited	China	Petrochemicals sales	SK Global Chemical China Limited	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%
Happymoeum 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	Petrochemicals 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.	61.20%
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%
Jiangsu SK Battery Certification Center	China	Lithium battery certification and	Blue Dragon Energy Co., Limited	100.00%

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

evaluation

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

Subsidiaries	Domicile	Principal business activity	The largest shareholders	Equity ownership (%)
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.	82.76%
SK Telecom Co., Ltd. (*2)	Korea	Mobile telecommunications	SK Inc.	30.01%
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	Base station maintenance management	SK Telecom Co., Ltd.	100.00%
One store Co., Ltd. (*2,3)	Korea	Telecommunication service	SK Telecom Co., Ltd.	59.03%
Rok media Co., Ltd.	Korea	Publishing and Telecommunications Sales	One store Co., Ltd.	100.00%
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. (*2)	Korea	Video and audio equipment manufacturing	SK Telecom Co., Ltd.	41.78%
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%
Studio Dolphin Co., Ltd.	Korea	Publishing	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.	69.30%
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%
FSK L&S(Jiangsu) Co., Ltd.	China	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 Hanoool 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. (*6)	Korea	Information and communication industry	SK Telecom Co., Ltd.	66.26%
YLP Inc.	Korea	Cargo transport shipment business	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,	SK Networks Co., Ltd.	100.00%

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

sales and rent

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

Subsidiaries	Domicile	Principal business activity	The largest shareholders	Equity Ownership (*1)
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 Retailis Malaysia Sdn. Bhd.	Malaysia	Household appliances sales and rent	SK Magic Co., Ltd.	100.00%
SK Rent-a-Car Co., Ltd.	Korea	Car rental	SK Networks Co., Ltd.	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. (*7)	Australia	Resource development	SK Networks Co., Ltd.	100.00%
SK Networks Resources Pty Ltd. (*7)	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 (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 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 Nexilis Malaysia Sdn. Bhd.	Malaysia	Manufacturing	SK Nexilis 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%
Yeouju 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%
CALIP 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%
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%
IGE Co., Ltd.	Korea	Hydrogen business	SK E&S Co., Ltd.	100.00%

**SK Inc. and its subsidiaries**  
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New&Company Two Pte. Ltd.	Vietnam	Wind power business	SK E&S Co., Ltd.	100.00%
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**1.2 Consolidated subsidiaries (cont'd)**

Subsidiaries	Domicile	Principal business activity	The largest shareholders	Equity ownership (%)
SK ecoplant Co., Ltd. (formerly, SK Engineering & Construction Co., Ltd.) (*2)	Korea	Construction	SK Inc.	44.48%
Seosuwon Development Company (*2)	Korea	Real estate development and construction	SK ecoplant Co., Ltd.	19.90%
SKEC Nanjing Co., Ltd.	China	Construction	SK ecoplant Co., Ltd.	100.00%
SKEC (Thai), Ltd.	Thailand	Construction	SK ecoplant Co., Ltd.	100.00%
Thai Woo Ree Engineering Co., Ltd.	Thailand	Construction	SKEC (Thai), Ltd.	99.77%
SKEC Anadolu, LLC	Turkey	Construction	SK ecoplant Co., Ltd.	100.00%
SK E&C Betek Corporation	USA	Real estate development and construction	SK ecoplant 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 ecoplant Co., Ltd.	100.00%
Sunlake Co., Ltd.	Canada	Construction and services	SK ecoplant Co., Ltd.	100.00%
SK HOLDCO PTE. LTD.	Singapore	Holding company	SK ecoplant Co., Ltd.	63.51%
Silvertown Investco Limited	UK	Construction	SK ecoplant Co., Ltd.	100.00%
Seongju Tech Co., Ltd.	Korea	Manufacturing	SK ecoplant Co., Ltd.	50.00%
DDS Co., Ltd.	Korea	Disposal of medical waste	SK ecoplant Co., Ltd.	100.00%
Samwon ENT Co., Ltd.	Korea	Disposal of waste	SK ecoplant Co., Ltd.	100.00%
The Eco Platform Co., Ltd.	Korea	Investment	SK ecoplant 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%
Gyeongsan 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.	51.00%
SK JNC Japan Co., Ltd.	Japan	Manufacturing of organic light emitting diode material	SK Materials JNC 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. (*8)	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%

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system integration and others

**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 Capital NY II, Inc	USA	Investment	SK Inc.	100.00%
Grove Energy Capital II, LLC	USA	Investment	Plutus Capital NY II, Inc	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 Investment Vina IV 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	France	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%
Primero Protein LLC	USA	Investment	I Cube Capital II Inc.	100.00%
SK Forest Co., Ltd.	Korea	Landscaping and planting business	SK Inc.	100.00%
Hweechan Co., Ltd.	Korea	Condo, resort operation	SK Inc.	100.00%
SK Pinx Co., Ltd.	Korea	Golf club operating	Hweechan Co., Ltd.	100.00%
SK REITs Co., Ltd.	Korea	Real estate developing and trading	SK Inc.	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%
SK Japan Investment Inc.	Japan	Investment	SK Inc., SKC Co., Ltd., SK Materials Co., Ltd., and SK Siltron Co., Ltd.	100.00%

(\*1) The equity ownership is based on ordinary shares and includes indirect investments held by the consolidated subsidiaries.

(\*2) SK Innovation Co., Ltd. and 10 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 10 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 47.50%.

(\*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) There was an unequal paid-in capital increase during the six-month period ended June 30, 2021, resulted in a share ratio change from 100.00% to 66.26%.

(\*7) The assets and liabilities of 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).

(\*8) During the six-month period ended June 30, 2021, some of the stocks were sold and the share ratio changed from 75.00% to 64.02%.



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**1.4 Condensed financial information of significant consolidated subsidiaries**

Details of condensed financial information of the significant subsidiaries as of and for the six-month period ended June 30, 2021 are as follows (Korean won in millions):

Subsidiaries	Total assets	Total liabilities	Sales	Net income (loss)
SK Innovation Co., Ltd.	₩ 19,766,114	₩ 4,892,833	₩ 2,209,224	₩ 832,574
SK Energy Co., Ltd.	13,714,874	10,074,387	11,271,418	201,113
SK Global Chemical Co., Ltd.	5,871,679	2,873,747	4,202,295	145,382
SK Incheon Petrochem Co., Ltd.	5,353,461	3,697,557	2,599,278	72,096
SK Trading International Co., Ltd.	1,200,131	666,511	3,390,642	208,165
SK Lubricants Co., Ltd.	2,126,325	1,452,105	1,308,756	196,315
SK ie technology Co., Ltd.	2,593,195	419,225	228,407	52,041
SK Global Chemical International Trading (Shanghai) Co., Ltd.	160,296	101,411	622,557	14,007
SK Hi-tech Battery Materials(Jiang Su) Co., Ltd.	858,306	530,293	78,192	25,939
SK Energy International Pte. Ltd.	2,129,303	1,531,867	9,179,836	13,556
SK Energy Americas, Inc.	448,481	366,468	1,660,459	(384)
SK Energy Europe, Ltd.	251,482	169,628	1,076,895	(1,394)
SK Telecom Co., Ltd.	32,710,635	14,705,678	6,002,323	650,024
SK Broadband Co., Ltd.	5,671,890	2,913,156	1,969,874	113,490
ADT Caps Co., Ltd. (formerly, SK Infosec Co., Ltd.) (*1)	3,106,729	2,773,760	720,255	8,390
11street Co., Ltd.	942,930	530,158	264,242	(18,918)
SK Planet Co., Ltd.	500,182	179,281	124,612	(1,233)
PS&Marketing Corp.	416,103	202,617	671,051	864
SK Networks Co., Ltd.	6,086,299	4,067,796	3,937,388	72,957
SK Magic Co., Ltd.	1,133,369	795,093	524,565	32,788
SK Rent-a-Car Co., Ltd.	2,541,007	2,060,001	503,522	19,920
SKC Co., Ltd.	2,994,267	1,008,796	260,061	31,196
SK PIC Global Co., Ltd.	617,773	359,705	515,437	110,749
SK E&S Co., Ltd.	6,546,392	3,823,136	343,052	182,381
Yeongnam Energy Service Co., Ltd.	390,911	168,188	352,047	18,287
Ko-one Energy Service Co., Ltd.	629,565	287,892	555,735	16,493
Pusan City Gas Co., Ltd.	1,131,438	295,892	504,821	27,652
Chungcheong Energy Service Co., Ltd.	280,359	152,460	272,831	14,778
Paju Energy Service Co., Ltd.	1,726,516	1,082,078	547,728	51,655
Narae Energy Service Co., Ltd.	1,349,147	862,767	303,188	25,757
SK ecoplant Co., Ltd.	5,993,327	5,074,558	3,396,211	148,444
The Eco Platform Co., Ltd. (*2)	1,321,640	874,401	202,606	2,501
SK Materials Co., Ltd. (*2)	2,212,420	1,589,334	541,799	129,397
SK Siltron Co., Ltd. (*2)	3,310,934	2,171,277	861,828	65,268
SK Biopharmaceuticals Co., Ltd.	570,109	114,235	214,869	99,461

(\*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.

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

Information about significant non-controlling interests in subsidiaries as of and for the six-month period ended June 30, 2021 is as follows (Korean won in millions):

	June 30, 2021					
	SK Innovation Co., Ltd.	SK Telecom Co., Ltd.	SK Networks Co., Ltd.	SKC Co., Ltd.	SK E&S Co., Ltd.	SK ecoplant Co., Ltd.
Percentage of the non-controlling ownership	63.05%	69.62%	55.57%	56.95%	10.00%	55.00%
Current assets	₩ 20,292,046	₩ 9,140,912	₩ 3,037,970	₩ 1,363,976	₩ 2,240,991	₩ 4,028,798
Non-current assets	25,638,289	40,916,689	6,369,133	4,302,087	9,868,600	3,295,338
Current liabilities	12,850,988	7,821,778	3,956,072	1,821,602	2,768,227	3,951,643
Non-current liabilities	15,626,590	15,829,024	3,113,432	1,837,449	5,407,440	2,161,652
Net assets	17,452,757	26,406,799	2,337,599	2,007,012	3,933,924	1,210,841
Book value of the non-controlling interests	11,650,519	17,693,326	1,370,114	1,211,507	1,685,785	772,516
Sales	20,359,369	9,598,733	5,295,591	1,571,695	3,611,482	3,746,042
Net income (loss)	(164,868)	1,367,673	104,996	138,267	243,856	260,734
Total comprehensive income (loss)	107,296	2,270,373	118,191	151,423	286,216	309,293
Net income (loss) of the non-controlling interests	(262,140)	718,957	47,645	101,259	65,436	137,120
Total comprehensive income (loss) of the non-controlling interests	(125,908)	1,311,768	54,926	108,922	56,645	165,126
Net cash flows from operating activities	63,774	2,277,354	255,247	18,651	406,976	(82,235)
Net cash flows from investing activities	(3,453,144)	(1,543,048)	(1,026,102)	(200,448)	(1,709,845)	11,505
Net cash flows from financing activities before dividends paid to the non-controlling interests	4,303,489	(88,710)	151,185	144,095	1,006,971	459,431
Dividends paid to the non-controlling interests	(12,527)	(480,406)	(14,579)	(44,861)	(66,698)	(10,964)
Net increase (decrease) in cash and cash equivalents	901,592	165,190	(634,249)	(82,563)	(362,596)	377,737

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

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

### **2.1 Basis of preparation**

The Group prepares statutory interim 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 ₩1,130.00 to USD 1.00, the basic exchange rate in the Seoul Money Brokerage Service for cable transfers in Korean won on the last business day of the six-month period ended June 30, 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 six-month period ended June 30, 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. Basis of preparation and summary of significant accounting policies (cont'd)**

### **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 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 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 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.

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

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

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**2. Basis of preparation and summary of significant accounting policies (cont'd)**

**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.

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 six-month period ended June 30, 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)

	June 30, 2020 (Unaudited)		
	Before the change	Amounts due to changes in policies	After the change
<b>Assets</b>			
Prepaid expenses	₩ 4,322,931	₩ (11,442)	₩ 4,311,509
Lease receivables	75,848	7,136	82,984
Deposits received	1,073,765	(142)	1,073,623
Property, plant and equipment	44,863,945	(17,849)	44,846,096
Intangible assets	12,602,909	-	12,602,909
Right-of-use assets	4,503,047	731,781	5,234,828
Other assets	68,664,553	(1)	68,664,552
	<u>₩ 136,106,998</u>	<u>₩ 709,503</u>	<u>₩ 136,816,501</u>
<b>Liabilities</b>			
Accrued expenses	₩ 3,162,764	₩ (252)	₩ 3,162,512
Other payables	5,775,091	-	5,775,091
Provisions	759,674	21,992	781,666
Lease liabilities	4,062,226	697,787	4,760,013
Deferred tax liabilities	4,640,683	(2,711)	4,637,972
Other liabilities	64,518,890	(2)	64,518,888
	<u>₩ 82,919,328</u>	<u>₩ 716,814</u>	<u>₩ 83,636,142</u>
<b>Equity</b>			
Retained earnings	₩ 12,141,114	₩ (2,210)	₩ 12,138,904
Non-controlling interests	35,278,152	(5,101)	35,273,051
Other components of equity	5,768,404	-	5,768,404
	<u>₩ 53,187,670</u>	<u>₩ (7,311)</u>	<u>₩ 53,180,359</u>

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**2. Basis of preparation and summary of significant accounting policies (cont'd)**

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

	For the six-month period ended June 30, 2020			
	Before the change	Amounts due to changes in policies	Adjustment of profit or loss on discontinued operations (*1)	After the change
Sales	₩ 42,503,190	₩ 720	₩ (573,597)	₩ 41,930,313
Cost of sales	40,572,353	3,149	(463,430)	40,112,072
Gross profit (loss)	1,930,837	(2,429)	(110,167)	1,818,241
Selling and administrative expenses	2,661,808	-	(52,626)	2,609,182
Operating loss	(730,971)	(2,429)	(57,541)	(790,941)
Finance income	3,252,070	35	(43,355)	3,208,750
Finance costs	3,822,752	5,136	(31,767)	3,796,121
Share of profit of associates and joint ventures, net	368,057	-	161	368,218
Other non-operating income	948,911	(46)	(1,992)	946,873
Other non-operating expenses	722,673	(6,590)	(11,293)	704,790
Loss from continuing operations before income tax expense	(707,358)	(986)	(59,667)	(768,011)
Income tax expense (benefit) from continuing operations	58,543	(277)	(25,271)	32,995
Loss for the period from continuing operations	(765,901)	(709)	(34,396)	(801,006)
Profit from discontinued operations	51,100	-	34,396	85,496
Loss for the period attributable to:	(714,801)	(709)	-	(715,510)
Owners of the parent	(176,299)	(210)	-	(176,509)
Non-controlling interests	(538,502)	(499)	-	(539,001)
Total comprehensive income (loss) for the period attributable to:	40,089	(709)	-	39,380
Owners of the parent	166,863	(210)	-	166,653
Non-controlling interests	(126,774)	(499)	-	(127,273)
Earnings (loss) per share (Korean won)				
Basic loss per share	(3,403)	(4)	-	(3,407)
Basic earnings (loss) per share from continuing operations	(3,844)	(4)	(242)	(4,090)

(\*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 judgements, estimates and assumptions**

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

Those accounting judgments made by management in the preparation of the interim condensed consolidated financial statements for the six-month period ended June 30, 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.

**SK Inc. and its subsidiaries**  
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**4. Operating segments**

(1) Overview of operating segments

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

Operating segments	Business
SK Innovation Co., Ltd.	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 power generation
SK ecoplant Co., Ltd.	Construction and eco-friendly projects
Others	IT services, special gas manufacturing and sale, medicine and life science and others

(2) Details of financial information for each operating segment as of and for the six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in billions):

	As of and for the six-month period ended June 30, 2021																	
	SK Innovation Co., Ltd.		SK Telecom Co., Ltd.		SK Networks Co., Ltd.		SKC Co., Ltd.		SK E&S Co., Ltd.		SK ecoplant Co., Ltd.		Others		Consolidation adjustments (*1)		Total	
	₩		₩		₩		₩		₩		₩		₩		₩		₩	
Total sales	₩	20,359	₩	9,599	₩	5,296	₩	1,572	₩	3,611	₩	3,746	₩	4,182	₩	(2,709)	₩	45,656
Internal sales		(234)		(200)		(605)		(145)		(131)		(177)		(1,217)		2,709		-
Net sales		20,125		9,399		4,691		1,427		3,480		3,569		2,965		-		45,656
Profit (loss) from continuing operations before income tax expense		120		1,694		63		206		321		162		4,149		(3,647)		3,068
Profit (loss) for the period from continuing operations		(195)		1,368		45		136		244		142		3,777		(3,596)		1,921
Total assets		45,930		50,058		9,407		5,666		12,110		7,324		51,178		(29,781)		151,892
Total liabilities		28,478		23,651		7,070		3,659		8,176		6,113		16,288		271		93,706
Depreciation		672		1,569		407		85		199		33		310		(25)		3,250
Amortization		45		500		11		15		3		22		54		167		817

	As of and for the six-month period ended June 30, 2020																	
	SK Innovation Co., Ltd.		SK Telecom Co., Ltd.		SK Networks Co., Ltd.		SKC Co., Ltd.		SK E&S Co., Ltd.		SK ecoplant Co., Ltd.		Others		Consolidation adjustments (*1)		Total	
	₩		₩		₩		₩		₩		₩		₩		₩		₩	
Total sales	₩	18,179	₩	9,054	₩	5,308	₩	1,166	₩	3,157	₩	4,254	₩	4,211	₩	(3,399)	₩	41,930
Internal sales		(339)		(154)		(734)		(129)		(81)		(310)		(1,652)		3,399		-
Net sales		17,840		8,900		4,574		1,037		3,076		3,944		2,559		-		41,930
Profit (loss) from continuing operations before income tax expense		(2,585)		917		18		202		1,547		210		1,448		(2,525)		(768)
Profit (loss) for the period from continuing operations		(1,937)		738		14		144		1,155		144		1,157		(2,216)		(801)
Total assets		39,265		46,667		9,468		5,766		11,492		5,677		40,963		(22,481)		136,817
Total liabilities		23,432		22,657		7,199		3,552		6,694		4,619		14,143		1,340		83,636
Depreciation		581		1,567		395		80		196		31		283		(15)		3,118
Amortization		34		505		10		15		2		3		42		167		778

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

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

(3) Details of financial information by geographical location as of and for the six-month periods ended June 30, 2021 and 2020 (Korean won in billions):

	As of and for the six-month period ended June 30, 2021						
	Korea	Asia	Europe	North America	Others	Consolidation adjustments	Total
Total sales	₩ 53,105	₩ 12,855	₩ 2,460	₩ 3,026	₩ 61	₩ (25,851)	₩ 45,656
Operating profit (loss)	4,115	118	70	76	11	(1,628)	2,762
Profit (loss) from continuing operations before income tax expense	5,867	1,422	73	3	974	(5,271)	3,068
Profit (loss) for the period	4,609	1,396	51	24	974	(5,133)	1,921
Total assets	168,028	16,562	5,071	17,900	1,758	(57,427)	151,892
Total liabilities	84,409	5,011	2,428	5,347	339	(3,828)	93,706

  

	As of and for the six-month period ended June 30, 2020						
	Korea	Asia	Europe	North America	Others	Consolidation adjustments	Total
Total sales	₩ 52,074	₩ 11,962	₩ 1,644	₩ 2,616	₩ 40	₩ (26,406)	₩ 41,930
Operating profit (loss)	2,009	110	45	(60)	12	(2,907)	(791)
Profit (loss) from continuing operations before income tax expense	4,478	129	68	(107)	9	(5,345)	(768)
Profit (loss) for the period	4,050	110	63	(107)	7	(4,924)	(801)
Total assets	153,409	13,516	4,129	10,153	1,394	(45,784)	136,817
Total liabilities	76,108	3,657	1,950	2,909	172	(1,160)	83,636

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

(4) Details of financial information by revenue from contracts with customers for the six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in billions):

As of and for the six-month period ended June 30, 2021									
	SK Innovation Co., Ltd.	SK Telecom Co., Ltd.	SK Networks Co., Ltd.	SKC Co., Ltd.	SK E&S Co., Ltd.	SK ecoplant Co., Ltd.	Others	Consolidation adjustments	Total
1. Total sales	₩ 20,359	₩ 9,599	₩ 5,296	₩ 1,572	₩ 3,611	₩ 3,746	₩ 4,182	₩ (2,709)	₩ 45,656
2. Revenue from contracts with customers	20,344	9,599	4,365	1,572	3,608	3,737	3,690	(2,234)	44,681
Categories:									
Service sales	130	8,600	163	-	-	3,718	1,273	(998)	12,886
Finished goods sales	19,479	15	229	1,435	1,309	-	1,875	(515)	23,827
Merchandise sales	609	706	3,973	117	2,258	13	531	(711)	7,496
Other sales	126	278	-	20	41	6	11	(10)	472
	<u>20,344</u>	<u>9,599</u>	<u>4,365</u>	<u>1,572</u>	<u>3,608</u>	<u>3,737</u>	<u>3,690</u>	<u>(2,234)</u>	<u>44,681</u>
Timing of revenue recognition:									
Recognition at a point in time	20,214	999	4,202	1,572	443	19	2,417	(1,236)	28,630
Recognition over a period of time	130	8,600	163	-	3,165	3,718	1,273	(998)	16,051
	<u>20,344</u>	<u>9,599</u>	<u>4,365</u>	<u>1,572</u>	<u>3,608</u>	<u>3,737</u>	<u>3,690</u>	<u>(2,234)</u>	<u>44,681</u>
3. Revenue from other sources	15	-	931	-	3	9	492	(475)	975

  

As of and for the six-month period ended June 30, 2020									
	SK Innovation Co., Ltd.	SK Telecom Co., Ltd.	SK Networks Co., Ltd.	SKC Co., Ltd.	SK E&S Co., Ltd.	SK ecoplant Co., Ltd.	Others	Consolidation adjustments	Total
1. Total sales	₩ 18,179	₩ 9,054	₩ 5,308	₩ 1,166	₩ 3,157	₩ 4,254	₩ 4,211	₩ (3,399)	₩ 41,930
2. Revenue from contracts with customers	18,164	9,054	4,446	1,166	3,153	4,250	3,184	(2,396)	41,021
Categories:									
Service sales	153	8,123	186	-	-	4,234	1,112	(1,032)	12,776
Finished goods sales	17,653	15	228	1,041	1,076	-	1,696	(540)	21,169
Merchandise sales	169	665	4,030	107	2,018	16	198	(756)	6,447
Other sales	189	251	2	18	59	-	178	(68)	629
	<u>18,164</u>	<u>9,054</u>	<u>4,446</u>	<u>1,166</u>	<u>3,153</u>	<u>4,250</u>	<u>3,184</u>	<u>(2,396)</u>	<u>41,021</u>
Timing of revenue recognition:									
Recognition at a point in time	18,011	931	4,260	1,166	84	16	2,072	(1,364)	25,176
Recognition over a period of time	153	8,123	186	-	3,069	4,234	1,112	(1,032)	15,845
	<u>18,164</u>	<u>9,054</u>	<u>4,446</u>	<u>1,166</u>	<u>3,153</u>	<u>4,250</u>	<u>3,184</u>	<u>(2,396)</u>	<u>41,021</u>
3. Revenue from other sources	15	-	862	-	4	4	1,027	(1,003)	909

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**5. Financial instruments**

**5.1 Financial assets**

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

	June 30, 2021				Total
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	Financial assets designated as hedging instruments	
<b>Current assets:</b>					
Cash and cash equivalents	₩ 1,434,185	₩ -	₩ 9,895,374	₩ -	₩ 11,329,559
Short-term financial instruments	4,921,450	-	2,440,663	-	7,362,113
Trade receivables (*1)	72,482	-	9,190,594	-	9,263,076
Other receivables	179,997	-	1,587,217	-	1,767,214
Short-term loans	-	-	180,169	-	180,169
Accrued income	-	-	123,627	-	123,627
Short-term investment securities	65,425	-	45	-	65,470
Guarantee deposits	-	-	339,459	-	339,459
Derivative financial assets	75,376	-	-	66,406	141,782
Lease receivables	-	-	25,285	-	25,285
	<u>6,748,915</u>	<u>-</u>	<u>23,782,433</u>	<u>66,406</u>	<u>30,597,754</u>
<b>Non-current assets:</b>					
Long-term financial instruments	14,119	-	18,238	-	32,357
Long-term trade receivables	-	-	322,630	-	322,630
Long-term other receivables	259,444	-	28,026	-	287,470
Long-term loans	-	-	386,361	-	386,361
Long-term investment securities	1,298,788	4,493,492	1,104	-	5,793,384
Guarantee deposits	-	-	588,412	-	588,412
Derivative financial assets	576,653	-	-	116,387	693,040
Lease receivables	-	-	46,157	-	46,157
	<u>2,149,004</u>	<u>4,493,492</u>	<u>1,390,928</u>	<u>116,387</u>	<u>8,149,811</u>
	<u>₩ 8,897,919</u>	<u>₩ 4,493,492</u>	<u>₩ 25,173,361</u>	<u>₩ 182,793</u>	<u>₩ 38,747,565</u>

(\*1) Contract assets (unbilled receivables) amounting to ₩1,140,393 million as of June 30, 2021 are not included in the financial assets.

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**5.1 Financial assets (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
<b>Current assets:</b>					
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>
<b>Non-current assets:</b>					
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.



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

1) Fair values and book values of financial instruments as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	June 30, 2021		December 31, 2020	
	Book value	Fair value	Book value	Fair value
Bonds payable	₩ 35,248,125	₩ 35,658,553	₩ 31,167,494	₩ 31,259,176
Borrowings	19,866,050	19,947,437	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 (0.99% ~ 4.60%) regarding residual market risks. As the book values of other financial assets and other financial liabilities are reasonable approximations to fair values, the fair values have not been disclosed.

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

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

3) Details of fair values of financial instruments by hierarchy level as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL	₩ 6,355,635	₩ 511,880	₩ 1,378,375	₩ 8,245,890
Financial assets measured at FVOCI	2,577,755	-	1,915,737	4,493,492
Derivative financial assets	10,647	824,175	-	834,822
	<u>₩ 8,944,037</u>	<u>₩ 1,336,055</u>	<u>₩ 3,294,112</u>	<u>₩ 13,574,204</u>
Financial liabilities:				
Financial liabilities measured at FVTPL	₩ -	₩ -	₩ 34,214	₩ 34,214
Derivative financial liabilities	1,937	188,923	647,912	838,772
	<u>₩ 1,937</u>	<u>₩ 188,923</u>	<u>₩ 682,126</u>	<u>₩ 872,986</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>

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**6. Trade receivables**

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

	June 30, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
Trade receivables:				
Trade receivables (*1)	₩ 9,915,312	₩ 345,494	₩ 8,502,117	₩ 294,879
Contract assets (unbilled receivables)	1,140,393	-	965,473	-
Allowance for doubtful accounts:				
Trade receivables	(652,236)	(22,864)	(596,174)	(20,090)
	<u>₩ 10,403,469</u>	<u>₩ 322,630</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) Contract assets and liabilities related with contracts with customers as of June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	June 30, 2021	December 31, 2020
Contract assets: (*1)		
Construction business	₩ 966,667	₩ 838,273
Telecommunication business	157,226	148,281
Others	173,819	127,294
	<u>₩ 1,297,712</u>	<u>₩ 1,113,848</u>
Contract liabilities: (*2)		
Construction business	₩ 1,228,838	₩ 1,118,684
Telecommunication business	270,416	260,596
Others	1,009,871	868,660
	<u>₩ 2,509,125</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.

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

(3) Details of construction profit variation by changes of accounting estimates related to construction contracts as of June 30, 2021 are as follows (Korean won in millions):

	June 30, 2021				
	Change in estimated construction revenue	Change in estimated cost	Impact on current period profit (loss)	Impact on future period profit	Change in unbilled (overbilled) receivables
SK ecoplant Co., Ltd. and its subsidiaries	₩ 521,350	₩ 471,335	₩ 46,317	₩ 3,698	₩ 46,317
Others	410	(654)	809	255	809
	<u>₩ 521,760</u>	<u>₩ 470,681</u>	<u>₩ 47,126</u>	<u>₩ 3,953</u>	<u>₩ 47,126</u>

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

(4) Details of the construction contracts where the contract revenue exceeds 5% of the preceding year's revenue under the percentage-of-completion method as of June 30, 2021 are as follows (Korean won in millions):

Subsidiary	Project	Contract date	Completion date	Percentage (%)	Unbilled receivables		Trade receivables (*1)	
					Amount	Impairment	Amount	Allowance for doubtful accounts
SK ecoplant Co., Ltd.	RRE Project	2009.12	2016.05	99.9	₩ -	₩ -	₩ -	₩ -
	Goseong High Fire power Construction	2014.07	2022.01	92.4	-	-	-	-

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

**7. Inventories**

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

	June 30, 2021			December 31, 2020		
	Cost	Valuation allowance	Book value	Cost	Valuation allowance	Book value
Merchandise	₩ 967,365	₩ (30,352)	₩ 937,013	₩ 864,806	₩ (45,647)	₩ 819,159
Finished goods	2,264,513	(69,079)	2,195,434	1,563,756	(59,899)	1,503,857
Semi-finished goods and work in progress	1,238,403	(31,780)	1,206,623	845,458	(47,258)	798,200
Raw materials and sub-materials	1,668,512	(28,469)	1,640,043	1,354,419	(24,761)	1,329,658
Materials in transit	1,890,554	-	1,890,554	1,354,400	-	1,354,400
Supplies	297,664	(4,157)	293,507	311,475	(4,074)	307,401
Uncompleted contracts	76,303	-	76,303	57,673	-	57,673
Others	9,720	-	9,720	9,476	(327)	9,149
	<u>₩ 8,413,034</u>	<u>₩ (163,837)</u>	<u>₩ 8,249,197</u>	<u>₩ 6,361,463</u>	<u>₩ (181,966)</u>	<u>₩ 6,179,497</u>

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**8. Investment securities**

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

	June 30, 2021			
	Financial assets at FVTPL	Financial assets at FVOCI (*1)	Financial assets at amortized cost	Total
Equity instruments:				
Marketable equity instruments	₩ -	₩ 2,577,755	₩ -	₩ 2,577,755
Non-marketable equity instruments	148,362	1,897,641	-	2,046,003
	<u>148,362</u>	<u>4,475,396</u>	<u>-</u>	<u>4,623,758</u>
Bond instruments:				
Beneficiary securities and others	636,235	5,545	-	641,780
Debt securities	579,616	12,551	1,149	593,316
	<u>1,215,851</u>	<u>18,096</u>	<u>1,149</u>	<u>1,235,096</u>
	<u>₩ 1,364,213</u>	<u>₩ 4,493,492</u>	<u>₩ 1,149</u>	<u>₩ 5,858,854</u>
Current investment securities	₩ 65,425	₩ -	₩ 45	₩ 65,470
Non-current investment securities	1,298,788	4,493,492	1,104	5,793,384
	December 31, 2020			
	Financial assets measured at FVTPL	Financial assets measured at FVOCI (*1)	Financial assets measured at amortized cost	Total
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.

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

(1) Investments in associates and joint ventures

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

Company	Domicile	June 30, 2021			December 31,
		Equity ownership (*1)	Acquisition cost	Book value	Book value
<b>Associates:</b>					
SK Hynix Inc.	Korea	20.1%	₩ 5,420,310	₩ 12,262,713	₩ 11,750,425
Plug Power Inc. (*2,3)	USA	9.9%	1,793,533	1,819,918	-
Vingroup Joint Stock Company (*3)	Vietnam	6.4%	957,882	892,276	851,300
Eureka Midstream Holdings	USA	40.0%	465,582	489,902	465,917
VCM Services And Trading Development Joint Stock Company (*2,3)	Vietnam	16.3%	459,559	464,604	-
Masan Group Corporation (*3)	Vietnam	9.4%	457,718	392,766	367,832
Shenzhen Lonian Electrics Co., Ltd.	China	26.0%	383,369	409,011	383,049
FR BR Aggregator	USA	39.0%	350,718	253,256	283,933
Darwin LNG Pty Ltd. (*2)	Australia	25.0%	349,037	350,133	-
Huizhou EVE United Energy Co., Ltd.	China	49.0%	344,465	392,222	353,815
Peru LNG Company, LLC	USA	20.0%	331,144	243,045	243,456
Daehan Oil Pipeline Corporation	Korea	41.0%	311,372	312,767	311,015
NHIP II Bison Holdings, LLC	USA	24.5%	297,511	287,060	244,325
Hana Card Co., Ltd. (*3)	Korea	15.0%	253,707	334,793	314,930
Yemen LNG Company Ltd. (*3,4)	Yemen	6.9%	252,813	-	-
Beijing BESK Technology Co., Ltd.	China	49.0%	247,427	244,946	235,604
Canakkale Highway And Bridge	Turkey	25.0%	245,257	243,260	208,272
Korea IT Fund (*5)	Korea	63.3%	242,170	322,267	323,294
ProteoVant Sciences, Inc. (*2)	USA	40.0%	222,370	222,370	-
Joyvio (*3)	China	14.0%	213,793	211,401	197,974
Content Wavve Corp (*6)	Korea	36.4%	165,341	162,782	75,803
Best Oil Company Limited	Myanmar	35.0%	154,732	137,887	159,557
TBM Co., Ltd. (*2,3)	Japan	10.1%	139,995	137,970	-
ENN (Zhoushan) LNG Co., Ltd. (*3)	China	10.0%	132,938	117,517	133,164
Socar Co., Ltd.	Korea	22.2%	109,304	71,535	80,033
Others				<u>1,422,467</u>	<u>1,163,797</u>
				<u>22,198,868</u>	<u>18,147,495</u>
<b>Joint ventures (*7):</b>					
Sinopec-SK (Wuhan) Petrochemical Co., Ltd.	China	35.0%	676,332	1,050,032	942,775
Mitsui Chemicals & SKC Polyurethanes Co., Ltd.	Korea	50.0%	349,942	448,403	419,404
ZETA CAYMAN Limited	Cayman	50.0%	177,904	235,817	163,720
Eurasia Tunnel	Turkey	50.0%	174,215	285,992	254,324
Boryeong LNG Terminal Co., Ltd.	Korea	50.0%	133,323	139,948	146,568
SABIC SK Nexlene Company Pte. Ltd.	Singapore	50.0%	112,670	103,589	93,915
Hana Land Chip PEF 33 (*8)	Korea	-	-	-	262,881
Others				<u>454,824</u>	<u>587,881</u>
				<u>2,718,605</u>	<u>2,871,468</u>
				<u>₩24,917,473</u>	<u>₩ 21,018,963</u>

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

(\*2) It was newly acquired during the six-month period ended June 30, 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) The group acquired 435,431 ordinary shares of Content Wavve Corp for ₩100,000 million in cash through an unequal paid-in capital increase, increasing the group's share from 30% to 36.4% during the six-month period ended June 30, 2021.

(\*7) 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.

(\*8) During the six-month period ended June 30, 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.

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

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

Changes in investments in associates and joint ventures accounted for using the equity method for the six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

		For the six-month period ended June 30, 2021							
		Beginning balance	Acquisitions	Disposals	Equity profit or losses on investments	Other capital movements	Dividends received	Others (*1, 2)	Ending balance
Associates	₩	18,147,495	₩ 3,363,906	₩ (16,585)	₩ 602,205	₩ 153,004	₩ (213,923)	₩ 162,766	₩ 22,198,868
Joint ventures		<u>2,871,468</u>	<u>69,369</u>	<u>-</u>	<u>114,980</u>	<u>118,706</u>	<u>(15,875)</u>	<u>(440,043)</u>	<u>2,718,605</u>
	₩	<u>21,018,963</u>	<u>₩ 3,433,275</u>	<u>₩ (16,585)</u>	<u>₩ 717,185</u>	<u>₩ 271,710</u>	<u>₩ (229,798)</u>	<u>₩ (277,277)</u>	<u>₩ 24,917,473</u>

  

		For the six-month period ended June 30, 2020							
		Beginning balance	Acquisitions	Disposals	Equity profit or losses on investments	Other capital movements	Dividends received	Others (*2)	Ending balance
Associates	₩	19,416,778	₩ 262,505	₩ (1,676,418)	₩ 423,029	₩ 89,193	₩ (196,408)	₩ 156,380	₩ 18,475,059
Joint ventures		<u>2,477,938</u>	<u>82,770</u>	<u>(29,114)</u>	<u>(54,811)</u>	<u>11,635</u>	<u>(27,680)</u>	<u>19,714</u>	<u>2,480,452</u>
	₩	<u>21,894,716</u>	<u>₩ 345,275</u>	<u>₩ (1,705,532)</u>	<u>₩ 368,218</u>	<u>₩ 100,828</u>	<u>₩ (224,088)</u>	<u>₩ 176,094</u>	<u>₩ 20,955,511</u>

(\*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 June 30, 2021 are as follows (Korean won in millions):

	Beginning balance	Changes	Ending balance
Pentaport Development Co., Ltd.	₩ 79,238	₩ 108	₩ 79,346
SK Telesys Corporation	3,960	-	3,960
Korea Consortium Kazakh B.V.	186,473	-	186,473
Yemen LNG Company Ltd. and others	45,279	2,770	48,049

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

(4) Condensed financial information of significant investments in associates and joint ventures as of June 30, 2021 are as follows (Korean won in millions):

	As of and for the six-month period ended June 30, 2021						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Sales	Net income (loss)	Total comprehensive income (loss)
<b>Associates:</b>							
SK Hynix Inc.	₩ 20,099,557	₩ 57,505,784	₩ 9,186,925	₩ 13,620,320	₩ 18,815,859	₩ 2,895,553	₩ 3,297,993
Plug Power Inc.	5,758,688	779,734	216,749	763,162	80,430	(67,898)	(69,050)
Vingroup Joint Stock Company	7,994,901	12,618,885	7,979,907	5,770,953	1,130,315	42,083	42,083
VCM Services And Trading Development Joint Stock Company	352,547	391,445	438,362	233,471	351,228	(16,648)	(16,648)
Masan Group Corporation	1,538,199	4,170,487	1,854,703	2,606,593	968,878	16,622	16,622
Eureka Midstream Holdings	46,657	955,602	20,661	361,798	68,217	21,820	21,820
Shenzhen Londian Wason Holdings Group. Co., Ltd.	964,735	787,291	688,347	244,687	458,268	36,788	36,770
Darwin LNG Pty Ltd.	287,114	68,349	209,934	66,447	26,736	9,926	9,926
Huizhou EVE United Energy Co., Ltd.	582,290	609,312	301,852	76,003	491,983	60,635	60,635
Peru LNG Company, LLC	313,538	2,387,083	305,562	1,179,688	461,813	(53,548)	(53,548)
Daehan Oil Pipeline Corporation	87,605	941,677	36,835	265,734	88,588	16,657	16,657
Hana Card Co., Ltd.	8,819,955	288,748	1,222,592	5,965,943	633,889	142,048	142,555
Beijing BESK Technology Co., Ltd.	365,040	460,636	314,408	11,625	215,543	(2,000)	(2,000)
FR BR Aggregator	20,715	1,270,184	21,024	533,289	-	84,424	84,424
NHIP II Bison Holdings, LLC	20,776	1,002,223	-	962	-	(159,174)	(159,174)
Canakkale Highway And Bridge Korea IT Fund	114,078	3,541,217	116,622	2,565,634	350,486	(29,509)	18,623
ProteoVant Sciences, Inc.	109,908	398,936	-	-	28,785	19,961	15,299
Content Wavve Corp	103,325	49	4,488	3,837	-	(9,344)	(9,344)
Best Oil Company Limited	302,740	88,625	54,668	293,837	98,242	(31,940)	(31,940)
TBM Co., Ltd.	224,173	208,702	193,009	16,377	286,147	5,677	5,677
ENN (Zhoushan) LNG Co., Ltd.	155,785	88,024	36,600	52,850	5,521	(11,887)	(11,887)
Socar Co., Ltd.	186,800	826,137	27,659	541,074	95,461	50,207	50,814
	81,982	235,026	153,778	109,555	113,621	(13,955)	(13,955)
<b>Joint ventures:</b>							
Sinopec-SK (Wuhan) Petrochemical Co., Ltd.	842,957	4,422,587	980,864	1,491,857	4,002,945	152,532	152,532
Mitsui Chemicals & SKC Polyurethanes Co., Ltd.	553,755	965,060	405,550	133,846	642,797	72,714	70,108
ZETA CAYMAN Limited	1,076	471,402	843	-	-	(839)	(839)
Eurasia Tunnel	168,429	1,442,451	147,971	906,917	5,770	24,504	32,887
Boryeong LNG Terminal Co., Ltd	155,255	1,521,566	285,444	1,135,619	76,735	13,193	13,183
SABIC SK Nexlene Company Pte. Ltd.	219,684	517,486	107,415	345,246	208,662	25,356	5,744

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**10. Property, plant and equipment**

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

	June 30, 2021	December 31, 2020
Acquisition cost	₩ 69,917,348	₩ 65,059,292
Accumulated depreciation and accumulated impairment losses	(21,114,165)	(19,163,698)
	<u>₩ 48,803,183</u>	<u>₩ 45,895,594</u>

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

	For the six-month period ended June 30, 2021						Ending balance
	Beginning balance	Business combination	Acquisitions	Disposals	Depreciation	Others (*1)	
Land	₩ 8,514,509	₩ 844,481	₩ 12,575	₩ (27,953)	₩ -	₩ (95,222)	₩ 9,248,390
Buildings	4,567,149	225,132	9,018	(1,562)	(101,270)	174,668	4,873,135
Structures	1,660,194	47,440	4,823	(6,220)	(61,227)	25,188	1,670,198
Machinery and equipment	20,261,529	76,137	203,380	(77,372)	(1,949,758)	1,791,743	20,305,659
Vehicles	199,411	298	5,114	(501)	(16,936)	3,058	190,444
Operating lease asset	1,786,789	-	473,990	(16,192)	(223,061)	(116,005)	1,905,521
Others	3,382,742	13,655	647,056	(3,278)	(359,305)	545,956	4,226,826
Construction-in-progress	5,523,271	12,536	2,720,969	(1,809)	-	(1,871,957)	6,383,010
	<u>₩ 45,895,594</u>	<u>₩ 1,219,679</u>	<u>₩ 4,076,925</u>	<u>₩ (134,887)</u>	<u>₩ (2,711,557)</u>	<u>₩ 457,429</u>	<u>₩ 48,803,183</u>

	For the six-month period ended June 30, 2020						Ending balance
	Beginning balance	Business combination	Acquisitions	Disposals	Depreciation	Others (*1)	
Land	₩ 8,787,048	₩ 51,173	₩ 9,720	₩ (192,984)	₩ -	₩ 133,593	₩ 8,788,550
Buildings	4,271,484	48,069	3,502	(14,000)	(90,969)	209,663	4,427,749
Structures	1,518,777	6,337	1,871	(10,012)	(56,592)	112,046	1,572,427
Machinery and equipment	18,582,898	302,083	213,278	(10,458)	(1,862,770)	2,278,180	19,503,211
Vehicles	185,700	153	2,039	(1,047)	(15,174)	34,206	205,877
Operating lease asset	1,746,356	-	402,498	(13,592)	(214,191)	(176,558)	1,744,513
Others	3,537,088	6,552	626,411	(8,543)	(340,665)	(186,939)	3,633,904
Construction-in-progress	4,198,976	138,662	3,295,805	(22,685)	-	(2,640,893)	4,969,865
	<u>₩ 42,828,327</u>	<u>₩ 553,029</u>	<u>₩ 4,555,124</u>	<u>₩ (273,321)</u>	<u>₩ (2,580,361)</u>	<u>₩ (236,702)</u>	<u>₩ 44,846,096</u>

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

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

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

	June 30, 2021	December 31, 2020
Acquisition cost	₩ 6,852,830	₩ 7,879,536
Accumulated depreciation and accumulated impairment losses	(1,970,988)	(1,701,056)
	<u>₩ 4,881,842</u>	<u>₩ 6,178,480</u>

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

		For the six-month period ended June 30, 2021						
	Beginning balance	Business combination	Acquisitions	Disposals	Depreciation	Others (*1)	Ending balance	
Land and buildings	₩ 3,230,719	₩ 24,539	₩ 576,120	₩ (210,480)	₩ (274,560)	₩ (1,125,658)	₩ 2,220,680	
Tank	217,252	-	2,071	(763)	(32,158)	(202)	186,200	
Ships and vessels	1,013,186	-	-	-	(45,930)	10,204	977,460	
Vehicles	1,264,696	133	176,045	(122,635)	(136,525)	42,550	1,224,264	
Others	452,627	177	112,569	(106,110)	(44,085)	(141,940)	273,238	
	<u>₩ 6,178,480</u>	<u>₩ 24,849</u>	<u>₩ 866,805</u>	<u>₩ (439,988)</u>	<u>₩ (533,258)</u>	<u>₩ (1,215,046)</u>	<u>₩ 4,881,842</u>	

  

		For the six-month period ended June 30, 2020						
	Beginning balance	Business combination	Acquisitions	Disposals	Depreciation	Others (*1)	Ending balance	
Land and buildings	₩ 1,912,681	₩ 76,012	₩ 681,770	₩ (97,180)	₩ (257,092)	₩ (74,049)	₩ 2,242,142	
Tank	266,195	-	12,075	(2,076)	(34,035)	1,066	243,225	
Ships and vessels	1,065,528	-	22,771	-	(44,444)	17,522	1,061,377	
Vehicles	1,424,084	3,988	166,770	(107,562)	(145,358)	(1,213)	1,340,709	
Others	492,290	5,539	116,430	(311,700)	(52,720)	97,536	347,375	
	<u>₩ 5,160,778</u>	<u>₩ 85,539</u>	<u>₩ 999,816</u>	<u>₩ (518,518)</u>	<u>₩ (533,649)</u>	<u>₩ 40,862</u>	<u>₩ 5,234,828</u>	

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

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

		For the six-month period ended June 30, 2021						
	Beginning balance	Business combination	Increase	Interest expenses	Decrease	Transfer	Others (*1)	Ending balance
Lease liabilities	₩ 5,665,951	₩ 24,849	₩ 865,208	₩ 56,782	₩ (578,632)	₩ (31,444)	₩ (1,297,684)	₩ 4,705,030

  

		For the six-month period ended June 30, 2020						
	Beginning balance	Business combination	Increase	Interest expenses	Decrease	Transfer	Others (*1)	Ending balance
Lease liabilities	₩ 4,647,511	₩ 84,656	₩ 880,733	₩ 65,537	₩ (603,138)	₩ (2,344)	₩ (312,942)	₩ 4,760,013

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

The Group recognized lease payments of ₩69,547 million(₩65,839 million as of June 30, 2020) in relation to short-term leases, ₩5,845 million(₩5,894 million as of June 30, 2020) in relation to leases of low-value assets during the period ended.

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**12. Investment property**

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Acquisition cost	₩ 535,862	₩ 699,720
Accumulated depreciation and accumulated impairment loss	<u>(68,878)</u>	<u>(130,564)</u>
	<u>₩ 466,984</u>	<u>₩ 569,156</u>

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

For the six-month period ended June 30, 2021						
	<u>Beginning balance</u>	<u>Acquisition</u>	<u>Disposal</u>	<u>Depreciation</u>	<u>Others (*1)</u>	<u>Ending balance</u>
Land	₩ 501,528	₩ -	₩ (5,564)	₩ -	₩ (118,352)	₩ 377,612
Buildings	63,800	494	(107,610)	(4,668)	133,067	85,083
Structures	3,828	452	-	(38)	47	4,289
	<u>₩ 569,156</u>	<u>₩ 946</u>	<u>₩ (113,174)</u>	<u>₩ (4,706)</u>	<u>₩ 14,762</u>	<u>₩ 466,984</u>
For the six-month period ended June 30, 2020						
	<u>Beginning balance</u>	<u>Acquisition</u>	<u>Disposal</u>	<u>Depreciation</u>	<u>Others (*1)</u>	<u>Ending balance</u>
Land	₩ 241,383	₩ 111	₩ (5,826)	₩ -	₩ 363	₩ 236,031
Buildings	245,891	313	(56,599)	(4,211)	(789)	184,605
Structures	484	-	-	(35)	163	612
	<u>₩ 487,758</u>	<u>₩ 424</u>	<u>₩ (62,425)</u>	<u>₩ (4,246)</u>	<u>₩ (263)</u>	<u>₩ 421,248</u>

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

**13. Goodwill**

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Beginning balance	₩ 4,463,951	₩ 2,598,464
Business combination (see Note 35)	575,546	1,680,323
Others (*1)	<u>104,562</u>	<u>50,573</u>
Ending balance	<u>₩ 5,144,059</u>	<u>₩ 4,329,360</u>

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

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**14. Intangible assets**

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

	For the six-month period ended June 30, 2021						
	Beginning balance	Business combination	Acquisitions	Disposals	Amortization	Others (*2)	Ending balance
Development costs	₩ 219,166	₩ 1,337	₩ 34,015	₩ (1,660)	₩ (29,384)	₩ 24,139	₩ 247,613
Facility usage rights	43,505	-	513	(3)	(3,555)	1,255	41,715
Industrial property rights	87,019	-	19,210	(9)	(4,258)	956	102,918
Frequency usage rights	1,932,765	-	-	-	(255,873)	-	1,676,892
Customer-related assets	2,999,320	-	14,344	(185)	(131,157)	75,894	2,958,216
Membership (*1)	284,835	-	11,936	(9,500)	-	189	287,460
Development costs for petroleum resource	1,149,011	-	40,771	-	(14,408)	(606,364)	569,010
Brand-related assets (*1)	2,631,393	-	-	-	-	306	2,631,699
Developed technology	989,587	-	-	-	(78,027)	45,747	957,307
Others (*3)	1,692,511	251,880	35,399	(5,921)	(300,526)	(11,075)	1,662,268
	<u>₩ 12,029,112</u>	<u>₩ 253,217</u>	<u>₩ 156,188</u>	<u>₩ (17,278)</u>	<u>₩ (817,188)</u>	<u>₩ (468,953)</u>	<u>₩ 11,135,098</u>

  

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

- (\*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.

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**15. Borrowings and bonds payable**

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

	June 30, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
Short-term borrowings (*1)	₩ 6,349,232	₩ -	₩ 6,201,430	₩ -
Bonds and long-term borrowings:				
Bonds payable	5,781,624	29,466,501	4,767,907	26,399,587
Long-term borrowings	1,255,226	12,261,592	1,448,871	10,443,923
	<u>7,036,850</u>	<u>41,728,093</u>	<u>6,216,778</u>	<u>36,843,510</u>
	<u>₩ 13,386,082</u>	<u>₩ 41,728,093</u>	<u>₩ 12,418,208</u>	<u>₩ 36,843,510</u>

(\*1) It includes borrowings collateralized for trade receivables of ₩96,657 million and ₩188,155 million as of June 30, 2021 and December 31, 2020, respectively, which were transferred but not derecognized.

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

	June 30, 2021	December 31, 2020
SK Inc.	₩ 6,510,000	₩ 6,400,000
SK Innovation Co., Ltd.	2,125,000	1,604,000
SK Energy Co., Ltd.	3,570,000	3,300,000
SK Global Chemical Co., Ltd.	1,910,000	1,610,000
SK Incheon Petrochem Co., Ltd.	2,135,000	1,870,000
SK Lubricants Co., Ltd.	840,000	840,000
SK Battery America, Inc.	1,130,000	-
SK Telecom Co., Ltd.	6,996,000	6,895,600
SK Broadband Co., Ltd.	1,629,000	1,686,400
ADT Caps Co., Ltd. (formerly, SK Infosec Co., Ltd.)	30,823	24,782
SK Networks Co., Ltd.	1,190,000	1,030,000
SK Magic Co., Ltd.	360,000	280,000
SK Rent-a-Car Co., Ltd.	600,000	375,000
SKC Co., Ltd.	398,564	312,943
SKC Solmics Co., Ltd.	20,000	41,760
SK Telesys Co., Ltd.	30,000	30,000
SKC Hightech & Marketing Co., Ltd.	40,510	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
Yeoju Energy Service Co., Ltd.	200,000	200,000
SK ecoplant Co., Ltd.	1,358,000	1,008,000
SK Materials Co., Ltd.	745,000	455,000
SK Siltron Co., Ltd.	779,000	924,000
	<u>35,226,897</u>	<u>31,116,861</u>
Addition: premium on bonds payable	21,228	50,633
Less: current portion	<u>(5,781,624)</u>	<u>(4,767,907)</u>
	<u>₩ 29,466,501</u>	<u>₩ 26,399,587</u>

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

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

Financial institution	Description	Interest rate (%)	June 30, 2021	December 31, 2020
Korea Development Bank and others	General	0.00 ~ 4.75	₩ 7,414,876	₩ 6,050,756
Korea Development Bank and others	Fund for facility	0.00 ~ 4.90	3,173,932	2,925,741
Standard Chartered Bank and others	Foreign borrowings	0.00 ~ 8.00	1,371,794	1,374,882
Korea Energy Agency (*1)	Fund for mine exploration	0.00 ~ 8.80	57,052	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	134,882	97,650
Korea Development Bank and others	Fund for supply pipeline	1.75	7,289	7,602
KEB Hana Bank	Fund for reasonable energy consumption	1.75	3,660	3,660
NH Bank	Fund for safety management	1.75	203	261
Korea Development Bank and others (*2)	Takeover	LIBOR(3M) + 1.60	158,200	152,320
Mizuho Bank and others (*3)	Takeover	EURIBOR(3M) + 0.70	216,452	215,457
MD Prime 1st Co., Ltd. and others	Others	3.07, 3.20	909,976	909,976
			13,548,316	11,922,158
Less: discount			(31,498)	(29,364)
Less: current portion			(1,255,226)	(1,448,871)
			<u>₩ 12,261,592</u>	<u>₩ 10,443,923</u>

(\*1) As of June 30, 2021 and December 31, 2020, SK Innovation Co., Ltd., a subsidiary of the group, holds a loan amounting to ₩50,560 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 upon maturity. Financial instruments and other assets of the Group are pledged as detailed in Note 32.

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**16. Provisions**

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

	For the six-month period ended June 30, 2021					
	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Provision for sale warranties	₩ 91,319	₩ 16,712	₩ (4,981)	₩ 103,050	₩ 4,751	₩ 98,299
Provision for service / construction warranties	101,415	11,947	(9,395)	103,967	103,519	448
Provision for restoration	166,855	298,526	(6,688)	458,693	57,627	401,066
Provision for onerous contracts	353,075	18,379	(36,560)	334,894	299,310	35,584
Other provisions	224,737	72,841	(135,585)	161,993	145,926	16,067
	<u>₩ 937,401</u>	<u>₩ 418,405</u>	<u>₩ (193,209)</u>	<u>₩ 1,162,597</u>	<u>₩ 611,133</u>	<u>₩ 551,464</u>

	For the six-month period ended June 30, 2020					
	Beginning balance	Business combination	Increase	Decrease	Ending balance	Non-current
Provision for sale warranties	₩ 75,025	₩ -	₩ 11,238	₩ (3,984)	₩ 82,279	₩ 4,665
Provision for service / construction warranties	93,034	-	9,828	(6,178)	96,684	96,684
Provision for restoration	160,170	626	9,904	(5,255)	165,445	55,160
Provision for onerous contracts	152,857	-	39	(9,005)	143,891	143,891
Other provisions	335,545	2,129	138,162	(182,469)	293,367	275,292
	<u>₩ 816,631</u>	<u>₩ 2,755</u>	<u>₩ 169,171</u>	<u>₩ (206,891)</u>	<u>₩ 781,666</u>	<u>₩ 575,692</u>

**17. Defined benefit liabilities**

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

	June 30, 2021	December 31, 2020
Present value of defined benefit obligation	₩ 3,635,607	₩ 3,491,805
Fair value of plan assets	(2,991,077)	(3,054,840)
	<u>₩ 644,530</u>	<u>₩ 436,965</u>

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

	For the six-month period ended June 30, 2021		
	Present value of defined benefit obligation	Fair value of plan assets	Total
Beginning balance	₩ 3,491,805	₩ (3,054,840)	₩ 436,965
Business combination	2,618	-	2,618
Provision for pension benefits:			
Current service cost	228,818	-	228,818
Past service cost	157	-	157
Net interest expense (income)	39,296	(35,230)	4,066
Remeasurement:			
Return on plan assets	-	12,013	12,013
(excluding amounts included in net interest expenses)			
Actuarial changes arising from changes in financial assumptions and others	12,185	-	12,185
Contributions by employer directly to plan assets	-	(52,401)	(52,401)
Benefit paid	(187,375)	195,198	7,823
Others	48,103	(55,817)	(7,714)
Ending balance	<u>₩ 3,635,607</u>	<u>₩ (2,991,077)</u>	<u>₩ 644,530</u>

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

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

**18. Other assets and liabilities**

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Current assets:		
Short-term loans	₩ 180,169	₩ 193,526
Accrued income	123,627	154,932
Advanced payments	1,137,363	830,073
Prepaid expenses	2,911,928	2,730,042
Guarantee deposits	339,459	356,573
Derivative financial assets	141,782	129,821
Lease receivables	25,285	56,838
Other contract assets	109,710	100,700
Others	74,128	121,713
	<u>₩ 5,043,451</u>	<u>₩ 4,674,218</u>
Non-current assets:		
Long-term prepaid expenses	₩ 1,171,414	₩ 1,428,210
Long-term loans	386,361	416,482
Guarantee deposits	588,412	574,946
Derivative financial assets	693,040	596,215
Long-term lease receivables	46,157	25,079
Other long-term contract assets	47,609	47,675
Others	189,436	217,889
	<u>₩ 3,122,429</u>	<u>₩ 3,306,496</u>

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

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

	<u>June 30, 2021</u>		<u>December 31, 2020</u>	
Current liabilities:				
Accrued expenses	₩	3,892,951	₩	3,964,534
Dividends payable		849		840
Advances received		1,849,575		1,779,351
Unearned revenue		105,928		62,879
Withholdings		2,247,748		2,238,208
Deposits received		201,191		210,035
Income tax payable		1,160,294		1,161,735
Derivative financial liabilities		333,549		96,665
Lease liabilities		1,247,321		2,244,201
Finance guarantee liabilities		719		832
Other contract liabilities		406,912		297,350
Others		23,307		18,832
	₩	<u>11,470,344</u>	₩	<u>12,075,462</u>
Non-current liabilities:				
Long-term accrued expenses	₩	18,521	₩	10,610
Long-term unearned revenue		626,286		571,257
Deposits received		278,079		262,079
Derivative financial liabilities		505,223		734,225
Long-term lease liabilities		3,457,709		3,421,750
Financial guarantee liabilities		18,010		21,447
Other long-term contract liabilities		29,972		40,011
Others (*1)		237,611		209,330
	₩	<u>5,171,411</u>	₩	<u>5,270,709</u>

(\*1) Includes long-term employee benefit liabilities amounting to ₩118,672 million and ₩117,973 million as of June 30, 2021 and December 31, 2020, respectively.

**19. Derivative financial assets and liabilities**

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

	<u>June 30, 2021</u>		<u>December 31, 2020</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Firm contracts	₩ 4,559	₩ 5,014	₩ (25,471)	₩ 5,488
Swap contracts	(216,216)	66,913	27,906	(640,075)
Forward contracts	(791)	(422,504)	10,036	2,008
Futures contracts	3,597	2,763	4,608	1,673
Options contracts	17,084	535,631	16,077	492,896
	₩ <u>(191,767)</u>	₩ <u>187,817</u>	₩ <u>33,156</u>	₩ <u>(138,010)</u>
Derivative financial assets	₩ 141,782	₩ 693,040	₩ 129,821	₩ 596,215
Derivative financial liabilities	(333,549)	(505,223)	(96,665)	(734,225)

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**20. Equity**

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

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

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

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Additional paid-in capital (*1)	₩ 5,605,831	₩ 5,605,831
Treasury shares (*2)	(1,811,340)	(1,811,454)
Others	3,074,567	1,455,769
	<u>₩ 6,869,058</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 June 30, 2021, treasury shares consist of those acquired to increase the enterprise value and to stabilize share price (7,033,831 ordinary shares) and those acquired from repurchase of shares from dissenting shareholders on business combination and shares arising from odd lot shares (11,019,129 ordinary shares and 1,787 preferred shares) during the year 2015.

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Legal reserve (*1)	₩ 7,693	₩ 7,693
Voluntary reserve	62,897	62,897
Unappropriated retained earnings	12,849,159	12,426,086
	<u>₩ 12,919,749</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.

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

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Net loss on valuation of financial assets measured at FVOCI	₩ 368,127	₩ 151,824
Equity adjustments of investments in associates and joint ventures	(21,193)	(163,810)
Net gain on valuation of derivative instruments	21,427	24,898
Net gain on translation of foreign operation	(32,619)	(340,075)
	<u>₩ 335,742</u>	<u>₩ (327,163)</u>

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

1) SK Inc.

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

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

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

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

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

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

	Current	Accumulated	Remaining	Total
Subsidiaries of SK Innovation Co., Ltd.	₩ 833	₩ 2,709	₩ 5,875	₩ 8,584
Subsidiaries of SK Telecom Co., Ltd.	2,882	10,471	6,653	17,124
Subsidiaries of SK Networks Co., Ltd.	327	1,055	2,160	3,215
Subsidiaries of SKC Co., Ltd.	727	2,021	3,919	5,940
Subsidiaries of SK E&S Co., Ltd.	-	496	14	510
Others	717	2,280	3,046	5,326
	<u>₩ 5,486</u>	<u>₩ 19,032</u>	<u>₩ 21,667</u>	<u>₩ 40,699</u>

**21. Selling and administrative expenses**

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

	June 30, 2021		June 30, 2020	
	Three-month	Six-month	Three-month	Six-month
Salaries	₩ 369,441	₩ 719,267	₩ 310,920	₩ 653,414
Provision for pension benefits	26,691	66,616	43,969	106,209
Employee welfare benefits	73,827	163,167	57,120	135,693
Travel	11,316	18,787	6,741	20,504
Bad debt expenses	8,808	25,165	13,203	40,343
Communications	2,164	4,038	1,952	3,869
Utilities	6,968	16,107	6,439	15,851
Taxes and dues	33,852	55,746	27,810	51,450
Supplies	7,936	17,194	7,626	15,315
Rents	35,172	67,138	46,831	88,335
Depreciation	112,066	222,685	90,419	201,460
Amortization	90,883	160,605	62,217	119,754
Repairs	5,692	12,714	7,975	14,274
Insurance	12,614	25,895	9,908	21,884
Advertising	167,465	278,395	138,488	245,126
Research and development	132,524	236,853	51,482	177,823
Education and examination	24,367	39,031	5,091	26,560
Outsourcing technology services	175,996	382,641	254,989	451,427
Transport	91,145	178,297	74,695	146,944
Others	27,021	68,190	39,981	72,947
	<u>₩ 1,415,948</u>	<u>₩ 2,758,531</u>	<u>₩ 1,257,856</u>	<u>₩ 2,609,182</u>

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**22. Finance income and expenses**

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

	June 30, 2021		June 30, 2020	
	Three-month	Six-month	Three-month	Six-month
Financial income:				
Interest income	₩ 39,548	₩ 75,653	₩ 51,329	₩ 107,467
Gain on foreign currency transactions	278,756	532,087	337,291	789,932
Gain on foreign currency translation	15,626	155,045	(27,850)	202,452
Gain on transactions of derivatives	175,950	393,512	864,834	1,855,459
Gain on valuation of derivatives	(1,721)	167,143	(638,549)	252,301
Others	56,388	138,476	485	1,139
	<u>₩ 564,547</u>	<u>₩ 1,461,916</u>	<u>₩ 587,540</u>	<u>₩ 3,208,750</u>

	June 30, 2021		June 30, 2020	
	Three-month	Six-month	Three-month	Six-month
Financial expenses:				
Interest expenses	₩ 351,644	₩ 689,477	₩ 353,932	₩ 711,380
Loss on foreign currency transactions	302,216	563,605	447,466	948,788
Loss on foreign currency translation	(38,423)	209,084	(170,924)	208,987
Loss on transactions of derivatives	334,386	603,895	912,506	1,802,911
Loss on valuation of derivatives	56,022	167,286	(709,266)	110,830
Others	4,684	47,303	234	13,225
	<u>₩ 1,010,529</u>	<u>₩ 2,280,650</u>	<u>₩ 833,948</u>	<u>₩ 3,796,121</u>

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

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

	June 30, 2021		June 30, 2020	
	Three-month	Six-month	Three-month	Six-month
Other non-operating income:				
Dividend income	₩ 5,150	₩ 9,873	₩ 7,200	₩ 13,312
Rental income	233	484	222	600
Gain on disposal of trade receivables	6,345	18,296	2,834	7,513
Gain on disposal of investments in associates and joint ventures	630	374,449	460,684	704,076
Gain on disposal of property, plant and equipment	106,802	151,470	52,081	57,550
Gain on disposal of intangible assets	84,533	86,266	2,225	14,494
Others	821,835	944,682	29,165	149,328
	<u>₩ 1,025,528</u>	<u>₩ 1,585,520</u>	<u>₩ 554,411</u>	<u>₩ 946,873</u>

**SK Inc. and its subsidiaries**  
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**23. Other non-operating income and expenses (cont'd)**

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

	June 30, 2021		June 30, 2020	
	Three-month	Six-month	Three-month	Six-month
Other non-operating expenses:				
Loss on disposal of trade receivables	₩ 2,205	₩ 7,759	₩ 3,710	₩ 8,454
Loss on impairment of investments in associates	1,614	3,344	-	434
Loss on disposal of property, plant and equipment	41,172	48,315	202,201	271,611
Loss on impairment of property, plant and equipment	1,642	2,660	231	75,320
Loss on disposal of intangible assets	1,675	1,814	795	983
Loss on impairment of intangible assets	2,663	2,726	12,745	13,233
Donations	32,484	39,592	29,222	52,004
Others	45,731	1,072,383	111,675	282,751
	<u>₩ 129,186</u>	<u>₩ 1,178,593</u>	<u>₩ 360,579</u>	<u>₩ 704,790</u>

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

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

	June 30, 2021		June 30, 2020	
	Three-month	Six-month	Three-month	Six-month
Employee benefits	₩ 1,778,923	₩ 3,694,194	₩ 1,515,413	₩ 3,389,807
Depreciation and amortization	1,945,994	4,062,003	1,981,382	3,889,861
Network connection	205,435	424,377	204,695	401,996
Transport	197,888	378,930	152,384	296,009
Advertising	173,328	290,006	138,937	246,744
Lease payments and rents	103,900	210,907	119,954	251,324
Others	4,641,222	8,722,925	4,973,051	9,040,942
Use of raw materials and purchase of finished goods and merchandise	13,838,932	26,367,328	9,025,197	24,707,710
Changes in finished goods and semi-finished good	(654,883)	(1,257,379)	219,300	496,861
	<u>₩ 22,230,739</u>	<u>₩ 42,893,291</u>	<u>₩ 18,330,313</u>	<u>₩ 42,721,254</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 six-month period ended June 30, 2021 is 37.37%, and the average effective tax rate is not calculated during the six-month period ended June 30, 2020 due to pre-tax losses.

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

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

	June 30, 2021		June 30, 2020	
	Three-month	Six-month	Three-month	Six-month
Profit (loss) for the period attributable to owners of the parent	₩ 500,963	₩ 733,231	₩ 11,827	₩ (176,509)
Less: preferred share dividends	(1,700)	(2,554)	(1,136)	(1,707)
Profit (loss) for the period attributable to ordinary share owners of the parent	499,263	730,677	10,691	(178,216)
Weighted-average number of ordinary share outstanding (*1)	<u>52,307,317</u>	<u>52,307,106</u>	<u>52,304,347</u>	<u>52,304,347</u>
Basic earnings (losses) per share (In Korean won)	<u>₩ 9,545</u>	<u>₩ 13,969</u>	<u>₩ 204</u>	<u>₩ (3,407)</u>

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

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

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

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

	June 30, 2021		June 30, 2020	
	Three-month	Six-month	Three-month	Six-month
Profit (loss) for the period attributable to ordinary share owners of the parent	₩ 499,263	₩ 730,677	₩ 10,691	₩ (178,216)
Weighted-average number of diluted ordinary share outstanding	<u>52,416,250</u>	<u>52,418,416</u>	<u>52,363,777</u>	<u>52,304,347</u>
Diluted earnings (losses) per share (In Korean won) (*1)	<u>₩ 9,525</u>	<u>₩ 13,939</u>	<u>₩ 204</u>	<u>₩ (3,407)</u>

(\*1) For the six-month period ended June 30, 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.

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

	June 30, 2021		June 30, 2020	
	Three-month	Six-month	Three-month	Six-month
Weighted-average number of shares outstanding	52,307,317	52,307,106	52,304,347	52,304,347
Effect of exercise of stock option	108,933	111,310	59,430	53,891
Weighted-average number of diluted ordinary shares outstanding	52,416,250	52,418,416	52,363,777	52,358,238

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

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

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

	June 30, 2021		June 30, 2020	
	Three-month	Six-month	Three-month	Six-month
Profit (loss) for the period attributable to owners of the parent	₩ 499,263	₩ 730,677	₩ 10,691	₩ (178,216)
Less: profit (loss) from discontinued operations	56,319	92,018	44,645	35,729
Profit (loss) for the period from continuing operations attributable to owners of the parent ordinary share owners of the parent	442,944	638,659	(33,954)	(213,945)
Weighted-average number of ordinary shares outstanding	<u>52,307,317</u>	<u>52,307,106</u>	<u>52,304,347</u>	<u>52,304,347</u>
Basic earnings (losses) per share from continuing operations (In Korean won)	<u>₩ 8,468</u>	<u>₩ 12,210</u>	<u>₩ (649)</u>	<u>₩ (4,090)</u>

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

	June 30, 2021		June 30, 2020	
	Three-month	Six-month	Three-month	Six-month
Profit (loss) for the period from continuing operations attributable to owners of the parent	₩ 442,944	₩ 638,659	₩ (33,954)	₩ (213,945)
Weighted-average number of diluted ordinary shares outstanding (*1)	<u>52,416,250</u>	<u>52,418,416</u>	<u>52,304,347</u>	<u>52,304,347</u>
Basic earnings (losses) per share from continuing operations (In Korean won)	<u>₩ 8,451</u>	<u>₩ 12,184</u>	<u>₩ (649)</u>	<u>₩ (4,090)</u>

(\*1) For the six-month period ended June 30, 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 earnings (losses) per share from discontinued operations

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

	June 30, 2021		June 30, 2020	
	Three-month	Six-month	Three-month	Six-month
Gain (loss) from discontinued operations	₩ 56,319	₩ 92,018	₩ 44,645	₩ 35,729
Weighted-average number of ordinary shares outstanding	<u>52,307,317</u>	<u>52,307,106</u>	<u>52,304,347</u>	<u>52,304,347</u>
Basic earnings (losses) per share from discontinued operations (In Korean won)	<u>₩ 1,077</u>	<u>₩ 1,759</u>	<u>₩ 853</u>	<u>₩ 683</u>

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

	June 30, 2021		June 30, 2020	
	Three-month	Six-month	Three-month	Six-month
Gain (loss) from discontinued operations	₩ 56,319	₩ 92,018	₩ 44,645	₩ 35,729
Weighted-average number of diluted ordinary shares outstanding	<u>52,416,250</u>	<u>52,418,416</u>	<u>52,363,777</u>	<u>52,358,238</u>
Basic earnings (losses) per share from discontinued operations (In Korean won)	<u>₩ 1,074</u>	<u>₩ 1,755</u>	<u>₩ 853</u>	<u>₩ 683</u>

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**27. Transactions with related parties**

Balances on transactions arising from intercompany transactions within the Group were eliminated in preparing the interim condensed consolidated financial statements for the six-month periods ended June 30, 2021 and 2020.

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

		June 30, 2021			
		Sales, etc.		Expenses, etc.	
	Company name	Three-month	Six-month	Three-month	Six-month
Other related parties	Daehan Oil Pipeline Corporation	₩ 504	₩ 4,957	₩ 15,784	₩ 31,146
	SABIC SK Nexlene Company Pte. Ltd.	193	328	51,516	99,594
	Korea Nexlene Company	47,162	85,240	625	629
	Best Oil Company Limited	189,952	372,708	1	254
	Asia Bitumen Trading Pte. Ltd.	-	2,545	-	-
	Sinopec-SK(Wuhan) Petrochemical Co., Ltd.	319	655	154,524	287,809
	Baic Eletronics SK(Jiangsu) Technology Co., Ltd.	15,920	30,319	101,092	186,518
	Xinglu (HongKong) Ltd.	31,124	47,377	-	-
	F&U Credit Information Co., Ltd.	966	1,961	13,185	25,900
	Wave City Development Co., Ltd.	215	1,150	-	-
	SK Hynix Inc.	875,498	1,792,860	1,142	9,702
	SK Hynix Semiconductor (China) Ltd.	94,122	171,381	320	678
	SK Hynix semiconductor (Chongqing) Ltd	8,647	17,705	-	-
	SK Hynix Semiconductor HK Ltd.	-	-	251,630	453,525
	SK Hynix System IC Co., Ltd.	6,964	23,389	14	31
	Happynarae Co., Ltd.	10,336	14,547	111,235	178,543
	SKC Evonik Peroxide Korea Co., Ltd.	5	3,899	12,908	24,823
	Mitsui Chemicals & SKC Polyurethanes, Inc.	77,711	134,526	4,297	8,635
	Boryeong LNG Terminal Co., Ltd.	17,924	32,427	20,124	43,110
	Huizhou EVE United Energy Co., Ltd	13,832	40,091	140,946	292,277
	Daewon Green Energy Co., Ltd.	101,422	101,422	-	-
	Eurasia Tunnel	736	1,429	-	-
	Xe-Pian Xe-Namnoy Power Company	1,952	6,096	-	-
Others	109,588	209,273	37,858	62,286	
Others (*2)	Ulsan Aromatics Co., Ltd.	15,134	27,716	16,727	32,970
	SK D&D Co., Ltd.	90,450	91,145	2,032	2,453
	SK Chemicals Co., Ltd.	19,799	40,119	5,084	10,224
	SK Gas Co., Ltd.	32,505	42,269	40,957	91,037
	Ubins Co., Ltd.	247	601	25,151	36,645
	Others	49,468	104,495	87,536	130,727
		<u>₩ 1,812,695</u>	<u>₩ 3,402,630</u>	<u>₩ 1,094,688</u>	<u>₩ 2,009,516</u>

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

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

(\*1) During the six-month period ended June 30, 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.

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

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

	Company name	June 30, 2021		December 31, 2020	
		Receivables		Receivables	
		(*1)	Payables	(*1)	Payables
Other	Daehan Oil Pipeline Corporation	₩ 185	₩ 8,483	₩ 332	₩ 8,094
related parties	SABIC SK Nexlene Company Pte. Ltd.	4,026	37,307	7,329	29,817
	Korea Nexlene Company	18,203	71	13,112	156
	Best Oil Company Limited	148,210	33,568	93,789	37,647
	Hana land chip PEF 33 (*2)	-	-	5,983	8,579
	Sinopec-SK(Wuhan) Petrochemical Co., Ltd.	341	2,392	417	11
	Baic Eletronics SK(Jiangsu) Technology Co., Ltd.	1,094	100,145	6,211	59,562
	Xinglu (HongKong) Ltd.	31,465	-	36,866	-
	Korea Consortium Kazakh B.V. (*3)	146,170	-	146,170	-
	F&U Credit Information Co., Ltd.	22	5,203	43	4,699
	HanaCard Co., Ltd.	671	64,605	352	145,328
	Wave City Development Co., Ltd.	4,180	-	42,562	19
	SK Hynix Inc.	599,920	102,924	681,053	119,197
	SK Hynix Semiconductor (China) Ltd.	34,419	293	35,687	314
	SK Hynix Semiconductor (Chongqing) Ltd.	14,656	23	12,660	-
	SK Hynix Semiconductor HK Ltd.	-	97,467	-	55,500
	SK Hynix System IC Co., Ltd.	15,539	29	15,906	29
	Happynarae Co., Ltd.	9,817	34,364	3,817	40,622
	SKC Evonik Peroxide Korea Co., Ltd.	-	4,799	-	4,819
	Mitsui Chemicals & SKC Polyurethanes, Inc.	29,445	3,105	12,117	2,815
	Boryeong LNG Terminal Co., Ltd.	6,393	4,456	4,921	2,141
	Pentaport Development Co., Ltd.	71,753	-	74,238	-
	Huizhou EVE United Energy Co., Ltd	605	140,403	19	72,276
	Eurasia Tunnel	25,502	-	35,619	-
SK E&C JURONG Investment Singapore Pte. Ltd. (*3)	59,914	-	59,914	-	
Xe-Pian Xe-Namnoy Power Company	143,313	26,004	139,128	26,004	
ProteoVant Sciences, Inc.	-	113,130	-	-	
Others	131,236	46,214	51,042	18,186	
Others (*4)	Ulsan Aromatics Co., Ltd.	3,523	5,964	3,942	6,415
	SK Chemicals Co., Ltd.	15,263	2,554	14,567	2,266
	SK Gas Co., Ltd.	38,754	219,526	12,655	242,355
	Ubins Co., Ltd.	55	11,325	535	18,624
	Others	39,664	35,609	16,251	22,067
		<u>₩ 1,594,338</u>	<u>₩ 1,099,963</u>	<u>₩ 1,527,237</u>	<u>₩ 927,542</u>

(\*1) The Company recognized bad debt expense and reversal of bad debt each amounting to ₩3,269 million and ₩(-)2,339 million for the six-month period ended June 30, 2021 (for the six-month period ended June 30, 2020: bad debt expense of ₩1,791 million, write-off and others of ₩(-)1,781 million). The Company recognized the allowance for doubtful accounts amounting to ₩312,481 million and ₩311,551 million as of June 30, 2021 and December 31, 2020, respectively.

(\*2) During the six-month period ended June 30, 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 June 30, 2021 and December 31, 2020, the Group recognized loss allowances in entirety for the 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*.

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

(3) Details of significant treasury transactions with related-parties for the six-month period ended June 30, 2021 and 2020 are as follows (Korean won in millions and foreign currencies in thousands):

Company name	Currency	June 30, 2021		June 30, 2020	
		Loans	Collection	Loans	Collection
Halio, Inc. (formerly, Kinestral Technologies Inc)	USD	-	-	-	2,483
Yemen LNG Company Ltd.	KRW	3,122	-	4,594	-
Huizhou EVE United Energy Co., Ltd.	KRW	-	-	73,847	-
Zhejiang Shenxin SK Packaging Co., Ltd.	KRW	-	-	9	9
Eurasia Tunnel	KRW	-	11,243	3,963	15,853
Xe-Pian Xe-Namnoy Power Company	KRW	3,242	-	-	-
Yongin Industrial Complex Development Co., Ltd	KRW	5,072	-	-	-
PT REGAS ENERGITAMA INFRASTRUKTUR	KRW	5,077	-	-	-

(4) There were additional capital contribution transactions for investments in associates and joint ventures for the six-month periods ended June 30, 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 and the six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

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

**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 June 30, 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. In June 2021, the facilities related to the telecommunication equipment division of Techdream Co., Ltd., are determined to be sold with SKC Infra Services Co., Ltd., a subsidiary.

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**28. Discontinued operations (cont'd)**

SK ecoplant 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 six-month periods ended June 30, 2021 and 2020 are as follows (Korean won in millions):

	For the six-month period ended June 30, 2021					
	Petroleum Development business in SK innovation Co., Ltd.	Resourse business and others in SK Networks Co., Ltd.	EVA solar business in SKC Co., Ltd.	SKC Infra Service Co., Ltd. and others	SK TNS Co., Ltd.	Total
Revenue	₩ 373,284	₩ 100,074	₩ 111,996	₩ 1,060	₩ 282,593	₩ 869,007
Expenses	295,882	20,524	108,687	1,674	126,141	552,908
Gain (loss) before income tax expense	77,402	79,550	3,309	(614)	156,452	316,099
Income tax expense	47,295	19,813	472	-	37,817	105,397
Gain (loss) from discontinued operations	₩ 30,107	₩ 59,737	₩ 2,837	₩ (614)	₩ 118,635	₩ 210,702
Attributable to:						
Owners of the parent	11,124	26,543	1,221	(264)	53,394	92,018
Non-controlling interests	18,983	33,194	1,616	(350)	65,241	118,684

	For the six-month period ended June 30, 2020							
	Petroleum Development business in SK innovation Co., Ltd.	Oil retail business in SK Networks Co., Ltd.	Resourse business and others in SK Networks Co., Ltd.	EVA solar business in SKC Co., Ltd.	SKC Infra Service Co., Ltd. and others	SK Bioland Co., Ltd.	SK TNS Co., Ltd.	Total
Revenue	₩ 226,040	₩ 511,945	₩ 15,756	₩ 6,626	₩ 100,106	₩ 49,469	₩ 243,310	₩ 1,153,252
Expenses	168,625	402,623	17,052	43,738	107,589	52,422	230,622	1,022,671
Gain (loss) before income tax expense	57,415	109,322	(1,296)	(37,112)	(7,483)	(2,953)	12,688	130,581
Income tax expense (benefit)	18,790	26,456	(6,642)	-	1,288	751	4,442	45,085
Gain (loss) from discontinued operations	₩ 38,625	₩ 82,866	₩ 5,346	₩ (37,112)	₩ (8,771)	₩ (3,704)	₩ 8,246	₩ 85,496
Attributable to:								
Owners of the parent	14,272	36,817	2,375	(16,125)	(3,811)	(1,609)	3,810	35,729
Non-controlling interests	24,353	46,049	2,971	(20,987)	(4,960)	(2,095)	4,436	49,767

(3) Details of cash flows relating to discontinued operations for the six-month period ended June 30, 2021 and 2020 are as follows (Korean won in millions):

	For the six-month period ended June 30, 2021					
	Petroleum Development business in SK innovation Co., Ltd.	Resourse business and others in SK Networks Co., Ltd.	EVA solar business in SKC Co., Ltd.	SKC Infra Service Co., Ltd. and others	SK TNS Co., Ltd.	Total
Cash flows from operating activities	₩ 61,430	₩ (10,538)	₩ 260	₩ (2,294)	₩ (74,204)	₩ (25,346)
Cash flows from investing activities	32,247	72,528	(470)	661	541	105,507
Cash flows from financing activities	(78,241)	3,423	(68)	(155)	(14,643)	(89,684)

  

	For the six-month period ended June 30, 2020							
	Petroleum Development business in SK innovation Co., Ltd.	Oil retail business in SK Networks Co., Ltd.	Resourse business and others in SK Networks Co., Ltd.	EVA solar business in SKC Co., Ltd.	SKC Infra Service Co., Ltd. and others	SK Bioland Co., Ltd.	SK TNS Co., Ltd.	Total
Cash flows from operating activities	₩ 53,818	₩ (76,112)	₩ (11,210)	₩ (1,250)	₩ (5,012)	₩ 2,526	₩ (25,508)	₩ (62,748)
Cash flows from investing activities	(16,170)	1,269,922	(1,174)	(625)	787	(4,658)	(2,303)	1,245,779
Cash flows from financing activities	-	-	(3,243)	2,854	(180)	(3,357)	43,262	39,336

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

Details of non-current assets and non-current liabilities held for sale as of June 30, 2021 are as follows (Korean won in millions):

		June 30, 2021	
		Assets	Liabilities
Investment securities	ESR Cayman Limited (*1)	₩ 681,350	₩ -
Business segment	Resources business segment and others (*2)	112,883	31,267
	Communication equipment segment (*3)	50,162	29,893
Subsidiaries	SKC Infra Service Co., Ltd. (*3)	18,551	11,210
Associates	Zhejiang Shenxin SK Packaging Co., Ltd.	4,648	-
Property, plant and equipment and others	EVA/Back Sheet and PVDF	3,317	-
	4 gas stations and Incheon Logistics Center (*4)	86,268	-
	Land of Seo-gu, Incheon (*5)	39,499	-
	Land, buildings and others	35,280	-
Intangible assets and others	Peru mining area (*6)	615,786	5,440
		<u>₩ 1,647,744</u>	<u>₩ 77,810</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 June 30, 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) SK Energy Co., Ltd., a subsidiary, and Techdream Co., Ltd. classified the facilities of telecommunication equipment division as assets held-for-sale in accordance with the board's decision on June 24, 2021. The Group measured the assets held-for-sale at lower of their carrying values or fair value less costs to sell.
- (\*4) SK Energy Co., Ltd. entered into a contract to sell the land, buildings, and tanks of Incheon Logistics Center and 4 gas stations. The Group measured the related assets at the lower of their carrying value or fair values less costs to sell.
- (\*5) As of May 31, 2021, SK Incheon Petrochemical Co., Ltd. entered into a contract to sell 5 branches of land, including 97-15 Wonchang-dong, Seo-gu, Incheon. The Group measured the related assets at the lower of their carrying values or fair value less costs to sell.
- (\*6) 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.

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**30. Cash flow information**

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

	For the six-month periods ended	
	June 30, 2021	June 30, 2020
Provision for pension benefits	₩ 233,041	₩ 224,695
Depreciation	3,249,521	3,118,256
Amortization	817,188	778,359
Bad debt expenses	26,929	52,597
(Reversal of) Valuation loss on inventories	(18,129)	22,066
Interest expenses	694,194	737,686
Loss on foreign currency translation	268,653	248,509
Loss on valuation of derivatives	167,286	112,256
Loss on disposal of trade receivables	7,759	8,465
Loss on disposal of investments in associates	3,344	434
Loss on disposal of property, plant and equipment	48,315	273,991
Loss on impairment of property, plant and equipment	2,660	80,698
Loss on disposal of intangible assets	4,919	1,551
Loss on impairment of intangible assets	60,751	16,832
Income tax expense	1,252,006	78,080
Gain on investments in associates and joint ventures	(717,185)	(368,057)
Interest income	(96,907)	(109,169)
Gain on foreign currency translation	(214,735)	(243,730)
Gain on valuation of derivatives	(167,180)	(252,301)
Dividends income	(9,873)	(13,315)
Gain on disposal of trade receivables	(18,296)	(7,513)
Gain on disposal of investments in associates and joint ventures	(374,449)	(704,076)
Gain on disposal of property, plant and equipment	(151,952)	(60,243)
Gain on disposal of intangible assets	(88,105)	(14,558)
Others	(948,072)	(8,948)
	<u>₩ 4,031,683</u>	<u>₩ 3,972,565</u>

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

	For the six-month periods ended	
	June 30, 2021	June 30, 2020
Inventories	₩ (2,051,571)	₩ 2,361,687
Trade receivables	(1,241,372)	2,103,444
Other receivables	28,076	53,203
Trade payables	2,087,394	(1,877,649)
Other payables	(183,494)	(238,142)
Advances received	196,369	56,163
Retirement benefits paid	(139,272)	(121,567)
Plan assets	86,980	69,262
Others	(385,961)	(271,482)
	<u>₩ (1,602,851)</u>	<u>₩ 2,134,919</u>

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

	For the six-month periods ended	
	June 30, 2021	June 30, 2020
Decrease in other payables due to acquisition of property, plant and equipment and others	₩ (362,063)	₩ (186,499)

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**31. Commitments and contingencies**

(1) Guarantees provided for the Group as of June 30, 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	402,332	Performance guarantees for contract and others
	Seoul Guarantee Insurance	KRW	9,537	Performance guarantees for contract and others
Netruck Co., Ltd.	Seoul Guarantee Insurance	KRW	948	Performance insurances for warranties and others
SK Telink Co., Ltd.	Seoul Guarantee Insurance	KRW	3,082	Performance guarantees for contract
SK Planet Co., Ltd.	Seoul Guarantee Insurance	KRW	3,723	Performance guarantees for contract and others
	and others			
SK Broadband Co., Ltd.	Seoul Guarantee Insurance	KRW	40,969	Guarantee of warranties-contract
	Korea Contents Gongje Union	KRW	43,742	Guarantee of warranties-contract
ADT Caps Co., Ltd. (formerly, SK Infosec Co., Ltd.)	Korea Software Financial Cooperative	KRW	140,315	Guarantee of bid payment and others
SK M & Service Co., Ltd.	Seoul Guarantee Insurance	KRW	1,616	Guarantee of payment and others
	Shinhan Bank	KRW	100	Guarantee of payment in Korean won
PS&Marketing Corp.	Seoul Guarantee Insurance	KRW	606	Performance guarantees
Dreamus company Co., Ltd.	Seoul Guarantee Insurance	KRW	503	Performance guarantees for contract
One store Co., Ltd.	Seoul Guarantee Insurance	KRW	2,539	Guarantee for E-commerce and others
	KEB Hana Bank	KRW	100	Performance guarantees for contract
	Korea Credit Guarantee Fund	KRW	680	Guarantee of debt
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	32,361	Guarantee of deposit on lease and others
FSK L&S Co., Ltd.	Seoul Guarantee Insurance	KRW	3,376	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
	Seoul Guarantee Insurance	KRW	9,240	Performance guarantees for contract
	Korea Trade Insurance Corporation	KRW	40,906	Guarantee of debt
SK Networks Service Co., Ltd.	Seoul Guarantee Insurance	KRW	12,779	Performance guarantees for sales contract
SK Magic Co., Ltd.	Seoul Guarantee Insurance	KRW	20,639	Performance insurances for warranties and others
	Machinery Financial Cooperative	KRW	279	Performance insurances for warranties and others
SK Magic Service Co., Ltd.	Seoul Guarantee Insurance	KRW	651	Guarantee of payment for home shopping
SK Rent-a-Car Co., Ltd.	Seoul Guarantee Insurance	KRW	9,398	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	1,986	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	105,393	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	1,219	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	1,772	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	1,861	Performance guarantees and others
Ko-one Energy Service Co., Ltd.	Seoul Guarantee Insurance	KRW	1,603	Performance guarantees for contract
Paju Energy Service Co., Ltd.	Seoul Guarantee Insurance	KRW	519	Performance guarantees for approval and others
Narae Energy Service Co., Ltd.	Seoul Guarantee Insurance	KRW	5,497	Guarantee of license to use state property and others
Kangwon City Gas Co., Ltd.	Seoul Guarantee Insurance	KRW	1,931	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
BU12 Australia Pty. Ltd., BU13 Australia Pty. Ltd.	ANZ Bank	USD	287,020	BU gas field restoration costs

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

Guarantee	Guarantor	Currency	Amount	Description of guarantee		
SK ecoplant Co., Ltd.	HSBC and others	KRW	726	Performance guarantees for overseas construction and others		
		USD	730,708	Performance guarantees for overseas construction and others		
		EUR	3,432	Performance guarantees for overseas construction and others		
		SGD	18,029	Performance guarantees for overseas construction and others		
		KWD	88,087	Performance guarantees for overseas construction and others		
		QAR	411,068	Performance guarantees for overseas construction and others		
		TRY	30,683	Performance guarantees for overseas construction and others		
		SAR	81,205	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	683,495,356	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	112,714	Performance guarantees for overseas construction and others		
		PLN	13,000	Performance guarantees for overseas construction and others		
		KEB Hana Bank		USD	176,341	Performance guarantees for overseas construction and others
				GBP	18,900	Performance guarantees for overseas construction and others
				EUR	85,513	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
	Korea Housing Guarantee Co., Ltd.	KRW	2,231,606	Housing guarantees and others		
		Seoul Guarantee Insurance	KRW	316,986	Performance guarantees for domestic construction and others	
	Engineering Financial Cooperative	Construction Guarantee	KRW	1,371,730	Domestic construction contract	
		Cooperative	KRW	2,786,167	Performance guarantees for domestic construction and others	
Environment Management Corporation Co., Ltd.	Construction Guarantee Cooperative	Seoul Guarantee Insurance	KRW	25,338	Performance guarantees for business, construction, warranties and others	
		Seoul Guarantee Insurance	KRW	50,702	Performance guarantees for contract, payment, construction, advance payment and others	
	Engineering Financial Cooperative		KRW	114,861	Guarantees for contract, advance payment, warranties and others	
SK Materials Co., Ltd.	Seoul Guarantee Insurance	KRW	1,348	Performance guarantees and others		
SK Pinx Co., Ltd	Seoul Guarantee Insurance	KRW	283	Performance guarantees for sales contract		
SK Siltron Co., Ltd.	Shinhan Bank	USD	19,000	Guarantee of foreign currencies		
SK Forest Co., Ltd.	Construction Guarantee Cooperative	KRW	22,289	Performance guarantees for contract		
	Seoul Guarantee Insurance	KRW	24,806	Performance guarantees for contract		
Hweechan Co., Ltd.	Seoul Guarantee Insurance	KRW	66	Guarantee of supply and others		

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

(2) Guarantees provided to others as of June 30, 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	9,000	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	1,314	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	2,500	Protection of user funds from electronic financiers
Dreamus Company Co., Ltd.	Youngkwang Precision Industry Co., Ltd. and others	KRW	184	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	350,000	Guarantee of debt
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	30,960	Guarantee for loan agreement
	Gyeongsan Pure Water Co. Ltd. and others	KRW	1,976	Performance guarantees for business
SK ecoplant 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	747,989	Cash deficiency support agreement
	Gwangan District 2 redevelopment maintenance business association	KRW	202,813	Guarantees for reconstruction project financing
	Customers of Gwanggyo SK view	KRW	1,013,384	Guarantee of debt
	Lu 1 City SK leaders view and others	KRW	2,234,342	Guarantee of completion
	Member of employee stock ownership association	KRW	1,271	Guarantee of payment
	Callable preferred share investor	KRW	130,000	Cash deficiency support agreement
	Fuel cell power generation project	KRW	68,260	Performance assurance related to long-term maintenance contracts
Contractor issuing guarantee for sale	KRW	2,234,342	Joint surety	

In addition, SK ecoplant Co., Ltd., a subsidiary of the Group, provides other construction companies with performance guarantees for domestic construction, and the amount of the guarantees is ₩811,967 million as of June 30, 2021.

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

(3) The Group's significant pending litigations as of June 30, 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 103	First trial in progress and others
SK Networks Co., Ltd.	Individual and others	Claim for payment and others	KRW 2,243	First trial in progress and others
SK Magic Co., Ltd.	Namdaemun Tax Office Chief and others	Claim for cancellation the imposition of corporate tax and others	KRW 2,701	First trial in progress and others
SK Rent-a-Car Co., Ltd.	Individual and others	Claim for payment and others	KRW 137	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 2	First trial in progress
Pusan City Gas Co., Ltd.	YCP Co., Ltd.	Claim for settlement	KRW 4,699	First trial in progress
SK ecoplant Co., Ltd.	Korea Rail Network Authority	Claim for payment of construction and others	KRW 8,298	Second trial in progress and others
	Korea Specialty Contractor Finanical Cooperative	Claim for deposit of construction performance and others	KRW 3,296	First trial in progress
	Plant & Mechanical Contractors Financial Cooperative and others	Claim for deposit of construction performance and others	KRW 5,403	Third trial in progress
	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 6,065	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 3,459	Third trial in progress
	Busan-Jinhae Free Economic Zone Authority	Claim for payment of construction	KRW 3,319	Second trial in progress
	Individual and others	Claim related to performance guarantee and others	KRW 109,118	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 24,837	First trial in progress

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

The Group's significant pending litigations as of June 30, 2021, in which the Group is a defendant are as follows (Korean won in millions):

Plaintiff	Defendant	Description	Claim	Status
Individual and others	ADT Caps Co., Ltd (formerly, SK Infosec Co., Ltd.)	Claim for damages and others	KRW 1,910	First trial in progress and others
Individual	PS&Marketing Corp.	Litigation for affirmation of non-existence of debt	KRW 40	Third trial in progress
Individual and others	SK Networks Co., Ltd.	Claim for damages and others	KRW 2,412	First trial in progress and others
Lotte Insurance Co., Ltd. and others	SK Magic Co., Ltd.	Claim for compensation and others	KRW 269	First trial in progress and others
Individual and others	SK Rent-a-Car Co., Ltd.	Claim for compensation and others	KRW 780	First trial in progress and others
Home Plus Co., Ltd.	SKC Co., Ltd.	Claim for damages	KRW 787	First trial in progress
Korea Trade Insurance Corporation	SK Telesys Co., Ltd.	Claim for compensation and others	KRW 156	First trial in progress
Individual and others	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 cancellation of allotted charges	KRW 323	First trial in progress
Korea Land & Housing Corporation	Chungcheong energy Service Co., Ltd.	Claim for cancellation of allotted charges	KRW 1,498	First trial in progress
Kimcheon Energy Service Co., Ltd.	Narae energy service Co., Ltd.	Claim for Contract amount reduction confirmation	KRW 2,406	First trial in progress
K-Water Resources Corporation	SK ecoplant Co., Ltd.	Claim for design compensation cost return and others	KRW 4,004	Third trial in progress and others
Incheon Metropolitan City		Claim for damages and others	KRW 7,804	First 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 44,298	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
Busan Transportation Corporation		Claim for design compensation cost return and others	KRW 519	Third trial in progress
Individual and others		Claim for apartment and others	KRW 172,456	First trial in progress and others
Siheung City and others	The Eco Platform Co., Ltd.	Claim for cost share	KRW 2,560	First trial in progress

On April 29, 2019, LG Chem Ltd. and its newly established subsidiary through physical division, LG Energy Solution Ltd. (collectively, "LGC") filed their complaints with the U.S. International Trade Commission ("ITC") against SK Innovation Co., Ltd. and SK Battery America, Inc. (collectively, "SKI"), subsidiaries of the Group, alleging SKI's infringement of LGC's trade secrets and seeking a ban on SKI's importation of certain lithium ion batteries, battery cells and etc. into the United States.

LGC filed an additional complaint with the ITC against SKI seeking an import ban as remediation for SKI's alleged infringement of LGC's patents on September 26, 2019.

In addition, LGC filed a complaint with US District Court of Delaware against SKI for the misappropriation of trade secrets on April 29, 2019 and also filed a complaint with US District Court of Delaware against SKI for the infringement on the patents on September 26, 2019.

On May 15, 2021, SK Innovation Co., Ltd. and LGC settled an agreement that SK Innovation Co., Ltd. will pay ₩1 trillion in cash to LG Energy Solution Ltd. throughout 2021 and 2022 and pay royalties up to ₩1 trillion 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, exemption from all liabilities incurred, no further additional identical or similar disputes for the next 10 years and permanent license over trade secrets and patents in disputes, etc. ₩1 trillion of cash to be paid to LG Energy Solution Ltd., was reflected as other non-operating expenses under the consolidated interim financial statements for the period ended June 30, 2021 and royalties of ₩1 trillion to be paid to LG Energy Solution Ltd. will be reflected as expenses in the consolidated interim financial statements at the time of payment.

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

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.

E&P business in 8<sup>th</sup> block of Peru, a subsidiary of SK Innovation Co., has been suspended due to the liquidation of operator (Pluspetrol Norte S.A.) and the business is in progress of closing.

The Perupetro S.A., a Peruvian state-owned oil company and mining rights management agency, received an injunction from the local judiciary to suspend the liquidation procedure of the operator for the six-month ended June 30, 2020 and the Peruvian Environmental Assessment and Supervision Authority (OEFA) granted a fine to the operator related to the restoration of the workplace and environmental pollution charge for the six-month period ended June 30, 2021. Accordingly, SK Innovation Co., Ltd. paid expenses of ₩1,527 million at the request of the operator and the amount was reflected as loss from discontinued operations for the six-month period ended June 30, 2021.

The Perupetro S.A. has filed international proceedings with the International Chamber of Commerce against the parties to the mining contract, including SK Innovation Co., Ltd., in accordance with the dispute settlement clause in the mine contract to the effect that the mining right contract is not terminated only by the initiation of liquidation of the operator. The status of the arbitration is currently pending, and the final outcomes of the arbitration cannot be predicted 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 June 30, 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 June 30, 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 headquarter building from NH Bank, the trustee of Hana 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 SK Reits Co., Ltd., a subsidiary of the Company, purchased SK Surin Building from NH Bank (trustee of Hana Land Chip PEF 33) on July 6, 2021.

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

- 3) The Company holds IT outsourcing and IT system maintenance agreements to provide hardware and information systems maintenance and development service entered into between the Company and SK Group companies and others.
- 4) The Company entered into a contract with Gyeonggi province on May 31, 2011 to purchase land located in Pangyo Land Development District. The total agreement amount is ₩82,964 million (the Company's portion: ₩45,536 million (54.9%)), which will be used for the construction of urban infrastructure facilities ("designated purpose" of the land). On the other hand, the building was completed and registered for ownership preservation in August 2014. For 10 years from the time of ownership preservation registration, the purpose land and buildings are restricted to third parties.
- 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:

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

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

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

As of June 30, 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 each premium payment date and each quarterly payment date that arrives between the date of resolution of the board of directors to select the IPO organizer and the date of submission of the preliminary review request for listing, the Company has the right to purchase the shares held by the investor at the initial contract price of the ordinary shares with a certain level of additional charges.

As of June 30, 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 June 30, 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 June 30, 2021, SK E&S Co., Ltd., one of the subsidiaries, is responsible for performance guarantee in case of SK E&S LNG, LLC's inability to make payments for service or for claims against breach of obligation. In regard to this, the Company provides performance guarantee for SK E&S Co., Ltd.'s guarantee.

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

12) As of June 30, 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	K Solar E Ho Co., Ltd. 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 Siemens Energy Ltd.	2019.12 ~ 2047.12 (estimated)
Pusan City Gas Co., Ltd. SK E&S LNG, LLC	Rental contract	Megamart Co., Ltd. and others	Until 2022
	Contract for the liquefaction and storage of natural gas	FLNG Liquefaction 3, LLC	20 years from 2019
	Contract for the use pipeline of natural gas	Kinder Morgan, Inc.	20 years from 2019
Prism Energy International Pte. Ltd.	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.

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

- 13) As of June 30, 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	2020.11 ~ 2022.06	₩ 10,829
Contract for Yeosu natural gas power plant 154kV connection facility construction	Yeosu Energy Service Co., Ltd.	Korea Electric Power Corporation	2019.12 ~ 2021.07	₩ 18,160

- 14) As of June 30, 2021, details of material contracts of resource development by the subsidiaries of SK E&S Co., Ltd. are as follows:

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%
Acquisition of East Timor Bayu-Mundan gas field and pipeline assets and shares of Darwin LNG Pty Ltd	BU12 Australia Pty Ltd, BU13 Australia Pty Ltd, SK E&S Australia Pty Ltd, Prism DLNG Pte Ltd	Santos NA Darwin Pipeline Pty Ltd and others	25.0%

- 15) SK Innovation Co., Ltd., 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 June 30, 2021, the related amount payable is ₩1,498,157 million.

- 16) 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		
Option rights holder	Tae-jin Jung, Byung-wook Oh and others	SK Energy Co., Ltd.	SK Energy Co., Ltd.
Option obligor	SK Energy Co., Ltd.	Tae-jin Jung, Byung-wook Oh and others	Hanyu Energy Co., Ltd. and others
Payment method	Cash		
Object of exercise	A total of 1,014,362 shares (43.83%) 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 (15.17%) 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.

- 17) SK Telecom Co., Ltd., a subsidiary of the Group, sells its mobile handsets to customers on an installment payment plan through agents. SK Telecom Co., Ltd. entered into transfer agreements with the agents for the receivables of handset's installment payments, under which all the rights and obligations of the receivables are transferred to SK Telecom Co., Ltd. Then, SK Telecom Co., Ltd. entered into an asset securitization contract with a special purpose company for the receivables, and accordingly, the balance of the receivables as of June 30, 2021 is ₩476,772 million which is recorded as other receivables and long-term other receivables.

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

- 18) Regarding the paid-in capital increase transaction of a subsidiary, T-Map Mobility Co., Ltd., during the six-month period ended June 30, 2021, SK Telecom Co., Ltd. signed an agreement between the new issuer and the shareholder. If the requirements after the paid-in capital increase are not met according to the agreement, the new issuer may exercise the right to claim for mutual sale of ordinary shares of T-Map Mobility Co., Ltd. held by SK Telecom Co., Ltd. If the underwriter exercises such rights, SK Telecom Co., Ltd. may exercise its right to purchase shares. As of June 30, 2021, SK Telecom Co., Ltd. recognized a total of ₩88,613 million in derivative financial liabilities for the rights included in the inter-shareholder agreement.
- 19) As of June 30, 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.
- 20) SK Siltron Co., Ltd., a subsidiary, has entered into an agreement between its existing shareholders and shareholders regarding the acquisition of shares in Teraon Co., Ltd., a related company investment during the six-month period ended June 30, 2021. Under the agreement, SK Siltron Co., Ltd., a subsidiary, has a call option to hold 75% of Teraon Co., Ltd.'s shares and can be exercised between October 1, 2021 and September 30, 2022.

(5) Hybrid bonds

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

Issue segment	Description	Issue date	Maturity date (*1)	Interest rate (%) (*2)	June 30, 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	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 has elapsed from the issue date, the interest rate will fluctuate in accordance with the contract.

(6) Others

As of June 30, 2021, 63 notes (including 52 blank notes) and 69 checks (including 68 blank checks) are provided to financial institutions as collateral for borrowings.

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**32. Pledged assets**

The following assets were pledged as collateral for the Group's borrowings and others as of June 30, 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	22,607	Naver Co., Ltd. and others	Performance guarantees for contract
One store Co., Ltd.	Investment property and others	KRW	659	Shinhan Bank	Collateral for borrowing
SK Networks Co., Ltd.	Property, plant and equipment	KRW	490,485	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	383,247	Korea Development Bank 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	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	300,000	Industrial Bank of Korea and others	Collateral for PF
	Investments in joint ventures	KRW	170,396	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
Ko-one energy service Co., Ltd.	Investments in associates	KRW	2,711	Kookmin Bank 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
Yeosu Energy Service Co., Ltd.	Property, plant and equipment	KRW	601,200	Korea Development Bank	Collateral for PF
Busan Jungkwan Energy Co., Ltd.	Property, plant and equipment	KRW	100,800	NH Bank and others	Collateral for PF
SK ecoplant Co., Ltd.	Investment securities and others	KRW	462,769	Korea Housing Guarantee Co., Ltd. and others	Collateral for borrowing and others
	Investment property	KRW	142,000	Kookmin Bank and others	Collateral for borrowing
Samwon ENT Co., Ltd.	Others	KRW	5,200	Industrial Bank of Korea	Collateral for borrowing
The Eco Platform Co., Ltd.	Property, plant and equipment	KRW	31,563	KEB Hana Bank and others	Collateral for borrowing
	Equity instruments and others	KRW	1,015,492	Korea Development Bank and others	Collateral for borrowing and others
	Others	KRW	977,031	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	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	752,900	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	671,365	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	8,640	KEB Hana Bank	Collateral for borrowing

(\*1) The carrying amount of investment 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 ₩1,936,060 million.

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

Guarantees provided among the Group entities as of June 30, 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 Battery America, Inc.	USD	1,670,000	Guarantee of debt
	SK Battery Hungary Kft.	USD	250,000	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
	SK Hi-Tech Battery Materials Poland Sp. Zo.o.	CNY	500,000	Guarantee of debt
		USD	130,000	Guarantee of debt
	SK Battery Manufacturing Kft.	USD	500,000	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	320,819	Guarantee of financial obligation
		USD	10,535	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	1,000	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 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 Co., Ltd.	SKC, Inc.	USD	133,000	Guarantee of payment
	SKC (Jiangsu) High Tech Plastics Co., Ltd.	USD	75,950	Guarantee of payment
		CNY	309,400	Guarantee of payment
	SK Telesys Co., Ltd.	KRW	30,000	Guarantee of financial obligation
	SKC (Natong) PU Specialty Co., Ltd.	CNY	134,858	Guarantee of payment
		USD	7,000	Guarantee of payment
	SKC (Natong) Semiconductor Materials Technology Co., Ltd.	CNY	32,000	Guarantee of payment
		USD	17,200	Guarantee of payment
SKC Hi-Tech & Marketing Co., Ltd.	SKC Hi-Tech&Marketing (Suzhou) Co., Ltd.	CNY	65,000	Guarantee of debt
SK E&S Co., Ltd.	Caillip GAS Marketing, LLC	USD	116,000	Guarantee for derivative hedge and others
	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
	Yeou 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 Americas, Inc.	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
SK ecoplant Co., Ltd.	SKEC Anadolu, LLC	EUR	75,100	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	76,100	Fund supplement agreement for loan
SK Materials Co., Ltd.	SK Materials Jiangsu Co., Ltd.	USD	32,900	Guarantee of debt
	SK Materials Taiwan Co., Ltd.	USD	2,000	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. Financial risk management**

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

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

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

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

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

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

Credit risk is the risk of financial loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In addition, the maximum exposure to credit risk as of June 30, 2021 and December 31, 2020 is as follows (Korean won in millions):

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Financial assets measured at FVTPL	₩ 8,749,557	₩ 6,059,081
Financial assets measured at FVOCI	18,096	12,907
Financial assets measured at amortized cost	25,173,361	22,118,563
Derivatives designated as hedging instruments	182,793	126,932
	<u>₩ 34,123,807</u>	<u>₩ 28,317,483</u>

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

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

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

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

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**34.1.2.2 Guarantee**

SK ecoplant Co., Ltd., one of the subsidiaries, offers payment guarantees for loans of project financing. The financing liabilities related to the payment guarantees recognized are ₩ 16,912 million as of June 30, 2021. The Group recognizes the financial guarantee liabilities related to the payment guarantees contracted with the Group, such as SK ecoplant Co., Ltd., as of June 30, 2021 and December 31, 2020.

	June 30, 2021		December 31, 2020	
SK Innovation Co., Ltd.	₩	1,497	₩	1,790
SK ecoplant Co., Ltd.		16,912		20,169
SK Biotek Co., Ltd.		320		320
	₩	18,729	₩	22,279

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

**34.1.2.3. Other financial assets**

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

**34.1.3 Liquidity risk**

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

The contractual maturity of financial liabilities as of June 30, 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
Loans and borrowings	₩ 19,866,050	₩ 20,948,806	₩ 2,583,658	₩ 5,326,788	₩ 11,664,493	₩ 1,373,867
Bonds	35,248,125	38,369,357	1,578,955	4,977,894	24,211,256	7,601,252
Derivative financial liabilities	838,772	862,401	53,797	279,752	514,345	14,507
Trade payables	7,614,731	7,614,731	7,312,188	302,543	-	-
Lease liabilities	4,705,030	5,009,959	201,682	1,075,873	2,934,030	798,374
Other liabilities	11,662,772	12,071,167	7,253,635	2,719,277	1,833,215	265,040
	₩ 79,935,480	₩ 84,876,421	₩ 18,983,915	₩ 14,682,127	₩ 41,157,339	₩ 10,053,040

**34.1.4 Market risk**

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

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**34.1.4.1 Currency risk**

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

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

	Currency	June 30, 2021		December 31, 2020	
		Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
Assets	USD	6,111,568	₩ 6,906,072	4,399,956	₩ 4,787,152
	JPY	17,890,044	182,858	16,926,984	178,454
	CNY	2,127,329	371,942	2,995,196	500,078
	EUR	221,131	297,293	352,292	471,451
	Others		650,274		437,237
			₩ 8,408,439		₩ 6,374,372
Liabilities	USD	10,280,637	₩ 11,617,120	6,966,664	₩ 7,579,730
	JPY	9,354,175	95,611	12,517,757	131,970
	CNY	2,242,207	392,027	2,773,350	463,039
	EUR	130,999	176,118	376,452	503,783
	Others		566,088		559,060
			₩ 12,846,964		₩ 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	June 30, 2021		December 31, 2020	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
USD	₩ (471,105)	₩ 471,105	₩ (279,258)	₩ 279,258
JPY	8,725	(8,725)	4,648	(4,648)
CNY	(2,009)	2,009	3,704	(3,704)
EUR	12,118	(12,118)	(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 161.0% as of June 30, 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 June 30, 2021 and December 31, 2020 are as follows (Korean won in millions):

	June 30, 2021		December 31, 2020	
Total liabilities	₩	93,705,976	₩	85,805,044
Total equity		58,185,743		51,859,918
Debt ratio		161.0%		165.5%

### 35. Business combination

As of June 30, 2021, details of business combination are as follows.

#### (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.

Maeripji Management 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 ecoplant Co., Ltd., a subsidiary of the Company, gained control by acquiring a stake in three waste disposal companies during the six-month period ended June 30, 2021. SK ecoplant Co., Ltd. acquired a 50% stake in Seongju Tech Co., Ltd., as an unlisted company, on April 28, 2021 and acquired 100% stake in DDS Co., Ltd., which the main operating business as medical waste disposal, as an unlisted company, on June 24, 2021 and acquired 100% stake in Samwon ENT Co., Ltd., which the main operating business as npn-designated waste disposal, as an unlisted company, on June 30, 2021.

Tmap Mobility Co., Ltd., a subsidiary of the Company, acquired 100% shares of YLP Inc. (168,012 shares) and gained control. Out of the total cost of business combination amount ₩79,000 million, ₩55,598 million was paid in cash and acquired 70.4% stake (118,242 shares). In addition, 29.6% (49,770 shares) of Tmap Mobility Co., Ltd. owned by YLP Inc. was transferred on June 29, 2021, and 267,700 shares (₩23,402 million) were issued to shareholders in exchange for shares.

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

(2) Identifiable assets acquired and liabilities assumed

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	3 waste diposal companies	YLP Inc.
<b>Assets:</b>						
Cash and cash equivalents	₩ 6,989	₩ 26,900	₩ 1,673	₩ 11,620	₩ 10,218	₩ 5,897
Trade and other receivables	323	3,971	6,958	8,071	647	4,480
Inventories	-	-	-	18,394	-	-
Property, plant and equipment	1,003,000	27,802	136,343	17,915	34,515	104
Right-of-use assets	-	73	47	24,402	-	327
Intangible assets	-	129,359	19,631	102,115	2	2,110
Deferred tax assets	-	(31,148)	8,419	3,115	-	2,288
Other assets	-	980	4,953	4,484	58	325
	<u>1,010,312</u>	<u>157,937</u>	<u>178,024</u>	<u>190,116</u>	<u>45,440</u>	<u>15,531</u>
<b>Liabilities:</b>						
Trade and other payables	7,593	4,599	4,006	7,247	3,403	3,542
Borrowing liabilities	308,500	-	103,874	19,877	27,155	1,000
Lease liabilities	-	75	45	24,402	-	327
Defined benefit liabilities	-	-	1,281	1,294	43	-
Other liabilities	-	7,761	51,683	26,570	81	48
	<u>316,093</u>	<u>12,435</u>	<u>160,889</u>	<u>79,390</u>	<u>30,682</u>	<u>4,917</u>
<b>Fair value of identifiable net assets</b>	<u>₩ 694,219</u>	<u>₩ 145,502</u>	<u>₩ 17,135</u>	<u>₩ 110,726</u>	<u>₩ 14,758</u>	<u>₩ 10,614</u>

As of June 30, 2021, the fair value of the assets acquired and liabilities assumed was determined tentatively because independent valuation was not completed.

(3) Goodwill

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	3 waste diposal companies	YLP Inc.
a. The total consideration transferred (*1)	₩ 694,805	₩ 402,645	₩ 23,100	₩ 232,086	₩ 93,375	₩ 79,000
b. Fair value of proportionate share of acquired net assets:						
Fair value of the net identifiable assets	694,219	145,502	17,135	110,726	14,758	10,614
Non-controlling Interests (*2)	-	-	-	(43,182)	(307)	-
	<u>694,219</u>	<u>145,502</u>	<u>17,135</u>	<u>67,544</u>	<u>14,451</u>	<u>10,614</u>
c. Goodwill (c=a-b)	<u>₩ 586</u>	<u>₩ 257,143</u>	<u>₩ 5,965</u>	<u>₩ 164,542</u>	<u>₩ 78,924</u>	<u>₩ 68,386</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.

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

(4) The details of assets and liabilities of the consolidated group retroactively adjusted due to the business combination as of December 31, 2020 are as follows (Korean won in millions):

	Amount before adjustment	Retroactive adjustment	Amount after adjustment
<b>Assets:</b>			
Investments in associates and joint ventures	20,809,118	209,845	21,018,963
Lands	8,527,871	(13,362)	8,514,509
Buildings	4,568,817	(1,668)	4,567,149
Investment properties	570,554	(1,398)	569,156
Goodwill	4,755,455	(291,504)	4,463,951
Facility usage rights	66,014	(22,509)	43,505
Customer-related assets	2,842,553	156,767	2,999,320
Other intangible assets	1,702,097	(9,586)	1,692,511
<b>Liabilities:</b>			
Deferred tax liabilities	4,542,659	26,586	4,569,245

### 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 (53.4%) 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 acquisition amount is ₩293,236 million, and the acquisition completed on August 12, 2021.

#### 36.2 Interim dividend payment of SK Inc.

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

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

#### 36.3 Partial sale of shares in SK Lubricants Co., Ltd.

SK Innovation Co., Ltd., a subsidiary of the Company, entered into a contract to partially sell its stake of SK Lubricants Co., according to the decision made by the Board of Directors on April 28, 2021 and the related sale process has been completed on July 30, 2021. The number of shares sold was 16 million shares (40%) out of 40 million shares held by the parent company with the sales value of ₩1.1195 trillion. Accordingly, the Group's equity interests in SK Lubricants Co., Ltd. changed from 100% to 60%.

#### 36.4 Split-off from the SK Innovation Co., Ltd.

SK Innovation Co., Ltd., a subsidiary of the Company, decided to split off the battery business and E&P business from the SK Innovation Co., Ltd., according to the resolution of the Board of Directors on August 3, 2021, in order to strengthen the capacity of these businesses to respond to the changes in the internal and external management environment and enhancing corporate values. The split date is October 1, 2021 and the split plan will be finally approved at the shareholders' meeting on September 16, 2021.

### 36. Subsequent events (cont'd)

#### 36.5 Interim dividend payment of SK Telecom Co., Ltd.

SK Telecom Co., Ltd. declared to pay interim dividend in accordance with the board's resolution on July 22, 2021 as follows:

	<u>Details</u>
Amount of interim dividend	₩ 2,500 per share (total amount of dividend: ₩ 177,902 millions)
Ratio of dividend to market value	0.77%
Basic date for dividend	June 30, 2021
Date of dividend payment	Within August 11, 2021 on the basis of Article 165-12 (3) of the Capital Market and Financial Investment Business Act

#### 36.6 Spin-off of SK Telecom Co., Ltd.

SK Telecom Co., Ltd. a subsidiary of the Company, will be spin-off on November 1, 2021 according to the board resolution held on June 10, 2021.

The information related to SK Telecom Co., Ltd.'s spin-off is as follows:

	<u>Company</u>	<u>Business division</u>
Split survive company	SK telecom Co., Ltd.	Businesses including wired and wireless communications business
Split new company	SKT New Investment Co., Ltd. (tentative)	Business sectors for the purpose of managing shares in related investment companies, such as semiconductors and New ICT, and new investments

The schedule for the segmentation plan is as follows:

	<u>Date</u>
General shareholders' meeting for approval of the split plan	October 12, 2021
Split Date	November 1, 2021
Split registration date (scheduled date)	November 2, 2021

#### 36.7 Equivalent split of shares of SK Telecom Co., Ltd.

SK Telecom Co., Ltd., a subsidiary of the Company, decided to split its shares at a board meeting held on June 10, 2021 for the purpose of expanding the number of distributed shares. The total number of shares to be issued will be changed from 72,060,143 shares (value per share: ₩500) to 360,300,715 shares (value per share: ₩100) and will be finally approved at the general shareholders' meeting on 12 October 2021.

#### 36.8 Expand of investment in eco-friendly businesses of SK ecoplant Co., Ltd.

SK ecoplant Co., Ltd., a subsidiary of the Company, decided to invest a total of ₩280 billion through ₩210 billion in share acquisition of three companies including Green Environmental Technology Co., Ltd. according to the board resolution on July 26, 2021. SK ecoplant Co., Ltd. acquired a 100% stake in Saehan Environment Co., Ltd., which holds the main business as waste disposal, for ₩97.9 billion on August 6, 2021.