



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

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

## Table of contents

Independent auditor's review report

	Page
Interim condensed consolidated financial statements	
Interim condensed consolidated statements of financial position	1
Interim condensed consolidated statements of comprehensive income	2
Interim condensed consolidated statements of changes in equity	4
Interim condensed consolidated statements of cash flows	6
Notes to the interim condensed consolidated financial statements	7

## Independent auditor's review report

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

We have reviewed the accompanying interim condensed consolidated financial statements of SK Holdings Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the interim condensed consolidated statement of financial position as of September 30, 2020, and the interim condensed consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2020 and 2019, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows for the nine-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 fair 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.

### **Auditors' responsibility**

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

We conducted our review in accordance with the review standards for interim financial statements in the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Auditing Standards (KGAAS) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not presented fairly, in all material respects, in accordance with KIFRS 1034

**Other matter**

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

*Ernst & Young Han Young*

November 16, 2020

This review report is effective as of November 16, 2020, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's review report date to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed consolidated financial statements and may result in modification to this review report.

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

Interim condensed consolidated financial statements  
for the three-month and nine-month periods ended September 30,  
2020 and 2019

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

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

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

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

	Notes	Korean won		Translation into U.S. dollar (Note 2)	
		September 30, 2020 (Unaudited)	December 31, 2019	September 30, 2020 (Unaudited)	December 31, 2019
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	5	₩ 11,876,118	₩ 7,981,755	\$ 10,120,254	\$ 6,801,666
Short-term financial instruments	5, 32	3,132,968	3,694,344	2,669,764	3,148,141
Trade receivables, net	5, 6, 27, 34	9,012,083	10,377,328	7,679,662	8,843,058
Other receivables	5, 27, 31, 34	1,704,353	1,912,498	1,452,367	1,629,738
Inventories, net	7	7,376,406	9,138,361	6,285,817	7,787,270
Short-term investment securities	5, 8, 32, 34	126,963	185,101	108,192	157,734
Other current assets	5, 18, 19, 32, 34	5,047,334	4,431,557	4,301,094	3,776,359
Assets held for sale	29	1,537,891	2,308,204	1,310,516	1,966,940
Total current assets		<u>39,814,116</u>	<u>40,029,148</u>	<u>33,927,666</u>	<u>34,110,906</u>
Non-current assets:					
Long-term financial instruments	5, 32	93,415	7,598	79,604	6,475
Long-term trade receivables, net	5, 6, 34	232,569	130,171	198,184	110,925
Long-term other receivables	5, 31, 34	315,723	354,622	269,044	302,192
Long-term investment securities	5, 8, 32, 34	4,141,756	2,810,412	3,529,404	2,394,897
Investments in associates and joint ventures	9, 32	20,590,732	21,894,716	17,546,427	18,657,619
Property, plant and equipment, net	10, 32	45,052,687	42,846,379	38,391,722	36,511,614
Right-of-use assets, net	11	4,396,994	4,543,546	3,746,906	3,871,790
Investment properties, net	12, 32	561,237	487,758	478,259	415,644
Goodwill	13, 35	4,233,880	2,598,464	3,607,908	2,214,285
Intangible assets, net	14	12,331,383	12,067,786	10,508,209	10,283,584
Deferred tax assets		849,267	798,454	723,704	680,404
Other non-current assets	5, 18, 19, 27, 34	3,924,110	3,451,622	3,343,937	2,941,305
Total non-current assets		<u>96,723,753</u>	<u>91,991,528</u>	<u>82,423,308</u>	<u>78,390,735</u>
<b>Total assets</b>		<u>₩ 136,537,869</u>	<u>₩ 132,020,676</u>	<u>\$ 116,350,974</u>	<u>\$ 112,501,641</u>
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Current liabilities:					
Short-term borrowings	5, 15, 34	₩ 6,958,707	₩ 5,888,357	\$ 5,929,874	\$ 5,017,773
Trade payables	5, 27, 34	6,636,469	8,809,856	5,655,278	7,507,334
Other payables	5, 27, 34	5,180,399	3,961,150	4,414,486	3,375,501
Provisions	16	505,494	584,093	430,758	497,736
Current portion of long-term debt	5, 15, 34	6,087,467	6,029,722	5,187,445	5,138,238
Other current liabilities	5, 11, 18, 19	10,274,411	10,032,433	8,755,357	8,549,155
Liabilities held for sale	29	166,176	257,526	141,607	219,451
Total current liabilities		<u>35,809,123</u>	<u>35,563,137</u>	<u>30,514,805</u>	<u>30,305,188</u>
Non-current liabilities:					
Bonds payable and long-term borrowings	5, 15, 31, 34	36,695,985	32,374,161	31,270,545	27,587,697
Long-term trade payables	5, 27, 34	1,132	2,391	965	2,037
Long-term other payables	5, 34	1,195,188	1,565,043	1,018,481	1,333,654
Defined benefit liabilities	17	726,530	414,682	619,114	353,372
Provisions	16	184,823	210,606	157,497	179,468
Deferred tax liabilities		4,401,942	5,493,581	3,751,122	4,681,364
Other non-current liabilities	5, 11, 18, 19, 34	4,258,358	4,214,440	3,628,767	3,591,342
Total non-current liabilities		<u>47,463,958</u>	<u>44,274,904</u>	<u>40,446,491</u>	<u>37,728,934</u>
Total liabilities		<u>83,273,081</u>	<u>79,838,041</u>	<u>70,961,296</u>	<u>68,034,122</u>
<b>Equity</b>					
Equity attributable to owners of the parent:					
Issued capital	1, 20	15,385	15,385	13,110	13,110
Other paid-in capital	20	5,221,640	4,074,176	4,449,629	3,471,816
Retained earnings	20	12,598,285	12,558,584	10,735,650	10,701,818
Other components of equity	20	288,333	37,624	245,703	32,061
Total equity attributable to owner of the parent		<u>18,123,643</u>	<u>16,685,769</u>	<u>15,444,092</u>	<u>14,218,805</u>
Non-controlling interests		35,141,145	35,496,866	29,945,586	30,248,714
Total equity		<u>53,264,788</u>	<u>52,182,635</u>	<u>45,389,678</u>	<u>44,467,519</u>
<b>Total liabilities and equity</b>		<u>₩ 136,537,869</u>	<u>₩ 132,020,676</u>	<u>\$ 116,350,974</u>	<u>\$ 112,501,641</u>

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

SK Holdings Co., Ltd. and its subsidiaries  
Interim condensed consolidated statements of comprehensive income  
for the three-month and nine-month periods ended September 30, 2020 and 2019  
(Korean won in millions, except for earnings per share)

	Notes	Korean won			
		September 30, 2020 (Unaudited)		September 30, 2019 (Unaudited)	
		Three months	Nine months	Three months	Nine months
<b>Sales</b>	4, 27	₩ 20,003,901	₩ 62,459,763	₩ 24,637,819	₩ 74,692,566
<b>Cost of sales</b>	24, 27	<u>18,204,753</u>	<u>58,745,263</u>	<u>22,380,134</u>	<u>67,706,801</u>
<b>Gross profit</b>		<b>1,799,148</b>	<b>3,714,500</b>	<b>2,257,685</b>	<b>6,985,765</b>
Selling and administrative expenses	21, 24, 27	<u>1,346,674</u>	<u>3,983,898</u>	<u>1,254,552</u>	<u>3,542,323</u>
<b>Operating income (loss)</b>	4	<b>452,474</b>	<b>(269,398)</b>	<b>1,003,133</b>	<b>3,443,442</b>
Finance income	22	739,767	3,991,300	866,571	2,921,677
Finance costs	22	768,143	4,589,924	1,176,571	3,923,389
Gain on investments in associates and joint ventures, net	9	187,814	556,032	110,462	562,850
Other non-operating income	23	421,828	1,370,146	437,078	650,697
Other non-operating expenses	23	<u>109,844</u>	<u>844,320</u>	<u>87,154</u>	<u>330,883</u>
<b>Profit from continuing operations before income tax expense</b>	4	<b>923,896</b>	<b>213,836</b>	<b>1,153,519</b>	<b>3,324,394</b>
<b>Income tax expense (benefit) from continuing operations</b>	25	<b>(10,708)</b>	<b>47,084</b>	<b>287,982</b>	<b>990,370</b>
<b>Profit for the period from continuing operations</b>	4	<b>934,604</b>	<b>166,752</b>	<b>865,537</b>	<b>2,334,024</b>
<b>Gain (loss) from discontinued operation</b>	28	<b>(7,851)</b>	<b>45,201</b>	<b>(4,372)</b>	<b>(6,493)</b>
<b>Profit for the period</b>		<u>₩ 926,753</u>	<u>₩ 211,953</u>	<u>₩ 861,165</u>	<u>₩ 2,327,531</u>
Attributable to:					
Owners of the parent		507,983	331,684	454,326	1,032,129
Non-controlling interests (loss)		418,770	(119,731)	406,839	1,295,402
<b>Other comprehensive income:</b>					
Items that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Remeasurement gain (loss) on defined benefit plans		8,042	(44,681)	12,738	(68,691)
Net gain (loss) on valuation of financial assets at FVOCI		181,890	318,472	(21,761)	(43,984)
Items that may be reclassified to profit or loss in subsequent periods (net of tax):					
Equity adjustments of investments in associates and joint ventures		(84,679)	(37,334)	54,666	208,832
Gain on valuation of derivative financial instruments		17,496	43,709	4,455	21,286
Net gain (loss) on translation of foreign operations		<u>(316,488)</u>	<u>280,985</u>	<u>419,332</u>	<u>785,403</u>
		<u>(193,739)</u>	<u>561,151</u>	<u>469,430</u>	<u>902,846</u>
<b>Total comprehensive income for the period</b>		<u>₩ 733,014</u>	<u>₩ 773,104</u>	<u>₩ 1,330,595</u>	<u>₩ 3,230,377</u>
Attributable to:					
Owners of the parent		389,171	556,034	733,510	1,549,322
Non-controlling interests		343,843	217,070	597,085	1,681,055
<b>Earnings per share (Korean won and U.S. dollar):</b>	26				
Basic and diluted earnings per share		₩ 9,701	₩ 6,298	₩ 8,129	₩ 18,448
Basic and diluted profit for the year attributable to ordinary equity holders of the parent		9,766	5,906	8,163	18,501

(Continued)

**SK Holdings Co., Ltd. and its subsidiaries**  
**Interim condensed consolidated statements of comprehensive income**  
**for the three-month and nine-month periods ended September 30, 2020 and 2019 (cont'd)**  
(U.S. dollar in thousands, except for earnings per share)

	Notes	Translation into U.S. dollar (Note 2)			
		September 30, 2020 (Unaudited)		September 30, 2019 (Unaudited)	
		Three months	Nine months	Three months	Nine months
<b>Sales</b>	4, 27	\$ 17,046,358	\$ 53,225,192	\$ 20,995,159	\$ 63,649,396
<b>Cost of sales</b>	24, 27	15,513,211	50,059,875	19,071,269	57,696,464
<b>Gross profit</b>		<b>1,533,147</b>	<b>3,165,317</b>	<b>1,923,890</b>	<b>5,952,932</b>
Selling and administrative expenses	21, 24, 27	1,147,571	3,394,885	1,069,069	3,018,597
<b>Operating income (loss)</b>	4	<b>385,576</b>	<b>(229,568)</b>	<b>854,821</b>	<b>2,934,335</b>
Finance income	22	630,394	3,401,193	738,450	2,489,712
Finance costs	22	654,574	3,911,311	1,002,617	3,343,323
Gain on investments in associates and joint ventures, net	9	160,046	473,824	94,130	479,634
Other non-operating income	23	359,461	1,167,572	372,457	554,493
Other non-operating expenses	23	93,604	719,489	74,268	281,963
<b>Profit from continuing operations before income tax expense</b>	4	<b>787,299</b>	<b>182,221</b>	<b>982,973</b>	<b>2,832,888</b>
<b>Income tax expense (benefit) from continuing operations</b>	25	<b>(9,125)</b>	<b>40,123</b>	<b>245,404</b>	<b>843,946</b>
<b>Profit for the period from continuing operations</b>	4	<b>796,424</b>	<b>142,098</b>	<b>737,569</b>	<b>1,988,942</b>
<b>Gain (loss) from discontinued operation</b>	28	<b>(6,690)</b>	<b>38,518</b>	<b>(3,726)</b>	<b>(5,533)</b>
<b>Profit for the period</b>		<b>\$ 789,734</b>	<b>\$ 180,616</b>	<b>\$ 733,843</b>	<b>\$ 1,983,409</b>
Attributable to:					
Owners of the parent		432,879	282,645	387,155	879,530
Non-controlling interests (loss)		356,855	(102,029)	346,688	1,103,879
<b>Other comprehensive income:</b>					
Items that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Remeasurement gain (loss) on defined benefit plans		6,853	(38,075)	10,855	(58,535)
Net gain (loss) on valuation of financial assets at FVOCI		154,998	271,386	(18,544)	(37,481)
Items that may be reclassified to profit or loss in subsequent periods (net of tax):					
Equity adjustments of investments in associates and joint ventures		(72,159)	(31,814)	46,584	177,957
Gain on valuation of derivative financial instruments		14,909	37,247	3,796	18,139
Net gain (loss) on translation of foreign operations		(269,696)	239,442	357,334	669,282
		(165,095)	478,186	400,025	769,362
<b>Total comprehensive income for the period</b>		<b>\$ 624,639</b>	<b>\$ 658,802</b>	<b>\$ 1,133,868</b>	<b>\$ 2,752,771</b>
Attributable to:					
Owners of the parent		331,633	473,825	625,062	1,320,257
Non-controlling interests		293,006	184,977	508,806	1,432,514
<b>Earnings per share (Korean won and U.S. dollar):</b>	26				
Basic and diluted earnings per share		\$ 8.27	\$ 5.37	\$ 6.93	\$ 15.72
Basic and diluted profit for the year attributable to ordinary equity holders of the parent		8.32	5.03	6.96	15.77

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

**SK Holdings Co., Ltd. and its subsidiaries**  
**Interim condensed consolidated statements of changes in equity**  
**for the nine-month periods ended September 30, 2020 and 2019**

(Korean won in millions)

	Issued capital	Other paid-in capital	Retained earnings	Other components	Total equity attributable to	Non-controlling interests	Total equity
<b>As of January 1, 2019</b>	₩ 15,385	₩ 4,631,955	₩ 12,217,319	₩ (237,143)	₩ 16,627,516	₩ 34,260,356	₩ 50,887,872
<b>Effect of changes in accounting policies</b>	-	-	(5,099)	-	(5,099)	(22,114)	(27,213)
<b>As of January 1, 2019 (Restated)</b>	₩ 15,385	₩ 4,631,955	₩ 12,212,220	₩ (237,143)	₩ 16,622,417	₩ 34,238,242	₩ 50,860,659
Total comprehensive income:							
Profit for the period	-	-	1,032,129	-	1,032,129	1,295,402	2,327,531
Remeasurement loss on defined benefit plans	-	-	(40,987)	-	(40,987)	(27,704)	(68,691)
Net loss on valuation of financial assets at FVOCI	-	-	-	(23,332)	(23,332)	(20,652)	(43,984)
Equity adjustments of investments in associates and joint ventures	-	-	-	129,617	129,617	79,215	208,832
Gain on valuation of derivative financial instruments	-	-	-	4,756	4,756	16,530	21,286
Net gain on translation of foreign operations	-	-	-	447,139	447,139	338,264	785,403
Transaction with shareholders:							
Dividends	-	-	(281,972)	-	(281,972)	(1,420,264)	(1,702,236)
Consolidated capital transaction	-	363,411	(15,101)	-	348,310	1,953,365	2,301,675
Changes in the scope of consolidation	-	-	-	-	-	203,274	203,274
Others	-	(520)	17,543	-	17,023	382	17,405
<b>As of September 30, 2019 (Unaudited)</b>	₩ 15,385	₩ 4,994,846	₩ 12,923,832	₩ 321,037	₩ 18,255,100	₩ 36,656,054	₩ 54,911,154
<b>As of January 1, 2020</b>	₩ 15,385	₩ 4,074,176	₩ 12,558,584	₩ 37,624	₩ 16,685,769	₩ 35,496,866	₩ 52,182,635
Total comprehensive income:							
Profit for the period (loss)	-	-	331,684	-	331,684	(119,731)	211,953
Remeasurement loss on defined benefit plans	-	-	(26,359)	-	(26,359)	(18,322)	(44,681)
Net gain on valuation of financial assets at FVOCI	-	-	-	110,779	110,779	207,693	318,472
Equity adjustments of investments in associates and joint ventures	-	-	-	(55,366)	(55,366)	18,032	(37,334)
Gain (loss) on valuation of derivative financial instruments	-	-	-	53,714	53,714	(10,005)	43,709
Net gain on translation of foreign operations	-	-	-	141,582	141,582	139,403	280,985
Transaction with shareholders:							
Dividends	-	-	(264,372)	-	(264,372)	(922,837)	(1,187,209)
Consolidated capital transaction	-	1,148,232	-	-	1,148,232	350,866	1,499,098
Changes in the scope of consolidation	-	-	-	-	-	(2,008)	(2,008)
Others	-	(768)	(1,252)	-	(2,020)	1,188	(832)
<b>As of September 30, 2020 (Unaudited)</b>	₩ 15,385	₩ 5,221,640	₩ 12,598,285	₩ 288,333	₩ 18,123,643	₩ 35,141,145	₩ 53,264,788

(Continued)

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

	Issued capital	Other paid-in capital	Retained earnings	components of equity	attributable to owners of the	Non-controlling interests	Total equity
<b>As of January 1, 2019</b>	\$ 13,110	\$ 3,947,129	\$ 10,411,009	\$ (202,082)	\$ 14,169,166	\$ 29,195,020	\$ 43,364,186
<b>Effect of changes in accounting policies</b>	-	-	(4,345)	-	(4,345)	(18,845)	(23,190)
<b>As of January 1, 2019 (Restated)</b>	\$ 13,110	\$ 3,947,129	\$ 10,406,664	\$ (202,082)	\$ 14,164,821	\$ 29,176,175	\$ 43,340,996
Total comprehensive income:							
Profit for the period	-	-	879,530	-	879,530	1,103,879	1,983,409
Remeasurement loss on defined benefit plans	-	-	(34,927)	-	(34,927)	(23,608)	(58,535)
Net loss on valuation of financial assets at FVOCI	-	-	-	(19,882)	(19,882)	(17,599)	(37,481)
Equity adjustments of investments in associates and joint ventures	-	-	-	110,453	110,453	67,503	177,956
Gain on valuation of derivative financial instruments	-	-	-	4,053	4,053	14,086	18,139
Net gain on translation of foreign operations	-	-	-	381,030	381,030	288,252	669,282
Transaction with shareholders:							
Dividends	-	-	(240,283)	-	(240,283)	(1,210,280)	(1,450,563)
Consolidated capital transaction	-	309,681	(12,868)	-	296,813	1,664,563	1,961,376
Changes in the scope of consolidation	-	-	-	-	-	173,220	173,220
Others	-	(443)	14,949	-	14,506	326	14,832
<b>As of September 30, 2019 (Unaudited)</b>	\$ 13,110	\$ 4,256,367	\$ 11,013,065	\$ 273,572	\$ 15,556,114	\$ 31,236,517	\$ 46,792,631
<b>As of January 1, 2020</b>	\$ 13,110	\$ 3,471,816	\$ 10,701,818	\$ 32,061	\$ 14,218,805	\$ 30,248,714	\$ 44,467,519
Total comprehensive income:							
Profit for the period (loss)	-	-	282,645	-	282,645	(102,029)	180,616
Remeasurement loss on defined benefit plans	-	-	(22,462)	-	(22,462)	(15,613)	(38,075)
Net gain on valuation of financial assets at FVOCI	-	-	-	94,401	94,401	176,986	271,387
Equity adjustments of investments in associates and joint ventures	-	-	-	(47,180)	(47,180)	15,366	(31,814)
Gain (loss) on valuation of derivative financial instruments	-	-	-	45,772	45,772	(8,526)	37,246
Net gain on translation of foreign operations	-	-	-	120,649	120,649	118,793	239,442
Transaction with shareholders:							
Dividends	-	-	(225,285)	-	(225,285)	(786,397)	(1,011,682)
Consolidated capital transaction	-	978,468	-	-	978,468	298,991	1,277,459
Changes in the scope of consolidation	-	-	-	-	-	(1,711)	(1,711)
Others	-	(655)	(1,066)	-	(1,721)	1,012	(709)
<b>As of September 30, 2020 (Unaudited)</b>	\$ 13,110	\$ 4,449,629	\$ 10,735,650	\$ 245,703	\$ 15,444,092	\$ 29,945,586	\$ 45,389,678

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

SK Holdings Co., Ltd. and its subsidiaries  
Interim condensed consolidated statements of cash flows  
for the nine-month periods ended September 30, 2020 and 2019  
(Korean won in millions and U.S. dollar in thousands)

		For the nine months ended September 30			
		Korean won		Translation into U.S. dollar (Note 2)	
Notes		2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
<b>Cash flows from operating activities:</b>					
		₩ 211,953	₩ 2,327,531	\$ 180,616	\$ 1,983,409
	30	5,799,608	6,688,694	4,942,146	5,699,782
	30	2,053,390	(1,486,571)	1,749,800	(1,266,784)
		122,795	174,581	104,640	148,769
		(1,052,110)	(1,037,526)	(896,557)	(884,130)
		242,300	382,810	206,476	326,212
		(1,017,934)	(1,127,891)	(867,434)	(961,134)
		<b>6,360,002</b>	<b>5,921,628</b>	<b>5,419,687</b>	<b>5,046,124</b>
<b>Cash flows from investing activities:</b>					
		465,841	640,802	396,967	546,061
		(7,354)	(125,201)	(6,267)	(106,690)
		33,915	37,961	28,901	32,349
		80,357	257,841	68,476	219,720
		2,592,847	784,669	2,209,499	668,657
		127,420	113,767	108,581	96,947
		23,423	17,192	19,960	14,650
		(639,614)	(378,167)	(545,048)	(322,256)
		(836,487)	(2,583,680)	(712,814)	(2,201,687)
		(6,790,141)	(5,325,947)	(5,786,230)	(4,538,515)
		(333,977)	(365,244)	(284,599)	(311,243)
		(1,011,464)	(306,592)	(861,921)	(261,263)
		(998,031)	-	(850,474)	-
		1,269,922	-	1,082,166	-
		(83,919)	929	(71,512)	792
		<b>(6,107,262)</b>	<b>(7,231,670)</b>	<b>(5,204,315)</b>	<b>(6,162,478)</b>
<b>Cash flows from financing activities:</b>					
		1,007,836	601,928	858,829	512,934
		9,539,569	7,902,082	8,129,160	6,733,772
		(5,316,563)	(4,369,178)	(4,530,518)	(3,723,202)
		(427,596)	(434,630)	(364,377)	(370,371)
		(729,596)	(649,397)	(621,726)	(553,385)
		(1,190,706)	(1,704,785)	(1,014,662)	(1,452,735)
		759,292	2,312,834	647,032	1,970,885
		(19,527)	(50,520)	(16,640)	(43,051)
		<b>3,622,709</b>	<b>3,608,334</b>	<b>3,087,098</b>	<b>3,074,847</b>
		<b>3,875,449</b>	<b>2,298,292</b>	<b>3,302,470</b>	<b>1,958,493</b>
		<b>18,914</b>	<b>139,473</b>	<b>16,118</b>	<b>118,852</b>
		<b>7,981,755</b>	<b>6,783,035</b>	<b>6,801,666</b>	<b>5,780,175</b>
		<b>₩ 11,876,118</b>	<b>₩ 9,220,800</b>	<b>\$ 10,120,254</b>	<b>\$ 7,857,520</b>

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

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

**1. Corporate information**

**1.1 Parent**

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

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

As of September 30, 2020, the issued capital of the Company amounts to ₩15,385 million (including ₩113 million of preferred shares), and the major shareholders are Tae-won Chey, National Pension Service and Ki-won Choi holding equity ownership of 18.44%, 7.87%, and 6.85%, respectively.

**1.2 Consolidated subsidiaries**

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

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

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

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

Subsidiaries	Domicile	Principal business activity	The largest shareholders	Equity ownership (*1)
SK Battery Hungary Kft.	Hungary	Lithium battery manufacturing	SK Innovation Co., Ltd.	100.00%
SK Battery America, Inc.	USA	Lithium battery manufacturing	SK Innovation Co., Ltd.	100.00%
SK Battery Manufacturing Kft.	Hungary	Lithium battery manufacturing	SK Innovation Co., Ltd.	100.00%
Happy Kium Co., Ltd.	Korea	Service	SK Innovation Co., Ltd.	100.00%
SK Future Energy(Shanghai) Co.,Ltd.	China	Battery sales	SK Innovation Co., Ltd.	100.00%
SK E&P Company, Ltd.	USA	Crude oil development	SK Innovation Co., Ltd.	100.00%
SK E&P America, Inc.	USA	Investment	SK Innovation Co., Ltd.	100.00%
SK Plymouth, LLC	USA	Crude oil development	SK E&P America, Inc.	100.00%
SK Permian, LLC	USA	Crude oil development	SK E&P America, Inc.	100.00%
SK E&P Operations America, LLC	USA	Crude oil development	SK E&P America, Inc.	100.00%
SK Nemaha, LLC	USA	Crude oil development	SK E&P America, Inc.	100.00%
Blue Sky United Energy Co., Ltd.	China	Lithium battery manufacturing	SK Innovation Co., Ltd.	100.00%
SK Telecom Co., Ltd. (*2)	Korea	Mobile telecommunications	SK Holdings Co., Ltd.	26.78%
SK Telink Co., Ltd.	Korea	International call and MVNO business	SK Telecom Co., Ltd.	100.00%
SK Broadband Co., Ltd. (*3)	Korea	Wire communications	SK Telecom Co., Ltd.	74.34%
Home&Service Co., Ltd.	Korea	Information and communication facilities management business	SK Broadband Co., Ltd.	100.00%
Broadband Nowon Broadcasting Corporation	Korea	Broadcasting business	SK Telecom Co., Ltd.	55.00%
SK Stoa Co., Ltd.	Korea	Other resale communication business	SK Telecom Co., Ltd.	100.00%
PS&Marketing Corp	Korea	Resale communication business	SK Telecom Co., Ltd.	100.00%
Serviceace Co., Ltd.	Korea	Call center and telemarketing business	SK Telecom Co., Ltd.	100.00%
Service Top Co., Ltd.	Korea	Call center and telemarketing business	SK Telecom Co., Ltd.	100.00%
SK O&S Co., Ltd.	Korea	Maintenance management	SK Telecom Co., Ltd.	100.00%
One store Co., Ltd.	Korea	Telecommunication service	SK Telecom Co., Ltd.	52.06%
SK Communications Co., Ltd.	Korea	Internet portal service	SK Telecom Co., Ltd.	100.00%
11street Co., Ltd.	Korea	E-commerce	SK Telecom Co., Ltd.	80.30%
Life & Security Holdings Co., Ltd.	Korea	Holding company	SK Telecom Co., Ltd.	55.00%
ADT Caps Co., Ltd.	Korea	Automatic security	Life & Security Holdings Co., Ltd.	100.00%
CAPSTEC Co., Ltd.	Korea	Manned security	Life & Security Holdings Co., Ltd.	100.00%
Quantum Innovation Private Equity Joint Venture	Korea	Investment	SK Telecom Co., Ltd.	59.90%
Panasia Semiconductor Materials, LLC	Korea	Investment	Quantum Innovation Private Equity Joint Venture	100.00%
SK Infosec Co., Ltd.	Korea	Information security service	SK Telecom Co., Ltd.	100.00%
SK infosec Information Technology (Wuxi) Co., Ltd.	China	System software development and supplying	SK Infosec Co., Ltd.	100.00%
SK Planet Co., Ltd.	Korea	Telecommunication service and system software development and supplying	SK Telecom Co., Ltd.	98.65%
SK M & Service Co., Ltd.	Korea	Internet website service	SK Planet Co., Ltd.	100.00%
SK Planet Global Holdings Pte, Ltd.	Singapore	Holding company	SK Planet Co., Ltd.	100.00%
SKP America, LLC	USA	Digital contents sourcing and presenting	SK Planet Co., Ltd.	100.00%
K-Net Culture & Contents Venture Fund	Korea	Investment fund	SK Planet Co., Ltd.	59.00%
SK Telecom China Holding Co., Ltd.	China	Holding company	SK Telecom Co., Ltd.	100.00%
SK Global Healthcare Business Group, Ltd.	Hong Kong	Investment	SK Telecom Co., Ltd.	100.00%
SKT Americas, Inc.	USA	Management consulting and information gathering	SK Telecom Co., Ltd.	100.00%
YTK Investment, Ltd.	Cayman	Investment	SK Telecom Co., Ltd.	100.00%
Atlas Investment, Ltd.	Cayman	Investment	SK Telecom Co., Ltd.	100.00%
SK Telecom Innovation Fund, L.P.	USA	Investment	Atlas Investment, Ltd.	100.00%
SK Telecom China Fund I L.P.	Cayman	Investment	Atlas Investment, Ltd.	100.00%
SK Telecom TMT investment Corp.	USA	Investment	SK Telecom Co., Ltd.	100.00%
Dreamus Company Co., Ltd.	Korea	Video and audio equipment manufacturing	SK Telecom Co., Ltd.	51.44%
Iriver Enterprise Ltd.	Hong Kong	Chinese subsidiary management	Dreamus Company Co., Ltd.	100.00%
Iriver China Co., Ltd.	China	MP3,4 production and sales	Iriver Enterprise, Ltd.	100.00%
Dongguan iriver Electronics Co., Ltd.	China	Electronic book production and sales	Iriver Enterprise, Ltd.	100.00%
Life Design Company Japan Inc.	Japan	Japan goods sales	Dreamus Company Co., Ltd.	100.00%
SK Telecom Japan Inc.	Japan	Management consulting and information gathering	SK Telecom Co., Ltd.	100.00%
SK Planet Japan, K. K.	Japan	Digital contents sourcing and presenting	SK Telecom Japan Inc.	79.78%
Id Quantique SA	Swiss	Quantum information and communication business	SK Telecom Co., Ltd.	68.11%
Id Quantique Ltd.	Korea	Quantum information and communication business	Id Quantique SA	100.00%
FSK L&S Co., Ltd.	Korea	Cargo transport shipment and Logistics consulting project	SK Telecom Co., Ltd.	60.00%
FSK L&S (Shanghai) Co., Ltd.	China	Transportation industry	FSK L&S Co., Ltd.	100.00%
FSK L&S(Hungary) Co., Ltd.	Hungary	Transportation industry	FSK L&S Co., Ltd.	100.00%
FSK L&S Vietnam Co., Ltd.	Vietnam	Transportation industry	FSK L&S Co., Ltd.	100.00%
Incross Co., Ltd. (*2)	Korea	Media agency	SK Telecom Co., Ltd.	34.60%
Infra Communications Co., Ltd.	Korea	Service operation business	Incross Co., Ltd.	100.00%
Mindknock Co., Ltd.	Korea	Software development	Incross Co., Ltd.	100.00%
Happy Hanool Co., Ltd.	Korea	Service	SK Telecom Co., Ltd.	100.00%
SK MENA Investment B.V.	Netherlands	Investment	SK Telecom Co., Ltd.	100.00%
SK Latin America Investment S.A.	Spain	Investment	SK Telecom Co., Ltd.	100.00%
SK Technology Innovation Company	Cayman	Research and development	SK Telecom Co., Ltd.	96.88%
SK Networks Co., Ltd. (*2)	Korea	Distribution and trading business	SK Holdings Co., Ltd.	39.14%
SK Networks Service Co., Ltd.	Korea	Communications equipment repair service	SK Networks Co., Ltd.	86.50%
SK Pinx Co., Ltd.	Korea	Golf club operating	SK Networks Co., Ltd.	100.00%
SK Magic Co., Ltd.	Korea	Household appliances manufacturing, sales and rent	SK Networks Co., Ltd.	100.00%
SK Magic Service Co., Ltd.	Korea	House appliances repair and others	SK Magic Co., Ltd.	100.00%
SK Magic Vietnam Company Limited	Vietnam	Household appliances sales and rent	SK Magic Co., Ltd.	100.00%
SK Networks Retails Malaysia Sdn. Bhd.	Malaysia	Household appliances sales and rent	SK Magic Co., Ltd.	100.00%
SK Rent-a-Car Co., Ltd.	Korea	Car rental	SK Networks Co., Ltd.	72.95%
SK Rent-a-Car Service Co., Ltd.	Korea	Business support services	SK Rent-a-Car Co., Ltd.	100.00%

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

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

Subsidiaries	Domicile	Principal business activity	The largest shareholders	Equity Ownership (*1)
SK Networks (China) Holdings Co., Ltd.	China	Holding company	SK Networks Co., Ltd.	100.00%
Liaoning SK Networks Real Industrial Estate Development Co., Ltd.	China	Real estate development	SK Networks (China) Holdings Co., Ltd.	100.00%
Shenyang SK Bus Terminal Co., Ltd.	China	Bus terminal business	SK Networks (China) Holdings Co., Ltd.	75.00%
SK Networks (Liaoning) Logistics Co., Ltd.	China	Distribution and logistics	SK Networks (China) Holdings Co., Ltd.	100.00%
SK Networks (Dandong) Energy Co., Ltd.	China	Petroleum sales	SK Networks (China) Holdings Co., Ltd.	100.00%
Shenyang SK Networks Energy Co., Ltd.	China	Petroleum sales	SK Networks Co., Ltd.	100.00%
SK (GZ FreeZone) Co., Ltd.	China	Trading business	SK Networks Co., Ltd.	100.00%
SK Networks (Shanghai) Co., Ltd.	China	Trading business	SK Networks Co., Ltd.	100.00%
POSK (Pinghu) Steel Processing Center Co., Ltd.	China	Steel processing and sales	SK Networks Co., Ltd.	80.00%
SK Networks Hong Kong Ltd.	Hong Kong	Trading business	SK Networks Co., Ltd.	100.00%
SK (Guangzhou) Metal Co., Ltd.	China	Steel processing and sales	SK Networks Hong Kong Ltd.	100.00%
SK Networks (Xiamen) Steel Processing Center Co., Ltd.	China	Steel processing and sales	SK Networks Hong Kong Ltd.	100.00%
SK Networks Japan Co., Ltd.	Japan	Trading business	SK Networks Co., Ltd.	100.00%
SK Networks Deutschland GmbH	Germany	Trading business	SK Networks Co., Ltd.	100.00%
Daiyang SK Networks SAN. VE TIC. Ltd. STI (*4)	Turkey	Steel processing and sales	SK Networks Co., Ltd.	51.22%
SK Networks Resources Australia Pty. Ltd.	Australia	Resource development	SK Networks Co., Ltd.	100.00%
SK Networks Middle East FZE	UAE	Trading business	SK Networks Co., Ltd.	100.00%
SK BRASIL LTDA	Brazil	Trading business	SK Networks Co., Ltd.	100.00%
SK Networks Trading Malaysia Sdn Bhd	Malaysia	Trading business	SK Networks Co., Ltd.	100.00%
SK Networks America, Inc.	USA	Trading business	SK Networks Co., Ltd.	100.00%
SK NETWORKS BRASIL INTERMEDIACAO DE NEGOCIOS LTDA.	Brazil	Trading business	SK Networks Co., Ltd.	100.00%
Networks Tejarat Pars	Iran	Trading business	SK Networks Co., Ltd.	100.00%
MINTIT Co., Ltd. (formerly, Kumkang Systems Co., Ltd.) (*5)	Korea	Resale communication business	SK Networks Co., Ltd.	76.00%
MINTIT VINA (formerly, SK Telink Vietnam Co., Ltd.)	Vietnam	Resale communication business	SK Networks Co., Ltd.	100.00%
TenX Capital	USA	Investment	SK Networks Co., Ltd.	100.00%
SKC Co., Ltd. (*2)	Korea	Petrochemicals manufacturing	SK Holdings Co., Ltd.	41.00%
Woori Fine Chem Co., Ltd.	Korea	Petrochemicals manufacturing	SKC Co., Ltd.	100.00%
SK Telesys Co., Ltd.	Korea	Communications equipment manufacturing and sales	SKC Co., Ltd.	79.39%
Techdream Co., Ltd.	Hong Kong	Semiconductor component	SK Telesys Co., Ltd.	100.00%
SKC INFRA SERVICE Co., Ltd.	Korea	Electric work business and information communication business	SK Telesys Co., Ltd.	100.00%
SKC Solmics Co., Ltd.	Korea	Semiconductor component manufacturing	SKC Co., Ltd.	92.06%
Solmics Taiwan Co., Ltd.	Taiwan	Semiconductor component distribution	SKC Solmics Co., Ltd.	100.00%
Solmics Shanghai Co., Ltd.	China	Semiconductor component distribution	SKC Solmics Co., Ltd.	100.00%
SKC Solmics Hong kong Co., Ltd.	Hong Kong	SPC	SKC Solmics Co., Ltd.	100.00%
SKC Semiconductor Materials (Wuxi) Co., Ltd.	China	Semiconductor material cleaning	SKC Solmics Co., Ltd.	100.00%
SKC-Eco Solution Co., Ltd.	Korea	Film manufacturing	SKC Co., Ltd.	100.00%
SKC (Jiangsu) High tech Plastics Co., Ltd.	China	Film manufacturing	SKC Co., Ltd.	100.00%
SKC, Inc.	USA	Manufacturing	SKC Co., Ltd.	100.00%
SKC Europe GmbH	Germany	Sales	SKC Co., Ltd.	100.00%
SK Bioland Co., Ltd. (*2, 4)	Korea	Manufacturing	SKC Co., Ltd.	27.94%
Bioland Biotech Co., Ltd.	China	Research and manufacturing	SK Bioland Co., Ltd.	100.00%
Bioland Haimen Co., Ltd.	China	Manufacturing	SK Bioland Co., Ltd.	100.00%
SKC Hi-Tech&Marketing Co., Ltd.	Korea	Film manufacturing	SKC Co., Ltd.	100.00%
SKC Hi-Tech&Marketing (Suzhou) Co., Ltd.	China	Film manufacturing	SKC Hi-Tech&Marketing Co., Ltd.	100.00%
SKC Hi-Tech&Marketing Taiwan Co., Ltd.	Taiwan	Film manufacturing	SKC Hi-Tech&Marketing Co., Ltd.	100.00%
SKC Hi-Tech&Marketing Polska SP.Z.O.O	Poland	Film manufacturing	SKC Hi-Tech&Marketing Co., Ltd.	100.00%
SKC Hi-Tech&Marketing USA, LLC	USA	Film manufacturing	SKC Hi-Tech&Marketing Co., Ltd.	100.00%
SKC PU Specialty Co., Ltd.	Hong Kong	Special purpose company	SKC Co., Ltd.	100.00%
SKC (Nantong) PU Specialty Co., Ltd.	China	Electronic materials manufacturing	SKC PU Specialty Co., Ltd.	100.00%
SKC-ENF Electronic Materials Ltd.	Hong Kong	Special purpose company	SKC Co., Ltd.	75.10%
SKC (Nantong) Semiconductor Materials Technology Co., Ltd.	China	Electronic materials manufacturing	SKC-ENF Electronic Materials Ltd.	100.00%
SE (JIANGSU) Electronic Materials Co., Ltd.	China	Sales of raw chemical materials and chemical products related to semiconductor	SKC-ENF Electronic Materials Ltd.	100.00%
SK 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. (formerly, KCF Technologies Co., Ltd.)	Korea	Manufacturing	SKCFTH Co., Ltd.	100.00%
SK E&S Co., Ltd.	Korea	City gas business and power generation	SK Holdings Co., Ltd.	90.00%
Kangwon City Gas Co., Ltd.	Korea	City gas business	SK E&S Co., Ltd.	100.00%
Yeongnam Energy Service Co., Ltd.	Korea	City gas business	SK E&S Co., Ltd.	100.00%
Ko-one Energy Service Co., Ltd.	Korea	City gas business	SK E&S Co., Ltd.	100.00%
Narae Energy Service Co., Ltd. (*6) (formerly, Wiryee Energy Services Co., Ltd.)	Korea	Integrated energy service	SK E&S Co., Ltd.	100.00%
Pusan City Gas Co., Ltd.	Korea	City gas business	SK E&S Co., Ltd.	67.32%
Jeonbuk Energy Service Co., Ltd.	Korea	City gas business	SK E&S Co., Ltd.	100.00%
Chonnam City Gas Co., Ltd.	Korea	City gas business	SK E&S Co., Ltd.	100.00%
Chungcheong Energy Service Co., Ltd.	Korea	City gas business	SK E&S Co., Ltd.	100.00%
Paju Energy Service Co., Ltd.	Korea	Energy business	SK E&S Co., Ltd.	51.00%
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	Liquefied natural gas sales	SK E&S Americas, Inc.	100.00%
DewBlaine Energy, LLC	USA	Resource development	SK E&S Americas, Inc.	100.00%
CAILIP Gas Marketing, LLC	USA	LNG sales and purchase	SK E&S Americas, Inc.	100.00%
Rnes Holdings, LLC	USA	Renewable / electric power business	SK E&S Americas, Inc.	100.00%
Storage Solution Holdings, LLC	USA	Electric power business	Rnes Holdings, LLC	100.00%
CAES, LLC	USA	Electric power business	Storage Solution Holdings, LLC	100.00%
Prism Energy International China Limited.	China	Liquefied natural gas sales	SK E&S Co., Ltd.	100.00%
Prism Energy International Zhoushan Limited.	China	Liquefied natural gas sales	Prism Energy International China Limited.	100.00%
Prism Energy International Pte. Ltd.	Singapore	Liquefied natural gas sales	SK E&S Co., Ltd.	100.00%
Fajar Energy International Pte. Ltd.	Singapore	Liquefied natural gas sales	Prism Energy International Pte. Ltd.	100.00%
Prism Energy International Hong Kong, Ltd.	Hong Kong	Liquefied natural gas sales	Prism Energy International Pte. Ltd.	100.00%
PT Prism Nusantara International	Indonesia	Liquefied natural gas sales	SK E&S Co., Ltd.	100.00%
SK E&S Dominicana S.R.L	Dominica	Liquefied natural gas sales	SK E&S Co., Ltd.	100.00%
Hae-Ssal Solar Power Co., Ltd.	Korea	New regeneration project	SK E&S Co., Ltd.	100.00%
Prism DLNG Pte. Ltd.	Singapore	Liquefied natural gas sales	SK E&S Co., Ltd.	100.00%
BU12 Australia Pty. Ltd.	Australia	Liquefied natural gas sales	SK E&S Co., Ltd.	100.00%

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

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

Subsidiaries	Domicile	Principal business activity	The largest shareholders	Equity ownership (*1)
BU13 Australia Pty. Ltd.	Australia	Liquefied natural gas sales	SK E&S Co., Ltd.	100.00%
Energy Solution Holdings Inc.	USA	Investment	SK E&S Co., Ltd.	100.00%
SK Engineering & Construction Co., Ltd. (*2)	Korea	Construction	SK Holdings Co., Ltd.	44.48%
Seosuwon Development Company (*2)	Korea	Real estate development and construction	SK Engineering & Construction Co., Ltd.	19.90%
SK TNS Co., Ltd.	Korea	Construction and services	SK Engineering & Construction Co., Ltd.	100.00%
SKEC Nanjing Co., Ltd.	China	Construction	SK Engineering & Construction Co., Ltd.	100.00%
SKEC (Thai), Ltd.	Thailand	Construction	SK Engineering & Construction Co., Ltd.	100.00%
Thai Woo Ree Engineering Co., Ltd.	Thailand	Construction	SKEC (Thai), Ltd.	99.77%
SKEC Anadolu EC, LLC	Turkey	Construction	SK Engineering & Construction Co., Ltd.	100.00%
SK E&C Betek Corporation	USA	Real estate development and construction	SK Engineering & Construction Co., Ltd.	100.00%
Mesa Verde RE Ventures, LLC	USA	Real estate development	SK E&C Betek Corporation	100.00%
SKEC Consultores Equador, S.A	Ecuador	Construction	SK Engineering & Construction Co., Ltd.	100.00%
Sunlake Co., Ltd.	Canada	Construction and services	SK Engineering & Construction Co., Ltd.	100.00%
SK HOLDCO PTE. LTD.	Singapore	Holding company	SK Engineering & Construction Co., Ltd.	63.51%
Silvertown Investco Limited.	UK	Construction	SK Engineering & Construction Co., Ltd.	100.00%
SK Materials Co., Ltd. (*2)	Korea	Special gas manufacturing and sales	SK Holdings Co., Ltd.	49.10%
SK Materials Japan Co., Ltd.	Japan	Special gas sales	SK Materials Co., Ltd.	95.00%
SK Materials Taiwan Co., Ltd.	Taiwan	Special gas sales	SK Materials Co., Ltd.	100.00%
SK Materials Jiangsu Co., Ltd.	China	Special gas manufacturing and sales	SK Materials Co., Ltd.	100.00%
SK Materials (Xian) Co., Ltd.	China	Trading business and warehouse operation	SK Materials Co., Ltd.	100.00%
SK Airgas Co., Ltd.	Korea	Industrial gas sales	SK Materials Co., Ltd.	100.00%
SK Tri Chem Co., Ltd.	Korea	Manufacturing and sales of precursors and others	SK Materials Co., Ltd.	65.00%
SK Showa Denko Co., Ltd.	Korea	Sales of raw chemical materials and chemical products related to semiconductor	SK Materials Co., Ltd.	51.00%
SK Materials (Shanghai) Co., Ltd.	China	Special gas sales	SK Materials Co., Ltd.	100.00%
Happy Companion Co., Ltd.	Korea	Cleaning, Laundry service	SK Materials Co., Ltd.	100.00%
HANYU CHEMICAL CO.,LTD.	Korea	Industrial gas manufacturing	SK Materials Co., Ltd.	80.00%
SK Materials Performance Co., Ltd.	Korea	Semiconductor materials manufacturing and selling	SK Materials Co., Ltd.	100.00%
SK Siltron Co., Ltd.	Korea	Silicon wafer for electronic industry manufacturing and sales	SK Holdings Co., Ltd.	51.00%
SK Siltron America, Inc.	USA	Silicon wafer for electronic industry manufacturing and sales	SK Siltron Co., Ltd.	100.00%
SK Siltron Japan, Inc.	Japan	Silicon wafer for electronic industry manufacturing and sales	SK Siltron Co., Ltd.	100.00%
SK Siltron Shanghai Co., Ltd.	China	Silicon wafer for electronic industry	SK Siltron Co., Ltd.	100.00%
SK Siltron USA, Inc.	USA	Investment	SK Siltron Co., Ltd.	100.00%
SK Siltron CSS, LLC	USA	Silicon wafer for electronic industry manufacturing and sales	SK Siltron USA, Inc.	100.00%
Happyfilling Co., Ltd.	Korea	Service	SK Siltron Co., Ltd.	100.00%
SK Biopharmaceuticals Co., Ltd. (*7)	Korea	Medicine and life science	SK Holdings Co., Ltd.	75.00%
SK Life Science, Inc.	USA	Life science	SK Biopharmaceuticals Co., Ltd.	100.00%
SK Bio-Pharma Tech (Shanghai) Co., Ltd.	China	Life science	SK Biopharmaceuticals Co., Ltd.	100.00%
SK S.E.Asia Pte. Ltd.	Singapore	Investment	SK Holdings Co., Ltd.	100.00%
Essencore Limited	Hong Kong	Manufacturing and distribution of semiconductor modules	SK S.E.Asia Pte. Ltd.	100.00%
Essencore (ShenZhen) Limited	China	Consulting for computer system integration	Essencore Limited	100.00%
SK China Company, Ltd.	Hong Kong	Consulting and investment	SK Holdings Co., Ltd.	88.13%
SK Bio Energy Hong Kong Co., Ltd.	Hong Kong	Biomass electricity generation	SK China Company, Ltd.	69.40%
SK Property Investment Management Co., Ltd.	Hong Kong	Real estate investment	SK China Company, Ltd.	100.00%
SK Industrial Development China Co., Ltd.	Hong Kong	Investment	SK China Company, Ltd.	100.00%
Beijing Lizhi Weixin Technology Co., Ltd.	China	Investment	SK China Company, Ltd.	100.00%
Shanghai SKY Real Estate Development Co., Ltd.	China	Real estate investment	SK Industrial Development China Co., Ltd.	100.00%
SK China Investment Management Co., Ltd.	Hong Kong	Real estate investment	SK China Company, Ltd.	100.00%
SK International Agro-Products Logistics Development Co., Ltd.	Hong Kong	Agriculture product logistics	SK China Investment Management Co., Ltd.	100.00%
SK International Agro-Sideline Products Park Co., Ltd.	China	Agriculture product logistics	SK International Agro-Products Logistics Development Co., Ltd.	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	Skyline Auto Financial Leasing Co., Ltd.	100.00%
SK China (Beijing) Co., Ltd.	China	Consulting	SK China Company, Ltd.	100.00%
SKY Property Management Ltd.	Virgin Islands	Investment	SK China Company, Ltd.	100.00%
SKY Investment Co., Ltd.	China	Real estate management	SKY Property Management Ltd.	100.00%
SK China Real Estate Co., Ltd.	Hong Kong	Real estate investment	SKY Property Management Ltd.	100.00%
SK C&C Beijing Co., Ltd.	China	Consulting for computer system integration and others	SK Holdings Co., Ltd.	100.00%
SK C&C Chengdu Co., Ltd.	China	Consulting for computer system integration and others	SK C&C Beijing Co., Ltd.	100.00%
SK C&C India Pvt. Ltd.	India	Consulting for computer system integration and others	SK Holdings Co., Ltd.	100.00%
S&G Technology	Saudi Arabia	Consulting for computer system integration and others	SK Holdings Co., Ltd.	51.00%
Saturn Agriculture Investment Co., Ltd.	Hong Kong	Investment	SK Holdings Co., Ltd.	81.00%
SK Investment Management Co., Ltd.	Hong Kong	Investment	SK Holdings Co., Ltd.	100.00%
SK Semiconductor Investments Co., Ltd.	Hong Kong	Investment management	SK Investment Management Co., Ltd.	100.00%
Gemini Partners Pte. Ltd.	Singapore	Consulting	SK Holdings Co., Ltd., SK Innovation Co., Ltd., SK Telecom Co., Ltd., and SK E&S Co., Ltd.	80.00%
Solaris Partners Pte. Ltd.	Singapore	Consulting	Gemini Partners Pte. Ltd.	100.00%
Solaris GEIF Investment	USA	Investment	Solaris Partners Pte. Ltd.	100.00%
SK GI Management	Cayman	Investment	SK Holdings Co., Ltd.	100.00%
Plutus Capital NY, Inc.	USA	Investment	SK Holdings Co., Ltd.	100.00%
Hudson Energy NY, LLC	USA	Investment	Plutus Capital NY, Inc.	50.13%
Hudson Energy NY II, LLC	USA	Investment	Plutus Capital NY, Inc.	50.00%
Hudson Energy NY III, LLC	USA	Investment	Plutus Capital NY, Inc.	50.50%
Plutus Fashion NY, Inc.	USA	Fashion	SK Holdings Co., Ltd.	100.00%
Wonderland NY, Inc.	USA	Investment	Plutus Fashion NY, Inc.	100.00%
Atlas NY, LLC	USA	Investment	Plutus Fashion NY, Inc.	61.24%

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

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

Subsidiaries	Domicile	Principal business activity	The largest shareholders	Equity ownership (*1)
SK South East Asia Investment Pte. Ltd.	Singapore	Investment	SK Holdings Co., Ltd., SK Innovation Co., Ltd., SK Telecom Co., Ltd. and SK E&S Co., Ltd.	80.00%
SK Investment Vina I Pte. Ltd.	Singapore	Investment	SK South East Asia Investment Pte. Ltd.	50.01%
SK Investment Vina II Pte. Ltd.	Singapore	Investment	SK South East Asia Investment Pte. Ltd.	50.01%
SK Investment Vina III Pte. Ltd.	Singapore	Investment	SK South East Asia Investment Pte. Ltd.	100.00%
SK Pharmteco Inc.	USA	Investment	SK Holdings Co., Ltd.	100.00%
SK Biotek Co., Ltd.	Korea	Drug medicine	SK Pharmteco Inc.	100.00%
SK BIOTEK IRELAND LIMITED	Ireland	Pharmaceutical manufacturing	SK Pharmteco Inc.	100.00%
SK BIOTEK USA, Inc.	USA	Medicine and life science	SK Pharmteco Inc.	100.00%
Abrasax Investment Inc.	USA	Investment	SK Pharmteco Inc.	100.00%
Fine Chemicals Holdings Corp.	USA	Investment	Abrasax Investment Inc.	100.00%
AMPAC Fine Chemicals, LLC	USA	Drug medicine	Fine Chemicals Holdings Corp.	100.00%
AMPAC Fine Chemicals Texas, LLC	USA	Drug medicine	AMPAC Fine Chemicals, LLC	100.00%
AMPAC Fine Chemicals Virginia, LLC	USA	Drug medicine	AMPAC Fine Chemicals, LLC	100.00%
Golden Pearl EV Solutions Limited	Hong Kong	Investment	SK Holdings Co., Ltd.	100.00%
Socar Mobility Malaysia, Sdn. Bhd. (*8)	Malaysia	Car sharing service	SK Holdings Co., Ltd.	79.43%
Future Mobility Solutions Sdn. Bhd.	Malaysia	Online brokerage services for car rental	Socar Mobility Malaysia, Sdn. Bhd.	100.00%
PT Future Mobility Solutions	Indonesia	Online brokerage services for car rental	Socar Mobility Malaysia, Sdn. Bhd.	100.00%
Einstein Cayman Limited	USA	Investment	SK Holdings Co., Ltd.	100.00%
I Cube Capital Inc.	USA	Investment	SK Holdings Co., Ltd.	100.00%
I Cube Capital II Inc.	USA	Investment	SK Holdings Co., Ltd.	100.00%
Primer Protein, LLC	USA	Investment	I Cube Capital II Inc.	100.00%
SK Forest Co., Ltd.	Korea	Landscaping and planting business	SK Holdings Co., Ltd.	100.00%
Hweechean Co., Ltd.	Korea	Condo, Resort operation	SK Holdings Co., Ltd.	100.00%

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

(\*2) SK Innovation Co., Ltd. and 8 other companies are included in the interim condensed consolidated financial statements as the Company is able to exercise de facto control. The remaining voting rights of SK Innovation Co., Ltd. and 8 other companies are widely dispersed, so it is determined that the Company has voting rights to exercise de facto control.

(\*3) The equity ratio decreased as the new merger shares were issued as consideration for the transfer of the business combination (see Note 35).

(\*4) The assets and liabilities of Daiyang SK Networks SAN. VE TIC. Ltd. STI and SK Bioland Co., Ltd. are classified as assets and liabilities held for sale (see Note 29 Non-current assets and non-current liabilities classified as held for sale).

(\*5) The entity was changed from an associate to a subsidiary due to the purchase of old shares from existing shareholders.

(\*6) Wirye Energy Services Co., Ltd. (formerly) and Narae Energy Services Co., Ltd. (formerly), the subsidiaries of the Group, merged on January 1, 2020, and Narae Energy Services Co., Ltd. became the surviving entity after the merger.

(\*7) During the current reporting period, the equity ownership fell due to the sale of old shares and unequal capital increase with consideration.

(\*8) The entity was changed from a joint venture to a subsidiary due to the purchase of old shares from existing shareholders.

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

**1.3 Changes in consolidated subsidiaries**

Changes in the consolidated subsidiaries for the nine-month period ended September 30, 2020 are as follows:

December 31, 2019	Inclusion	Exclusion	September 30, 2020
288	30	7	311

For the nine-month period ended September 30, 2020, subsidiaries newly included in consolidation are as follows:

Subsidiaries	Reasons for changes
Super Seed NY, LLC SKC Semiconductor Materials (Wuxi) Co., Ltd. SK PICGlobal Co., Ltd. SKCFTH Co., Ltd. Jeonnam Offshore Wind Power Co., Ltd. SK Materials Performance Co., Ltd. and two other companies SK Future Energy(Shanghai) Co.,Ltd. FSK L&S Vietnam Co., Ltd. SK Investment Vina III Pte. Ltd. Hae-Ssal Solar Power Co., Ltd. Prism DLNG Pte. Ltd. BU12 Australia Pty. Ltd. BU13 Australia Pty. Ltd. Energy Solution Holdings Inc. Einstein Cayman Limited I Cube Capital Inc. I Cube Capital II Inc. Primero Protein, LLC Pan Asia Semiconductor Materials Co., Ltd. TenX Capital	Establishment (22 companies)
SK Nexilis Co., Ltd. (formerly, KCF Technologies Co., Ltd.) Broadband Nowon Broadcasting Corporation Shinanjeungdo Sunlight Co., Ltd. Beijing Lizhi Weixin Technology Co., Ltd. Socar Mobility Malaysia, Sdn. Bhd. Future Mobility Solutions Sdn. Bhd. PT Future Mobility Solutions MINTIT Co., Ltd. (formerly, Kumkang Systems Co., Ltd.)	Acquisition (8 companies)

For the nine-month period ended September 30, 2020, subsidiaries excluded from consolidation are as follows:

Subsidiaries	Reasons for changes
Mokgam Service	Disposal (1 company)
Shandong SK Hightech Oil Co., Ltd. Jeonnam Offshore Wind Power Co., Ltd. SKY Property Mgmt (Beijing) Co., Ltd. SK China Creative Industry Development Co., Ltd.	Liquidation and others (4 companies)
Formerly, Narae Energy Services Co., Ltd. ADT Security Co., Ltd.	Merge (2 companies)

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

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

Details of condensed financial information of the significant subsidiaries as of and for the nine-month period ended September 30, 2020 are as follows (Korean won in millions):

Subsidiaries	Total assets	Total liabilities	Sales	Net income (loss)
SK Innovation Co., Ltd.	₩ 17,476,323	₩ 3,466,523	₩ 3,505,319	₩ 1,567,738
SK Energy Co., Ltd.	13,322,196	9,768,962	15,590,457	(1,465,249)
SK Global Chemical Co., Ltd.	5,384,808	2,509,015	5,342,586	(127,097)
SK Incheon Petrochem Co., Ltd.	4,701,653	3,050,467	3,357,496	(517,273)
SK Trading International Co., Ltd.	1,101,049	444,191	5,331,294	259,473
SK Lubricants Co., Ltd.	2,286,033	1,376,180	1,503,098	98,875
SK Global Chemical International Trading (Shanghai) Co., Ltd.	199,725	160,734	811,977	10,049
SK Hi-Tech Battery Materials (Jiang Su) Co., Ltd.	581,660	285,913	4	(2,384)
SK Energy International Pte. Ltd.	1,814,124	1,055,781	12,968,660	21,935
SK Energy Americas, Inc.	216,032	129,408	2,441,663	8,243
SK Energy Europe, Ltd.	136,076	50,348	1,077,545	6,047
SK Telecom Co., Ltd.	31,018,776	13,422,944	8,803,310	733,122
SK Broadband Co., Ltd.	5,687,955	3,084,009	2,707,387	106,243
PS&Marketing Corp.	474,932	262,414	1,027,482	(1,562)
SK Planet Co., Ltd.	546,980	224,540	199,319	5,039
11street Co., Ltd.	962,228	486,810	393,333	798
Life & Security Holdings Co., Ltd. (*1)	2,727,892	2,434,797	740,134	3,039
SK Networks Co., Ltd.	6,675,900	4,702,666	6,014,822	25,724
SK Magic Co., Ltd.	912,652	613,004	746,339	48,174
SK Rent-a-Car Co., Ltd.	2,191,109	1,727,724	638,221	18,482
SKC Co., Ltd.	3,270,222	1,279,813	435,106	500,178
SK PIC Global Co., Ltd.	550,941	368,512	474,810	48,324
SK E&S Co., Ltd.	5,769,835	2,743,785	463,658	1,268,360
Yeongnam Energy Service Co., Ltd.	373,252	160,204	458,264	15,617
Ko-one Energy Service Co., Ltd.	598,263	259,322	705,291	13,334
Pusan City Gas Co., Ltd.	1,077,409	266,327	676,705	176,790
Chungcheong Energy Service Co., Ltd.	269,067	140,688	362,581	16,869
Paju Energy Service Co., Ltd.	1,789,252	1,123,235	723,609	88,267
Narae Energy Service Co., Ltd. (formerly, Wirye Energy Services Co., Ltd.)	1,418,975	979,519	381,621	13,966
SK Engineering & Construction Co., Ltd.	4,887,144	4,005,925	5,661,123	134,349
SK TNS Co., Ltd.	123,397	154,856	360,502	12,668
SK Materials Co., Ltd. (*1)	1,959,237	1,490,485	686,483	114,201
SK Siltron Co., Ltd. (*1)	3,294,092	2,270,912	1,272,636	152,141
SK Biopharmaceuticals Co., Ltd.	530,693	100,958	54,643	(160,115)

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

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

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

Information about significant non-controlling interests in subsidiaries as of and for the nine-month period ended September 30, 2020 is as follows (Korean won in millions):

	September 30, 2020					
	SK Innovation	SK Telecom	SK Networks	SKC	SK E&S	SK Engineering& Construction
	Co., Ltd.	Co., Ltd.	Co., Ltd.	Co., Ltd.	Co., Ltd.	Co., Ltd.
Percentage of the non-controlling ownership	63.05%	70.23%	55.57%	56.55%	10.00%	53.79%
Current assets	₩ 14,573,571	₩ 9,032,091	₩ 3,251,975	₩ 1,644,077	₩ 2,477,759	₩ 3,265,029
Non-current assets	24,695,626	37,626,402	6,469,328	4,209,548	8,435,331	2,105,490
Current liabilities	10,990,322	7,674,580	4,362,022	1,989,111	2,877,366	3,432,876
Non-current liabilities	12,523,503	14,660,888	3,080,911	1,799,730	3,821,746	847,910
Net assets	15,755,372	24,323,025	2,278,370	2,064,784	4,213,978	1,089,733
Book value of the non-controlling interests	10,406,462	16,535,516	1,331,977	1,243,990	2,295,290	731,915
Sales	26,781,783	13,784,051	7,869,031	1,989,811	4,183,781	6,589,086
Net income (loss)	(1,914,115)	1,134,676	111,134	107,328	1,078,001	280,388
Total comprehensive income (loss)	(1,808,478)	1,501,446	115,214	112,359	1,203,533	257,437
Net income (loss) of the non-controlling interests	(1,231,980)	707,997	4,738	38,265	174,616	112,309
Total comprehensive income (loss) of the non-controlling interests	(1,161,027)	978,148	2,226	41,733	182,825	144,459
Net cash flows from operating activities	1,121,451	4,525,676	75,840	127,810	(151,295)	167,940
Net cash flows from investing activities	(2,353,691)	(3,047,428)	1,097,916	(1,057,717)	913,978	(105,526)
Net cash flows from financing activities before dividends paid to the non-controlling interests	2,701,145	(342,735)	(692,251)	1,393,798	(349,705)	(93,293)
Dividends paid to the non-controlling interests	(97,581)	(527,886)	(16,703)	(23,814)	(213,818)	(16,785)
Net increase in cash and cash equivalents	1,371,324	607,627	464,802	440,077	199,160	(47,664)

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

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

### **2.1 Basis of preparation**

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

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

The accompanying interim condensed consolidated financial statements are stated in Korean won, the currency of the country in which the Group is incorporated and operates. The translation of Korean won amounts into U.S. dollar amounts is included solely for the convenience of readers of the interim condensed consolidated financial statements and has been made at the rate of ₩1,173.5 to USD 1.00, the basic exchange rate in the Seoul Money Brokerage Service for cable transfers in Korean won on the last business day of the nine-month period ended September 30, 2020. Such translations into U.S. dollars should not be construed as representations that the Korean won amounts could be converted into U.S. dollars at that or any other rate.

### **2.2 Significant accounting policies**

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

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

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

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

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

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

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

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

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

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

#### **Amendment to KIFRS 1116: *COVID-19 related Rent Concessions***

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

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

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

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

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

Those accounting judgments made by management in the preparation of the interim condensed consolidated financial statements for the nine-month period ended September 30, 2020, are consistent with those followed in the preparation of consolidated financial statements for the year ended December 31, 2019.

However, to prevent the spread of COVID 19, various prevention and control, including restrictions on traveling, are being implemented worldwide, and as a result, the global economy is being affected extensively. In particular, in the case of petroleum refining, telecommunications, wholesale and retail, chemicals, construction and other industries in which the Group operates, there are uncertainties in the market caused by COVID 19. As of June 30, 2020, uncertainties arising from the effects of this COVID 19 have not been resolved, which could significantly affect the Group's financial performance and cash flows.

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

**4. Operating segments**

(1) Overview of operating segments

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

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

(2) Details of financial information for each operating segment as of and for the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in billions):

As of and for the nine-month period ended September 30, 2020									
	SK Innovation Co., Ltd.	SK Telecom Co., Ltd.	SK Networks Co., Ltd.	SKC Co., Ltd.	SK E&S Co., Ltd.	SK Engineering & Construction Co., Ltd.	Others	Consolidation adjustments (*1)	Total
Total sales	₩ 26,782	₩ 13,784	₩ 7,869	₩ 1,990	₩ 4,184	₩ 6,589	₩ 6,367	₩ (5,105)	₩ 62,460
Internal sales	(456)	(235)	(1,054)	(199)	(126)	(609)	(2,426)	5,105	-
Net sales	26,326	13,549	6,815	1,791	4,058	5,980	3,941	-	62,460
Profit (loss) from continuing operations before income tax expense	(2,515)	1,440	28	211	1,474	369	2,472	(3,265)	214
Profit (loss) for the period from continuing operations	(1,914)	1,135	23	150	1,078	280	2,070	(2,655)	167
Total assets	39,269	46,658	9,721	5,854	10,913	5,371	41,652	(22,900)	136,538
Total liabilities	23,514	22,335	7,443	3,789	6,699	4,281	14,032	1,180	83,273
Depreciation	907	2,322	596	123	292	49	425	(36)	4,678
Amortization	76	763	14	23	3	5	64	251	1,199

As of and for the nine-month period ended September 30, 2019									
	SK Innovation Co., Ltd.	SK Telecom Co., Ltd.	SK Networks Co., Ltd.	SKC Co., Ltd.	SK E&S Co., Ltd.	SK Engineering & Construction Co., Ltd.	Others	Consolidation adjustments (*1)	Total
Total sales	₩ 38,325	₩ 13,333	₩ 9,687	₩ 1,752	₩ 4,756	₩ 6,168	₩ 5,923	₩ (5,251)	₩ 74,693
Internal sales	(763)	(136)	(1,259)	(231)	(61)	(702)	(2,099)	5,251	-
Net sales	37,562	13,197	8,428	1,521	4,695	5,466	3,824	-	74,693
Profit (loss) from continuing operations before income tax expense	813	1,170	74	71	1,103	168	1,875	(1,950)	3,324
Profit (loss) for the period from continuing operations	555	907	53	53	774	131	1,684	(1,823)	2,334
Total assets	39,520	43,984	10,717	4,055	10,814	5,681	37,365	(20,249)	131,887
Total liabilities	19,689	21,327	8,239	2,318	6,282	4,790	12,525	1,806	76,976
Depreciation	768	2,191	607	100	311	50	410	(56)	4,381
Amortization	97	716	14	7	3	4	50	251	1,142

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

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

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

(3) Details of financial information by geographical location as of and for the nine-month periods ended September 30, 2020 and 2019 (Korean won in billions):

	As of and for the nine-month period ended September 30, 2020						
	Korea	Asia	Europe	North America	Others	Consolidation adjustments	Total
Total sales	₩ 76,287	₩ 17,168	₩ 2,639	₩ 3,922	₩ 60	₩ (37,616)	₩ 62,460
Operating profit (loss)	3,374	126	59	(50)	17	(3,795)	(269)
Profit (loss) from continuing operations before income tax expense	5,880	343	85	(138)	16	(5,972)	214
Profit (loss) for the period	5,099	313	80	(143)	13	(5,195)	167
Total assets	153,022	14,205	4,231	10,300	1,545	(46,765)	136,538
Total liabilities	75,582	3,969	2,060	2,985	167	(1,490)	83,273

	As of and for the nine-month period ended September 30, 2019						
	Korea	Asia	Europe	North America	Others	Consolidation adjustments	Total
Total sales	₩ 93,783	₩ 23,994	₩ 4,706	₩ 4,582	₩ 65	₩ (52,437)	₩ 74,693
Operating profit (loss)	6,501	93	48	(57)	10	(3,152)	3,443
Profit (loss) from continuing operations before income tax expense	7,614	238	46	(67)	4	(4,511)	3,324
Profit (loss) for the period from continuing operations	6,297	216	38	(67)	(2)	(4,148)	2,334
Total assets	148,418	12,202	2,663	10,024	1,384	(42,804)	131,887
Total liabilities	71,937	3,895	1,130	2,889	231	(3,106)	76,976

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

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

(4) Details of financial information by revenue from contracts with customers for the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in billions):

As of and for the nine-month period ended September 30, 2020									
	SK Innovation Co., Ltd.	SK Telecom Co., Ltd.	SK Networks Co., Ltd.	SKC Co., Ltd.	SK E&S Co., Ltd.	SK Engineering & Construction Co., Ltd.	Others	Consolidation adjustments	Total
1. Total sales	₩ 26,782	₩ 13,784	₩ 7,869	₩ 1,990	₩ 4,184	₩ 6,589	₩ 6,367	₩ (5,105)	₩ 62,460
2. Revenue from contracts with customers	26,759	13,784	6,552	1,990	4,178	6,579	4,848	(3,621)	61,069
Categories:									
Service sales	205	12,301	282	56	-	6,560	1,712	(1,667)	19,449
Finished goods sales	25,660	21	363	1,637	1,564	-	2,572	(729)	31,088
Merchandise sales	333	1,070	5,905	270	2,533	19	300	(1,095)	9,335
Other sales	561	392	2	27	81	-	264	(130)	1,197
	<u>26,759</u>	<u>13,784</u>	<u>6,552</u>	<u>1,990</u>	<u>4,178</u>	<u>6,579</u>	<u>4,848</u>	<u>(3,621)</u>	<u>61,069</u>
Timing of revenue recognition:									
Recognition at a point in time	26,554	1,483	6,271	1,934	155	19	3,137	(2,004)	37,549
Recognition over a period of time	205	12,301	281	56	4,023	6,560	1,711	(1,617)	23,520
	<u>26,759</u>	<u>13,784</u>	<u>6,552</u>	<u>1,990</u>	<u>4,178</u>	<u>6,579</u>	<u>4,848</u>	<u>(3,621)</u>	<u>61,069</u>
3. Revenue from other sources	23	-	1,317	-	6	10	1,519	(1,484)	1,391
As of and for the nine-month period ended September 30, 2019									
	SK Innovation Co., Ltd.	SK Telecom Co., Ltd.	SK Networks Co., Ltd.	SKC Co., Ltd.	SK E&S Co., Ltd.	SK Engineering & Construction Co., Ltd.	Others	Consolidation adjustments	Total
1. Total sales	₩ 38,325	₩ 13,333	₩ 9,687	₩ 1,752	₩ 4,756	₩ 6,168	₩ 5,923	₩ (5,251)	₩ 74,693
2. Revenue from contracts with customers	38,297	13,333	8,458	1,752	4,751	6,166	5,841	(3,994)	74,604
Categories:									
Service sales	113	12,180	319	59	-	6,141	2,411	(1,699)	19,524
Finished goods sales	36,738	31	375	1,337	2,105	-	2,553	(982)	42,157
Merchandise sales	132	1,122	7,762	324	2,563	25	570	(1,262)	11,236
Other sales	1,314	-	2	32	83	-	307	(51)	1,687
	<u>38,297</u>	<u>13,333</u>	<u>8,458</u>	<u>1,752</u>	<u>4,751</u>	<u>6,166</u>	<u>5,841</u>	<u>(3,994)</u>	<u>74,604</u>
Timing of revenue recognition:									
Recognition at a point in time	38,184	1,153	8,139	1,694	589	25	3,430	(2,295)	50,919
Recognition over a period of time	113	12,180	319	58	4,162	6,141	2,411	(1,699)	23,685
	<u>38,297</u>	<u>13,333</u>	<u>8,458</u>	<u>1,752</u>	<u>4,751</u>	<u>6,166</u>	<u>5,841</u>	<u>(3,994)</u>	<u>74,604</u>
3. Revenue from other sources	28	-	1,229	-	5	2	82	(1,257)	89

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

**5. Financial instruments**

**5.1 Financial assets**

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

	September 30, 2020				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	₩ 2,414,262	₩ -	₩ 9,461,856	₩ -	₩ 11,876,118
Short-term financial instruments	1,414,587	-	1,718,381	-	3,132,968
Trade receivables (*1)	125,343	-	7,881,850	-	8,007,193
Other receivables	189,402	-	1,514,951	-	1,704,353
Short-term loans	-	-	137,160	-	137,160
Accrued income	-	-	108,193	-	108,193
Short-term investment securities	126,918	-	45	-	126,963
Guarantee deposits	-	-	457,952	-	457,952
Derivative financial assets	70,483	-	-	59,311	129,794
Lease receivables	-	-	23,910	-	23,910
	<u>4,340,995</u>	<u>-</u>	<u>21,304,298</u>	<u>59,311</u>	<u>25,704,604</u>
<b>Non-current assets:</b>					
Long-term financial instruments	4,452	-	88,963	-	93,415
Long-term trade receivables	-	-	232,569	-	232,569
Long-term other receivables	275,428	-	40,295	-	315,723
Long-term loans	-	-	771,202	-	771,202
Long-term investment securities	1,006,328	3,134,248	1,180	-	4,141,756
Guarantee deposits	-	-	572,252	-	572,252
Derivative financial assets	631,994	-	-	224,170	856,164
Lease receivables	-	-	46,723	-	46,723
	<u>1,918,202</u>	<u>3,134,248</u>	<u>1,753,184</u>	<u>224,170</u>	<u>7,029,804</u>
	<u>₩ 6,259,197</u>	<u>₩ 3,134,248</u>	<u>₩ 23,057,482</u>	<u>₩ 283,481</u>	<u>₩ 32,734,408</u>

(\*1) Contract assets (unbilled receivables) amounting to ₩1,004,890 million as of September 30, 2020 are not included in the financial assets.

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

**5.1 Financial assets (cont'd)**

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

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



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

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

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

	September 30, 2020		December 31, 2019	
	Book value	Fair value	Book value	Fair value
Bonds payable	₩ 31,211,877	₩ 31,949,582	₩ 29,530,202	₩ 30,228,914
Borrowings	18,530,282	18,766,318	14,762,038	15,850,637

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

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

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

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

	September 30, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL	₩ 3,828,849	₩ 628,657	₩ 1,099,214	₩ 5,556,720
Financial assets measured at FVOCI	1,529,095	-	1,605,153	3,134,248
Derivative financial assets	-	985,958	-	985,958
	<u>₩ 5,357,944</u>	<u>₩ 1,614,615</u>	<u>₩ 2,704,367</u>	<u>₩ 9,676,926</u>
Financial liabilities:				
Financial liabilities measured at FVTPL	₩ -	₩ -	₩ 38,933	₩ 38,933
Derivative financial liabilities	3,491	190,818	222,356	416,665
	<u>₩ 3,491</u>	<u>₩ 190,818</u>	<u>₩ 261,289</u>	<u>₩ 455,598</u>
	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL	₩ 3,183,073	₩ 1,327,969	₩ 452,955	₩ 4,963,997
Financial assets measured at FVOCI	649,439	-	1,302,043	1,951,482
Derivative financial assets	563	380,665	-	381,228
	<u>₩ 3,833,075</u>	<u>₩ 1,708,634</u>	<u>₩ 1,754,998</u>	<u>₩ 7,296,707</u>
Financial liabilities:				
Financial liabilities measured at FVTPL	₩ -	₩ 41,057	₩ -	₩ 41,057
Derivative financial liabilities	449	67,907	222,356	290,712
	<u>₩ 449</u>	<u>₩ 108,964</u>	<u>₩ 222,356</u>	<u>₩ 331,769</u>

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

**6. Trade receivables**

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

	<u>September 30, 2020</u>		<u>December 31, 2019</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Trade receivables:				
Trade receivables (*1)	₩ 8,724,419	₩ 249,129	₩ 10,504,422	₩ 138,068
Contract assets (unbilled receivables)	1,004,890	-	549,385	-
Allowance for doubtful accounts:				
Trade receivables	<u>(717,226)</u>	<u>(16,560)</u>	<u>(676,479)</u>	<u>(7,897)</u>
	<u>₩ 9,012,083</u>	<u>₩ 232,569</u>	<u>₩ 10,377,328</u>	<u>₩ 130,171</u>

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

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Contract assets: (*1)		
Construction business	₩ 831,401	₩ 403,343
Telecommunication business	139,103	191,858
Others	<u>173,616</u>	<u>146,135</u>
	<u>₩ 1,144,120</u>	<u>₩ 741,336</u>
Contract liabilities: (*2)		
Construction business	₩ 1,269,525	₩ 1,308,245
Telecommunication business	241,378	223,456
Others	<u>848,465</u>	<u>886,096</u>
	<u>₩ 2,359,368</u>	<u>₩ 2,417,797</u>

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

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

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

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

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

	September 30, 2020				
	Change in estimated construction revenue	Change in estimated cost	Impact on current period profit (loss)	Impact on future period profit	Change in unbilled (overbilled) receivables
SK Engineering & Construction Co., Ltd. and its subsidiaries	₩ 1,196,684	₩ 1,065,328	₩ 49,446	₩ 81,910	₩ 49,446
Others	18,617	12,089	5,040	1,488	5,040
	<u>₩ 1,215,301</u>	<u>₩ 1,077,417</u>	<u>₩ 54,486</u>	<u>₩ 83,398</u>	<u>₩ 54,486</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 September 30, 2020 are as follows (Korean won in millions):

Subsidiary	Project	Contract date	Completion date	Percentage (%)	Unbilled receivables		Trade receivables (*1)	
					Amount	Impairment	Amount	Allowance for doubtful accounts
SK Engineering & Construction Co., Ltd.	RRE Project	2009.12	2016.05	99.9	₩ -	₩ -	₩ -	₩ -
	Goseong High Fire power Construction	2014.07	2021.07	86.4	-	-	-	-

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

**7. Inventories**

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

	September 30, 2020			December 31, 2019		
	Cost	Valuation allowance	Book value	Cost	Valuation allowance	Book value
Merchandise	₩ 1,353,792	₩ (56,710)	₩ 1,297,082	₩ 926,141	₩ (39,343)	₩ 886,798
Finished goods	1,817,862	(74,705)	1,743,157	2,392,621	(68,544)	2,324,077
Semifinished goods and work in progress	866,365	(51,665)	834,700	1,108,743	(54,792)	1,053,951
Raw materials and sub-materials	1,646,564	(47,366)	1,599,198	2,030,535	(31,042)	1,999,493
Materials in transit	1,555,857	-	1,555,857	2,356,402	-	2,356,402
Supplies	321,671	(3,931)	317,740	322,035	(3,957)	318,078
Uncompleted contracts	18,642	-	18,642	189,428	-	189,428
Others	10,482	(452)	10,030	10,436	(302)	10,134
	<u>₩ 7,611,235</u>	<u>₩ (234,829)</u>	<u>₩ 7,376,406</u>	<u>₩ 9,336,341</u>	<u>₩ (197,980)</u>	<u>₩ 9,138,361</u>

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

**8. Investment securities**

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

	September 30, 2020			
	Financial assets at FVTPL	Financial assets at FVOCI (*1)	Financial assets at amortized	Total
Equity instruments:				
Marketable equity instruments	₩ -	₩ 1,529,095	₩ -	₩ 1,529,095
Non-marketable equity instruments	55,439	1,586,280	-	1,641,719
	<u>55,439</u>	<u>3,115,375</u>	<u>-</u>	<u>3,170,814</u>
Bond instruments:				
Beneficiary securities and others	582,290	5,546	-	587,836
Debt securities	495,517	13,327	1,225	510,069
	<u>1,077,807</u>	<u>18,873</u>	<u>1,225</u>	<u>1,097,905</u>
	<u>₩ 1,133,246</u>	<u>₩ 3,134,248</u>	<u>₩ 1,225</u>	<u>₩ 4,268,719</u>
Current investment securities	₩ 126,918	₩ -	₩ 45	₩ 126,963
Non-current investment securities	1,006,328	3,134,248	1,180	4,141,756
	December 31, 2019			
	Financial assets measured at FVTPL	Financial assets measured at FVOCI (*1)	Financial assets measured at amortized cost	Total
Equity instruments:				
Marketable equity instruments	₩ -	₩ 649,439	₩ -	₩ 649,439
Non-marketable equity instruments	2,009	1,277,996	-	1,280,005
	<u>2,009</u>	<u>1,927,435</u>	<u>-</u>	<u>1,929,444</u>
Bond instruments:				
Beneficiary securities and others	598,306	715	-	599,021
Debt securities	442,502	23,332	1,214	467,048
	<u>1,040,808</u>	<u>24,047</u>	<u>1,214</u>	<u>1,066,069</u>
	<u>₩ 1,042,817</u>	<u>₩ 1,951,482</u>	<u>₩ 1,214</u>	<u>₩ 2,995,513</u>
Current investment securities	₩ 185,056	₩ -	₩ 45	₩ 185,101
Non-current investment securities	857,761	1,951,482	1,169	2,810,412

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

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

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

(1) Investments in associates and joint ventures

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

Company	Domicile	Equity ownership (*1)	September 30, 2020		December 31, 2019
			Acquisition cost	Book value	Book value
<b>Associates:</b>					
SK Hynix Inc.	Korea	20.1%	₩ 5,420,310	₩ 11,481,518	₩ 11,028,722
China Gas Holdings Ltd. (*2)	Hong Kong	-	-	-	1,548,020
Vingroup Joint Stock Company (*3)	Vietnam	6.1%	957,882	901,293	1,172,259
ESR Cayman Limited (*4)	Cayman	-	-	-	684,714
Masan Group Corporation (*3)	Vietnam	9.4%	457,718	437,510	483,950
Eureka Midstream Holdings	USA	40.0%	465,582	498,152	487,160
FR BR Aggregator	USA	39.0%	350,718	365,532	331,310
Peru LNG Company, LLC	USA	20.0%	331,144	266,171	286,727
Daehan Oil Pipeline Corporation	Korea	41.0%	311,372	347,508	341,754
Shenzhen Lonian Electrics Co., Ltd.	China	26.0%	385,100	403,639	294,126
NHIP II Bison Holdings, LLC	USA	24.5%	297,511	263,567	343,985
Hana Card Co., Ltd. (*3)	Korea	15.0%	253,707	308,984	294,756
Yemen LNG Company Ltd. (*3, 5)	Yemen	6.9%	252,813	-	-
Beijing BESK Technology Co., Ltd.	China	49.0%	247,427	239,625	233,244
Korea IT Fund (*6)	Korea	63.3%	242,170	301,175	311,553
Joyvio (*3)	China	14.0%	213,793	214,584	212,353
Canakkale Highway And Bridge	Turkey	25.0%	199,852	193,863	140,849
Best Oil Company Limited	Myanmar	35.0%	154,732	171,889	153,524
ENN (Zhoushan) LNG Co., Ltd. (*3).	China	10.0%	130,059	130,059	-
So car Co., Ltd.	Korea	22.5%	109,304	84,438	68,135
Others				1,215,293	999,637
				<u>17,824,800</u>	<u>19,416,778</u>
<b>Joint ventures (*7):</b>					
Sinopec-SK (Wuhan) Petrochemical Co., Ltd.	China	35.0%	676,332	1,015,419	1,003,159
Mitsui Chemicals & SKC Polyurethanes Co., Ltd.	Korea	50.0%	349,942	428,696	455,225
Hana Land Chip PEF 33 (*6)	Korea	65.2%	196,001	259,748	264,395
ZETA CAYMAN Limited	Cayman	50.0%	181,024	176,917	-
Eurasia Tunnel	Turkey	50.0%	174,215	264,163	250,963
Boryeong LNG Terminal Co., Ltd.	Korea	50.0%	133,323	144,579	152,812
SABIC SK Nextlene Company Pte. Ltd.	Singapore	50.0%	112,670	83,736	81,182
Others				392,674	270,202
				<u>2,765,932</u>	<u>2,477,938</u>
				<u>₩20,590,732</u>	<u>₩ 21,894,716</u>

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

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

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

(\*4) For the nine-month period ended September 30, 2020, the Group decided to sell its entire equity interest in ESR Cayman Limited, which is classified as an investment in associate. As of September 30, 2020, a partial disposal of the shareholding has been completed and the shares that have not yet been disposed of have been classified as assets held for sale (see Note 29).

(\*5) Impairment losses on investments in associates were fully recognized as there was an indication of impairment prior to the current period.

(\*6) 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.

(\*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.

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

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

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

Changes in investments in associates and joint ventures accounted for using the equity method for the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

		For the nine-month period ended September 30, 2020							
		Beginning balance	Acquisitions	Disposals	Equity profit or losses on investments	Other capital movements	Dividends received	Others (*1)	Ending balance
Associates	₩	19,416,778	₩ 516,303	₩ (1,973,726)	₩ 559,151	₩ 21,876	₩ (194,869)	₩ (520,713)	₩ 17,824,800
Joint ventures		<u>2,477,938</u>	<u>376,657</u>	<u>(29,114)</u>	<u>(3,119)</u>	<u>44,435</u>	<u>(39,202)</u>	<u>(61,663)</u>	<u>2,765,932</u>
	₩	<u>21,894,716</u>	<u>₩ 892,960</u>	<u>₩ (2,002,840)</u>	<u>₩ 556,032</u>	<u>₩ 66,311</u>	<u>₩ (234,071)</u>	<u>₩ (582,376)</u>	<u>₩ 20,590,732</u>

  

		For the nine-month period ended September 30, 2019							
		Beginning balance	Acquisitions	Disposals	Equity profit or losses on investments	Other capital movements	Dividends received	Others (*1)	Ending balance
Associates	₩	16,925,375	₩ 2,358,242	₩ (432,100)	₩ 495,600	₩ 218,906	₩ (329,532)	₩ 195,400	₩ 19,431,891
Joint ventures		<u>2,292,970</u>	<u>267,015</u>	<u>(81)</u>	<u>66,622</u>	<u>27,872</u>	<u>(37,252)</u>	<u>19,272</u>	<u>2,636,418</u>
	₩	<u>19,218,345</u>	<u>₩ 2,625,257</u>	<u>₩ (432,181)</u>	<u>₩ 562,222</u>	<u>₩ 246,778</u>	<u>₩ (366,784)</u>	<u>₩ 214,672</u>	<u>₩ 22,068,309</u>

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

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

	Beginning balance	Changes	Ending balance
Pentaport Development Co., Ltd.	₩ 72,675	₩ 7,071	₩ 79,746
SK Telesys Corporation	3,960	-	3,960
Korea Consortium Kazakh B.V.	178,926	-	178,926
Yemen LNG Company Ltd. and others	34,608	(10)	34,598

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

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

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

	As of and for the nine-month period ended September 30, 2020						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Sales	Net income (loss)	Total comprehensive income (loss)
<b>Associates:</b>							
SK Hynix Inc.	₩ 17,036,210	₩ 52,230,963	₩ 8,851,618	₩ 9,916,496	₩ 23,934,193	₩ 2,991,172	₩ 3,236,625
Vingroup Joint Stock Company	9,248,097	12,510,440	9,275,304	6,180,921	3,860,341	146,393	146,393
Masan Group Corporation	1,294,092	4,234,695	1,895,354	2,186,489	2,929,238	41,828	41,828
Eureka Midstream Holdings	49,500	984,261	45,768	388,175	92,162	38,771	38,771
FR BR Aggregator	16,076	1,505,037	24,864	558,304	-	14,665	14,665
Peru LNG Company, LLC	176,029	2,580,638	200,381	1,224,903	255,364	(115,915)	(115,915)
Daehan Oil Pipeline Corporation	164,777	940,062	48,317	245,186	127,042	23,433	23,433
Shenzhen Londian Electrics Co., Ltd.	478,954	719,600	375,551	241,819	344,648	27,452	27,447
NHIP II Bison Holdings, LLC	22,352	1,388,942	-	724	-	(495)	(495)
Hana Card Co., Ltd.	8,304,578	179,098	1,324,285	5,423,820	917,355	114,411	106,416
Beijing BESK Technology Co., Ltd.	290,696	430,797	216,359	17,293	119,439	(3,124)	(3,124)
Korea IT Fund	113,392	362,148	-	-	27,622	18,852	11,338
Canakkale Highway And Bridge	64,003	2,974,501	138,054	2,124,999	677,765	43,937	(9,257)
Best Oil Company Limited	223,344	248,125	177,444	22,156	424,328	(9,525)	(9,525)
So car Co., Ltd.	115,085	212,724	117,290	114,665	191,588	(30,200)	(30,200)
<b>Joint ventures:</b>							
Sinopec-SK (Wuhan) Petrochemical Co., Ltd.	936,338	4,334,590	1,420,726	1,152,714	4,445,528	(106,429)	(68,054)
Mitsui Chemicals & SKC Polyurethanes Co., Ltd.	452,887	951,154	335,130	133,195	691,493	(45,424)	(41,730)
Hana land chip PEF 33	17,136	711,693	15,915	314,483	26,965	18,363	18,363
Eurasia Tunnel	107,074	1,512,259	105,197	1,003,067	10,362	40,239	15,784
Boryeong LNG Terminal Co., Ltd.	180,459	1,410,666	165,532	1,163,603	112,693	19,944	19,980
SABIC SK Nexlene Company Pte. Ltd.	195,675	542,894	130,499	359,294	234,035	3,438	(3,208)

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

**10. Property, plant and equipment**

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

	September 30, 2020	December 31, 2019
Acquisition cost	₩ 63,416,629	₩ 58,269,139
Accumulated depreciation and accumulated impairment losses	(18,363,942)	(15,422,760)
	<u>₩ 45,052,687</u>	<u>₩ 42,846,379</u>

(2) Changes in property, plant and equipment for the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2020						
	Beginning balance	Business combination	Acquisitions	Disposals	Depreciation	Others (*1)	Ending balance
Land	₩ 8,787,048	₩ 51,173	₩ 13,108	₩ (209,138)	₩ -	₩ (47,867)	₩ 8,594,324
Buildings	4,271,484	48,069	8,487	(14,043)	(143,933)	198,786	4,368,850
Structures	1,518,777	6,337	3,583	(10,674)	(85,455)	126,992	1,559,560
Ships and vessels	860	-	-	-	(88)	-	772
Machinery and equipment	18,599,717	302,124	342,881	(21,112)	(2,815,148)	3,190,904	19,599,366
Vehicles	185,700	153	2,839	(1,050)	(23,930)	35,608	199,320
Operating lease asset	1,746,356	-	623,422	(27,298)	(324,007)	(235,736)	1,782,737
Others	3,537,461	6,553	809,031	(13,859)	(513,758)	(330,259)	3,495,169
Construction-in-progress	4,198,976	138,662	4,811,290	(33,449)	-	(3,662,890)	5,452,589
	<u>₩ 42,846,379</u>	<u>₩ 553,071</u>	<u>₩ 6,614,641</u>	<u>₩ (330,623)</u>	<u>₩ (3,906,319)</u>	<u>₩ (724,462)</u>	<u>₩ 45,052,687</u>

  

	For the nine-month period ended September 30, 2019						
	Beginning balance	Business combination	Acquisitions	Disposals	Depreciation	Others (*1)	Ending balance
Land	₩ 9,627,559	₩ 42,996	₩ 12,632	₩ (54,871)	₩ -	₩ 160,287	₩ 9,788,603
Buildings	4,043,820	7,642	13,580	(12,974)	(141,634)	295,298	4,205,732
Structures	1,611,612	439	23,435	(19,878)	(84,727)	36,614	1,567,495
Ships and vessels	843	-	-	(1)	(86)	135	891
Machinery and equipment	17,966,522	361	474,326	(40,766)	(2,638,617)	2,207,008	17,968,834
Vehicles	126,601	868	5,055	(664)	(13,869)	21,892	139,883
Operating lease asset	697,476	980,437	381,433	(27,348)	(336,408)	(84,507)	1,611,083
Others	3,627,490	1,691	1,170,994	(7,178)	(512,368)	(741,133)	3,539,291
Construction-in-progress	2,013,998	-	3,485,935	(25,799)	-	(1,864,297)	3,609,837
	<u>₩ 39,715,921</u>	<u>₩ 1,034,434</u>	<u>₩ 5,567,185</u>	<u>₩ (189,479)</u>	<u>₩ (3,727,709)</u>	<u>₩ 31,297</u>	<u>₩ 42,431,649</u>

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

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

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

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

	September 30, 2020	December 31, 2019
Acquisition cost	₩ 5,894,955	₩ 5,602,075
Accumulated depreciation and accumulated impairment losses	(1,497,961)	(1,058,529)
	<u>₩ 4,396,994</u>	<u>₩ 4,543,546</u>

(2) Changes in right-of-use assets for the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2020							Ending balance
	Beginning balance	Business combination	Acquisitions	Disposals	Depreciation	Others (*1)	Ending balance	
Land and buildings	₩ 1,546,603	₩ 71,794	₩ 461,318	₩ (189,404)	₩ (346,808)	₩ 29,926	₩ 1,573,429	
Tank	266,195	-	13,497	(4,358)	(50,813)	660	225,181	
Ships and vessels	1,065,528	-	22,771	-	(66,902)	7,447	1,028,844	
Vehicles	1,422,992	2,115	198,530	(94,886)	(213,699)	(2,153)	1,312,899	
Others	242,228	3,245	107,999	(23,215)	(87,144)	13,528	256,641	
	<u>₩ 4,543,546</u>	<u>₩ 77,154</u>	<u>₩ 804,115</u>	<u>₩ (311,863)</u>	<u>₩ (765,366)</u>	<u>₩ 49,408</u>	<u>₩ 4,396,994</u>	

  

	For the nine-month period ended September 30, 2019							Ending balance
	Beginning balance	Changes in accounting policy	Business combination	Increase	Decrease	Depreciation	Others (*1)	
Land and buildings	₩ -	₩ 1,074,318	₩ 2,897	₩ 1,152,531	₩ (117,842)	₩ (328,176)	₩ (80,839)	₩ 1,702,889
Tank	-	298,674	-	21,431	(5,387)	(43,436)	2,036	273,318
Ships and vessels	-	-	-	480,739	-	(9,560)	15,175	486,354
Vehicles	-	1,244,872	69,625	404,785	(131,974)	(203,949)	1,787	1,385,146
Others	-	187,890	9	83,567	(18,830)	(63,497)	4,532	193,671
	<u>₩ -</u>	<u>₩ 2,805,754</u>	<u>₩ 72,531</u>	<u>₩ 2,143,053</u>	<u>₩ (274,033)</u>	<u>₩ (648,618)</u>	<u>₩ (57,309)</u>	<u>₩ 4,041,378</u>

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

(3) Changes in lease liabilities for the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2020							Ending balance
	Beginning balance	Business combination	Increase	Interest expenses	Decrease	Transfer	Others (*1)	
Lease liabilities	₩ 4,069,243	₩ 77,278	₩ 811,499	₩ 88,120	₩ (817,716)	₩ (463)	₩ (272,604)	₩ 3,955,357

  

	For the nine-month period ended September 30, 2019							Ending balance	
	Beginning balance	Changes in accounting policy	Business combination	Increase	Interest expenses	Decrease	Transfer		Others (*1)
Lease liabilities	₩ 21,394	₩ 2,896,860	₩ 73,953	₩ 1,357,184	₩ 76,847	₩ (819,189)	₩ (110,653)	₩ 8,863	₩ 3,505,259

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

The Group recognized lease payments of ₩181,462 million(₩219,241 million as of September 30, 2019) in relation to short-term leases, ₩7,514 million(₩10,429 million as of September 30, 2019) in relation to leases of low-value assets during the period ended.

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

**12. Investment properties**

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Acquisition cost	₩ 690,750	₩ 605,362
Accumulated depreciation and accumulated impairment loss	<u>(129,513)</u>	<u>(117,604)</u>
	<u>₩ 561,237</u>	<u>₩ 487,758</u>

(2) Changes in investment properties for the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	<u>For the nine-month period ended September 30, 2020</u>					
	<u>Beginning balance</u>	<u>Acquisitions</u>	<u>Disposals</u>	<u>Depreciation</u>	<u>Others (*1)</u>	<u>Ending balance</u>
Land	₩ 241,383	₩ 111	₩ (6,527)	₩ -	₩ 156,569	₩ 391,536
Buildings	245,891	313	(84,660)	(5,992)	13,714	169,266
Structures	484	-	-	(49)	-	435
	<u>₩ 487,758</u>	<u>₩ 424</u>	<u>₩ (91,187)</u>	<u>₩ (6,041)</u>	<u>₩ 170,283</u>	<u>₩ 561,237</u>
	<u>For the nine-month period ended September 30, 2019</u>					
	<u>Beginning balance</u>	<u>Acquisitions</u>	<u>Disposals</u>	<u>Depreciation</u>	<u>Others (*1)</u>	<u>Ending balance</u>
Land	₩ 201,213	₩ 1,023	₩ (11,340)	₩ -	₩ 9,753	₩ 200,649
Buildings	302,125	-	(2,596)	(4,312)	(97,821)	197,396
Structures	628	-	-	(108)	-	520
	<u>₩ 503,966</u>	<u>₩ 1,023</u>	<u>₩ (13,936)</u>	<u>₩ (4,420)</u>	<u>₩ (88,068)</u>	<u>₩ 398,565</u>

(\*1) Others include transferred amounts to assets held for sale, transferred amounts from property, plant and equipment, net foreign exchange differences and others.

**13. Goodwill**

(1) Changes in goodwill for the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Beginning balance	₩ 2,598,464	₩ 2,379,526
Business combination (see Note 35)	1,598,442	183,520
Others (*1)	36,974	56,297
Ending balance	<u>₩ 4,233,880</u>	<u>₩ 2,619,343</u>

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

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

**14. Intangible assets**

Details of intangible assets for the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2020						
	Beginning balance	Business combination	Acquisitions	Disposals	Amortization	Others (*2)	Ending balance
Development costs	₩ 151,824	₩ -	₩ 48,739	₩ (365)	₩ (27,656)	₩ 4,770	₩ 177,312
Facility usage rights	48,300	-	2,749	(3)	(5,438)	1,072	46,680
Industrial property rights	74,659	-	1,590	(139)	(4,926)	16,119	87,303
Frequency usage rights	2,647,501	-	-	-	(389,232)	(12,388)	2,245,881
Customer-related assets	2,221,365	710,404	8,893	(1,543)	(178,801)	70,215	2,830,533
Membership (*1)	237,662	50,365	26,928	(16,305)	-	(627)	298,023
Development costs for petroleum resource	1,492,031	-	118,922	-	(53,164)	(18,941)	1,538,848
Brand-related assets (*1)	2,596,643	-	-	-	-	22,333	2,618,976
Developed technology	941,534	50,814	-	-	(115,013)	921	878,256
Others (*3)	1,656,267	171,213	142,496	(12,785)	(424,642)	77,022	1,609,571
	<u>₩ 12,067,786</u>	<u>₩ 982,796</u>	<u>₩ 350,317</u>	<u>₩ (31,140)</u>	<u>₩ (1,198,872)</u>	<u>₩ 160,496</u>	<u>₩ 12,331,383</u>

  

	For the nine-month period ended September 30, 2019						
	Beginning balance	Business combination	Acquisitions	Disposals	Amortization	Others (*2)	Ending balance
Development costs	₩ 122,290	₩ -	₩ 37,201	₩ (587)	₩ (22,286)	₩ 12,003	₩ 148,621
Facility usage rights	53,872	-	1,502	(26)	(6,412)	805	49,741
Industrial property rights	90,915	12	1,526	(550)	(4,477)	(11,684)	75,742
Frequency usage rights	3,139,978	-	-	-	(361,982)	-	2,777,996
Customer-related assets	2,398,689	15,038	250	(258)	(156,464)	25,010	2,282,265
Membership (*1)	229,325	1,511	13,855	(4,488)	-	904	241,107
Development costs for petroleum resource	2,354,708	-	222,584	(33,560)	(78,253)	(537,593)	1,927,886
Brand-related assets (*1)	2,223,112	-	-	-	-	375,434	2,598,546
Developed technology	1,086,222	-	-	-	(110,227)	4,535	980,530
Others (*3)	2,112,088	8,797	77,919	(3,241)	(401,651)	(263,140)	1,530,772
	<u>₩ 13,811,199</u>	<u>₩ 25,358</u>	<u>₩ 354,837</u>	<u>₩ (42,710)</u>	<u>₩ (1,141,752)</u>	<u>₩ (393,726)</u>	<u>₩ 12,613,206</u>

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

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

(\*3) Others include intangible assets from acquisitions, software and contribution assets of use earnings and others.

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

**15. Borrowings and bonds payable**

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

	September 30, 2020		December 31, 2019	
	Current	Non-current	Current	Non-current
Short-term borrowings (*1)	₩ 6,958,707	₩ -	₩ 5,888,357	₩ -
Bonds and long-term borrowings:				
Bonds payable	4,677,243	26,534,634	4,393,154	25,137,048
Long-term borrowings (*1)	1,410,224	10,161,351	1,636,568	7,237,113
	<u>6,087,467</u>	<u>36,695,985</u>	<u>6,029,722</u>	<u>32,374,161</u>
	<u>₩ 13,046,174</u>	<u>₩ 36,695,985</u>	<u>₩ 11,918,079</u>	<u>₩ 32,374,161</u>

(\*1) It includes borrowings collateralized for trade receivables of ₩234,389 million and ₩396,851 million as of September 30, 2020 and December 31, 2019, respectively, which were transferred but not derecognized.

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

	September 30, 2020	December 31, 2019
SK Holdings Co., Ltd.	₩ 6,600,000	₩ 6,330,000
SK Innovation Co., Ltd.	1,646,750	1,238,900
SK Energy Co., Ltd.	3,350,000	3,100,000
SK Global Chemical Co., Ltd.	1,560,000	1,160,000
SK Incheon Petrochem Co., Ltd.	1,870,000	1,780,000
SK Lubricants Co., Ltd.	930,000	630,000
SK Telecom Co., Ltd.	6,808,200	6,429,360
SK Broadband Co., Ltd.	1,872,050	1,807,340
Life & Security Holdings Co., Ltd.	18,682	12,514
SK Networks Co., Ltd.	1,080,000	1,360,000
SK Magic Co., Ltd.	280,000	200,000
SK Rent-a-Car Co., Ltd.	375,000	470,000
SKC Co., Ltd.	338,677	780,000
SKC Solmics Co., Ltd.	43,470	43,156
SK Telesys Co., Ltd.	30,000	30,000
SKC Hightech & Marketing Co., Ltd.	61,685	51,261
SK E&S Co., Ltd.	920,000	640,000
Paju Energy Service Co., Ltd.	730,000	730,000
Narae Energy Service Co., Ltd. (formerly, Wirye Energy Service Co., Ltd.) (*1)	445,000	445,000
Yeoju Energy Service Co., Ltd.	200,000	-
SK Engineering & Construction Co., Ltd.	808,000	846,000
SK Materials Co., Ltd.	455,000	440,000
SK Siltron Co., Ltd.	725,000	910,000
	<u>31,147,514</u>	<u>29,433,531</u>
Addition: premium on bonds payable	64,363	96,671
Less: current portion	<u>(4,677,243)</u>	<u>(4,393,154)</u>
	<u>₩ 26,534,634</u>	<u>₩ 25,137,048</u>

(\*1) Formerly, Narae Energy services' bond amount is included on the prior year's amount.

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

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

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

Financial institution	Description	Interest rate (%)	September 30, 2020	December 31, 2019
Korea Development Bank and others	General	0.00 ~ 7.20	₩ 5,882,435	₩ 3,887,464
Korea Development Bank and others	Fund for facility	0.00 ~ 4.90	2,793,115	2,345,588
Standard Chartered Bank and others	Foreign borrowings	0.75 ~ 8.00	1,250,061	1,150,492
Korea Energy Agency (*1)	Fund for mine exploration	0.00 ~ 7.00	78,111	77,066
Econg 1st Co., Ltd. and others	Callable preferred share	2.70 ~ 2.90	144,000	200,000
Korea Development Bank and others	Fund for operation	2.32 ~ 2.78	99,809	122,000
Korea Development Bank and others	Fund for supply pipeline	1.75	7,746	8,177
Shinhan Bank and others	Fund for reasonable energy consumption	1.75	3,660	4,290
NH Bank	Fund for safety management	1.75	303	448
Citibank and others (*2)	Takeover	LIBOR(3M) + 1.60	187,760	185,248
		EURIBOR(3M) + 0.70	241,018	-
MD Prime 1st Co., Ltd. and others	Others	3.07, 3.20	909,976	909,976
			11,597,994	8,890,749
Less: discount			(26,419)	(17,068)
Less: current portion			(1,410,224)	(1,636,568)
			<u>₩ 10,161,351</u>	<u>₩ 7,237,113</u>

(\*1) As of September 30, 2020 and December 31, 2019, the Group holds a loan amounting to ₩48,740 million and ₩48,090 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 America, Inc. and SK Functional Polymer, S.A.S., subsidiaries of the Group, have an obligation to reimburse SK Global Chemical Co., Ltd. in the event of default in accordance with the loan guarantee contract.

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

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

**16. Provisions**

Changes in the provisions for the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2020					
	Beginning balance	Business combination	Increase	Decrease	Ending balance	Non-current
Provision for sale warranties	₩ 75,025	₩ -	₩ 18,195	₩ (6,609)	₩ 86,611	₩ 81,875
Provision for service / construction warranties	93,034	-	13,870	(10,103)	96,801	-
Provision for restoration	138,238	626	14,051	(7,022)	145,893	86,477
Provision for onerous contracts	152,857	-	16,371	(42,517)	126,711	2,681
Other provisions	335,545	3,056	140,190	(244,490)	234,301	13,790
	<u>₩ 794,699</u>	<u>₩ 3,682</u>	<u>₩ 202,677</u>	<u>₩ (310,741)</u>	<u>₩ 690,317</u>	<u>₩ 184,823</u>

	For the nine-month period ended September 30, 2019					
	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Provision for sale warranties	₩ 70,379	₩ 9,763	₩ (4,449)	₩ 75,693	₩ 3,731	₩ 71,962
Provision for service / construction warranties	78,468	13,740	(9,281)	82,927	82,927	-
Provision for restoration	127,532	13,935	(4,322)	137,145	46,456	90,689
Provision for onerous contracts	99,476	490	(17,402)	82,564	82,564	-
Other provisions	253,307	88,665	(134,042)	207,930	144,975	62,955
	<u>₩ 629,162</u>	<u>₩ 126,593</u>	<u>₩ (169,496)</u>	<u>₩ 586,259</u>	<u>₩ 360,653</u>	<u>₩ 225,606</u>

**17. Defined benefit liabilities**

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

	September 30, 2020	December 31, 2019
Present value of defined benefit obligation	₩ 3,457,176	₩ 3,171,225
Fair value of plan assets (*1)	(2,730,646)	(2,763,924)
Total	<u>₩ 726,530</u>	<u>₩ 407,301</u>

(\*1) The Group has recognized ₩7,381 million as defined benefit assets as of December 31 2019.

(2) Changes in the defined benefit liabilities for the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2020		
	Present value of defined benefit obligation	Fair value of plan assets	Total
Beginning balance	₩ 3,171,225	₩ (2,763,924)	₩ 407,301
Business combination	14,743	(10,383)	4,360
Provision for pension benefits:			
Current service cost	331,135	-	331,135
Past service cost	738	-	738
Net interest expense (income)	50,021	(46,822)	3,199
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expenses)	-	7,510	7,510
Actuarial changes arising from changes in financial assumptions and others	46,969	-	46,969
Contributions by employer directly to plan assets	-	(93,238)	(93,238)
Benefit paid	(198,154)	211,137	12,983
Others	40,499	(34,926)	5,573
Ending balance	<u>₩ 3,457,176</u>	<u>₩ (2,730,646)</u>	<u>₩ 726,530</u>

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

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

	For the nine-month period ended September 30, 2019		
	Present value of defined benefit obligation	Fair value of plan assets	Total
Beginning balance	₩ 2,741,488	₩ (2,353,187)	₩ 388,301
Provision for pension benefits:			
Current service cost	299,000	-	299,000
Net interest expense (income)	50,424	(44,014)	6,410
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expenses)	-	6,759	6,759
Actuarial changes arising from changes in financial assumptions and others	82,998	-	82,998
Contributions by employer directly to plan assets	-	(102,582)	(102,582)
Benefit paid	(183,853)	187,953	4,100
Others	33,499	(22,705)	10,794
Ending balance	<u>₩ 3,023,556</u>	<u>₩ (2,327,776)</u>	<u>₩ 695,780</u>

**18. Other assets and liabilities**

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

	September 30, 2020	December 31, 2019
Current assets:		
Short-term loans	₩ 137,160	₩ 149,008
Accrued income	108,193	117,056
Advanced payments	1,209,644	796,264
Prepaid expenses	2,794,319	2,682,533
Guarantee deposits	457,952	408,273
Derivative financial assets	129,794	78,699
Lease receivables	23,910	28,172
Other contract assets	95,612	127,592
Others	90,750	43,960
	<u>₩ 5,047,334</u>	<u>₩ 4,431,557</u>
Non-current assets:		
Long-term prepaid expenses	₩ 1,449,148	₩ 1,620,172
Long-term loans	771,202	698,135
Guarantee deposits	572,252	595,994
Derivative financial assets	856,164	302,529
Long-term lease receivables	46,723	48,750
Other long-term contract assets	43,619	64,359
Defined benefit assets (*1)	-	7,381
Others	185,002	114,302
	<u>₩ 3,924,110</u>	<u>₩ 3,451,622</u>

(\*1) The excess amount of certain plans in the Group has not been offset because the amount was not entitled and intended to settle the defined benefit obligation of other plans (see Note 17).

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

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

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

	<u>September 30, 2020</u>		<u>December 31, 2019</u>	
Current liabilities:				
Accrued expenses	₩	3,215,969	₩	3,320,952
Dividends payable		840		1,323
Advances received		1,929,787		2,062,132
Unearned revenue		69,291		88,545
Withholdings		2,090,722		2,159,448
Deposits received		237,415		218,090
Income tax payable		1,267,063		693,038
Derivative financial liabilities		57,073		44,587
Lease liabilities		1,098,835		1,172,062
Finance guarantee liabilities		345		345
Other contract liabilities		284,899		238,582
Others		22,172		33,329
	₩	<u>10,274,411</u>	₩	<u>10,032,433</u>
Non-current liabilities:				
Long-term accrued expenses	₩	14,248	₩	8,995
Long-term unearned revenue		564,991		508,839
Deposits received		257,487		263,442
Derivative financial liabilities		359,592		246,125
Long-term lease liabilities		2,856,522		2,897,181
Financial guarantee liabilities		16,524		15,569
Other long-term contract liabilities		32,297		32,236
Others (*1)		156,697		242,053
	₩	<u>4,258,358</u>	₩	<u>4,214,440</u>

(\*1) Includes long-term employee benefit liabilities amounting to ₩109,711 million and ₩96,377 million as of September 30, 2020 and December 31, 2019, respectively.

**19. Derivative financial assets and liabilities**

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

	<u>September 30, 2020</u>		<u>December 31, 2019</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Firm contracts	₩ (1,269)	₩ (10,066)	₩ (5,097)	₩ 6,073
Swap contracts	24,225	(94,608)	31,373	(68,039)
Forward contracts	17,121	(19)	(1,103)	7,906
Futures contracts	9,254	(839)	6,819	(449)
Options contracts	23,390	602,104	2,120	110,913
	₩ <u>72,721</u>	₩ <u>496,572</u>	₩ <u>34,112</u>	₩ <u>56,404</u>
Derivative financial assets	₩ 129,794	₩ 856,164	₩ 78,699	₩ 302,529
Derivative financial liabilities	(57,073)	(359,592)	(44,587)	(246,125)

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

**20. Equity**

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Number of shares authorized for issue	400,000,000	400,000,000
Per share (Korean won)	₩ 200	₩ 200
Number of shares issued:		
Ordinary share	70,360,297	70,360,297
Preferred share	566,135	566,135
Issued capital:		
Ordinary share	₩ 15,272	₩ 15,272
Preferred share	113	113
	<u>₩ 15,385</u>	<u>₩ 15,385</u>

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

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Additional paid-in capital (*1)	₩ 5,605,831	₩ 5,605,831
Treasury shares (*2)	(1,811,454)	(1,812,042)
Others	1,427,263	280,387
	<u>₩ 5,221,640</u>	<u>₩ 4,074,176</u>

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

(\*2) For the nine-month period ended September 30, 2020, some of the shares acquired through the exercise of stock option (2,546 ordinary shares and 31 preferred shares) were disposed of. After the disposal, as of September 30, 2020, treasury shares consist of those acquired to increase the enterprise value and to stabilize share price (7,034,276 ordinary shares) and those acquired from repurchase of shares from dissenting shareholders on business combination and shares arising from odd lot shares (11,019,129 ordinary shares and 1,787 preferred shares) during the year 2015.

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Legal reserve (*1)	₩ 7,693	₩ 7,693
Voluntary reserve	62,897	62,897
Unappropriated retained earnings	12,527,695	12,487,994
	<u>₩ 12,598,285</u>	<u>₩ 12,558,584</u>

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

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

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

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Net gain (loss) on valuation of financial assets measured at FVOCI	₩ 64,870	₩ (49,689)
Equity adjustments of investments in associates and joint ventures	(109,703)	8,429
Net gain on valuation of derivative instruments	59,349	5,947
Net gain on translation of foreign operation	214,517	72,937
Equity held for sale	59,300	-
	<u>₩ 288,333</u>	<u>₩ 37,624</u>

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

1) SK Holdings Co., Ltd.

	<u>1-1</u>	<u>1-2</u>	<u>1-3</u>	<u>2</u>
Grant date	2017-03-24	2017-03-24	2017-03-24	2020-03-25
Type of shares to be issued	Ordinary shares			
Grant method	Reissue of treasury shares, but if the stock option's exercise price is lower than the stock's real price (evaluated based on exercise date), the Group may settle the difference in cash or with treasury stock equivalent to the difference amount.			
Number of shares (shares)	41,429	41,430	41,431	214,038
Exercise price (Korean won)	₩ 226,290	₩ 244,400	₩ 263,950	₩ 153,450
Contractual life of options	2019.03.25 ~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 ₩653 million (total : ₩4,436 million), and the remaining share compensation expense to be recognized in later periods is ₩1,612 million.

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

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

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

**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.	₩ 296	₩ 1,820	₩ 130	₩ 1,950
Subsidiaries of SK Telecom Co., Ltd.	1,818	5,094	2,185	7,279
Subsidiaries of SK Networks Co., Ltd.	120	711	36	747
Subsidiaries of SKC Co., Ltd.	197	1,251	120	1,371
Subsidiaries of SK E&S Co., Ltd.	36	496	14	510
Others	71	636	358	994
	<u>₩ 2,538</u>	<u>₩ 10,008</u>	<u>₩ 2,843</u>	<u>₩ 12,851</u>

**21. Selling and administrative expenses**

Details of selling and administrative expenses for the three-month and the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	September 30, 2020		September 30, 2019	
	Three months	Nine months	Three months	Nine months
Salaries	₩ 331,165	₩ 994,679	₩ 292,510	₩ 871,970
Pension benefits	39,697	148,861	30,819	87,479
Employee welfare benefits	59,896	196,460	50,934	165,670
Travel	8,648	29,407	17,268	53,088
Bad debt expenses	27,365	68,123	11,770	10,633
Communications	1,835	5,848	1,824	5,654
Utilities	7,712	23,742	9,667	25,355
Taxes and dues	20,870	72,616	22,123	61,047
Supplies	7,518	23,087	11,721	27,919
Rents	41,164	129,948	35,897	132,495
Depreciation	129,285	332,186	128,587	320,461
Amortization	63,930	184,134	55,139	161,267
Repairs	7,544	21,851	6,264	23,075
Insurance	10,528	32,399	9,575	27,208
Advertising	156,898	402,740	152,313	425,833
Research and development	108,296	288,938	91,032	257,152
Education and examination	11,075	38,013	22,669	65,492
Outsourcing technology services	198,310	655,168	197,138	508,938
Transport	80,594	228,191	69,135	212,632
Others	34,344	107,507	38,167	98,955
	<u>₩ 1,346,674</u>	<u>₩ 3,983,898</u>	<u>₩ 1,254,552</u>	<u>₩ 3,542,323</u>

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

**22. Finance income and expenses**

Details of finance income and costs for the three-month and the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	September 30, 2020		September 30, 2019	
	Three months	Nine months	Three months	Nine months
Financial income:				
Interest income	₩ 40,580	₩ 148,877	₩ 66,410	₩ 197,625
Gain on foreign currency transactions	243,657	1,038,538	299,215	785,153
Gain on foreign currency translation	21,878	260,861	21,660	237,262
Gain on transactions of derivatives	279,056	2,134,752	257,775	1,167,533
Gain on valuation of derivatives	151,902	404,203	211,461	516,057
Others	2,694	4,069	10,050	18,047
	<u>₩ 739,767</u>	<u>₩ 3,991,300</u>	<u>₩ 867,571</u>	<u>₩ 2,921,677</u>

	September 30, 2020		September 30, 2019	
	Three months	Nine months	Three months	Nine months
Financial expenses:				
Interest expenses	₩ 344,877	₩ 1,053,664	₩ 332,468	₩ 998,231
Loss on foreign currency transactions	205,651	1,158,429	353,581	913,166
Loss on foreign currency translation	(3,449)	240,313	92,834	327,715
Loss on transactions of derivatives	228,486	2,031,801	186,186	1,208,798
Loss on valuation of derivatives	(16,731)	95,525	211,438	475,022
Others	9,309	10,192	64	457
	<u>₩ 768,143</u>	<u>₩ 4,589,924</u>	<u>₩ 1,176,571</u>	<u>₩ 3,923,389</u>

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

(1) Details of other non-operating income for the three-month and the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	September 30, 2020		September 30, 2019	
	Three months	Nine months	Three months	Nine months
Other non-operating income:				
Dividend income	₩ 5,045	₩ 18,360	₩ 1,829	₩ 19,403
Rental income	247	869	404	689
Gain on disposal of trade receivables	7,321	14,834	2,927	14,353
Gain on disposal of investments in associates and joint ventures	257,655	961,731	355,151	389,371
Gain on disposal of property, plant and equipment	4,663	62,213	2,275	8,602
Gain on disposal of intangible assets	1,975	16,533	661	2,673
Others	144,922	295,606	73,831	215,606
	<u>₩ 421,828</u>	<u>₩ 1,370,146</u>	<u>₩ 437,078</u>	<u>₩ 650,697</u>

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

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

(2) Details of other non-operating expenses for the three-month and the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	September 30, 2020		September 30, 2019	
	Three months	Nine months	Three months	Nine months
Other non-operating expenses:				
Loss on disposal of trade receivables	₩ 3,690	₩ 12,155	₩ 5,894	₩ 15,702
Loss on impairment of investments in Associates	-	434	-	58
Loss on disposal of property, plant and equipment	25,393	297,004	21,176	58,916
Loss on impairment of property, plant and equipment	8,198	88,499	10,412	13,311
Loss on disposal of intangible assets	5,132	6,115	251	1,416
Loss on impairment of intangible assets	1,481	16,272	14,526	35,100
Donations	14,605	78,954	14,599	93,876
Others	51,345	344,887	20,296	112,504
	<u>₩ 109,844</u>	<u>₩ 844,320</u>	<u>₩ 87,154</u>	<u>₩ 330,883</u>

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

Details of classification based on nature of expenses for the three-month and the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	September 30, 2020		September 30, 2019	
	Three months	Nine months	Three months	Nine months
Employee benefits	₩ 1,629,847	₩ 5,033,834	₩ 1,624,244	₩ 4,916,515
Depreciation and amortization	1,999,907	5,870,557	1,881,048	5,493,685
Network connection	266,550	672,394	188,016	569,843
Transport	204,983	501,645	144,450	495,359
Advertising	176,719	408,955	152,315	425,834
Lease payments and rents	144,117	410,405	129,477	413,507
Others	4,042,728	13,477,414	4,900,581	13,023,323
Use of raw materials and purchase of finished goods and merchandise	10,774,608	35,542,952	15,086,856	46,804,320
Changes in finished goods and semi-finished good	311,968	811,005	(472,301)	(893,262)
	<u>₩ 19,551,427</u>	<u>₩ 62,729,161</u>	<u>₩ 23,634,686</u>	<u>₩ 71,249,124</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.

Effective tax rate for the nine-month periods ended September 30, 2020 and 2019 were 22.02% and 29.77% respectively.

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

**26. Earnings per share**

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

	September 30, 2020		September 30, 2019	
	Three months	Nine months	Three months	Nine months
Profit for the period attributable to owners of the parent	₩ 507,983	₩ 331,684	₩ 454,326	₩ 1,032,129
Less: preferred share dividends	(571)	(2,279)	(571)	(2,278)
Profit for the period attributable to ordinary share owners of the parent	507,412	329,405	453,755	1,029,851
Weighted-average number of ordinary share outstanding (*1)	<u>52,306,283</u>	<u>52,304,997</u>	<u>55,824,347</u>	<u>55,824,347</u>
Basic earnings per share (In Korean won)	<u>₩ 9,701</u>	<u>₩ 6,298</u>	<u>₩ 8,129</u>	<u>₩ 18,448</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 the nine-month periods ended September 30, 2020 and 2019 are as follows:

	September 30, 2020		September 30, 2019	
	Three months	Nine months	Three months	Nine months
Weighted-average number of shares outstanding	70,360,297	70,360,297	70,360,297	70,360,297
Weighted-average number of treasury shares	(18,054,014)	(18,055,300)	(14,535,950)	(14,535,950)
Weighted-average number of issued shares outstanding	52,306,283	52,304,997	55,824,347	55,824,347

Basic earnings per share and diluted earnings per share are equal for both nine-month periods ended September 30, 2020 and 2019 because potential common stocks have no dilution effect.

(2) Basic earnings per share from continuing operations

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

	September 30, 2020		September 30, 2019	
	Three months	Nine months	Three months	Nine months
Profit for the period attributable to owners of the parent	₩ 507,412	₩ 329,405	₩ 453,755	₩ 1,029,851
Deduction: gain (loss) from discontinued operations	(3,416)	20,499	(1,949)	(2,968)
Profit for the period from continuing operations attributable to owners of the parent ordinary share owners of the parent	510,828	308,906	455,704	1,032,819
Weighted-average number of ordinary shares outstanding	<u>52,306,283</u>	<u>52,304,997</u>	<u>55,824,347</u>	<u>55,824,347</u>
Basic earnings per share from continuing operations (In Korean won)	<u>₩ 9,766</u>	<u>₩ 5,906</u>	<u>₩ 8,163</u>	<u>₩ 18,501</u>

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

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

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

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

	September 30, 2020		September 30, 2019	
	Three months	Nine months	Three months	Nine months
Gain (loss) from discontinued operations	₩ (3,416)	₩ 20,499	₩ (1,949)	₩ (2,968)
Weighted-average number of ordinary shares outstanding	52,306,283	52,304,997	55,824,347	55,824,347
Basic earnings (losses) per share from discontinued operations (In Korean won)	₩ (65)	₩ 392	₩ (34)	₩ (53)

**27. Transactions with related parties**

Balances on transactions arising from intercompany transactions within the Group were eliminated in preparing the interim condensed consolidated financial statements as of and for the three-month and the nine-month periods ended September 30, 2020 and 2019.

(1) Details of significant transactions with the related parties for the three-month and the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	Company name	September 30, 2020			
		Sales, etc.		Expenses, etc.	
		Three months	Nine months	Three months	Nine months
Other related parties	Daehan Oil Pipeline Corporation	₩ 603	₩ 5,331	₩ 15,274	₩ 45,743
	SABIC SK Nexlene Company Pte. Ltd.	71	212	42,516	117,906
	Korea Nexlene Company	35,633	120,857	1	7
	Best Oil Company Limited	78,383	357,741	-	-
	Asia Bitumen Trading Pte. Ltd.	5,835	38,363	-	1,982
	Hana land chip PEF 33	8,129	16,165	9,724	26,911
	Sinopec-SK(Wuhan) Petrochemical Co., Ltd.	362	1,102	130,584	380,347
	F&U Credit Information Co., Ltd.	676	1,934	12,864	39,332
	Wave City Development Co., Ltd.	8,574	33,547	58	68
	SK Hynix Inc.	796,765	2,654,356	4,728	27,285
	SK Hynix Semiconductor (China) Ltd.	19,374	208,906	408	1,339
	SK Hynix semiconductor (Chongqing) Ltd.	5,695	16,723	-	-
	SK Hynix Semiconductor HK Ltd.	-	-	145,465	510,176
	SK Hynix System IC Co., Ltd.	20,794	60,389	1	1
	Happynarae Co., Ltd.	8,197	29,473	88,812	288,951
	SKC Evonik Peroxide Korea Co., Ltd.	-	3,674	13,072	35,431
	Mitsui Chemicals & SKC Polyurethanes, Inc.	53,325	152,623	3,847	12,356
	Boryeong LNG Terminal Co., Ltd.	21,086	70,183	31,297	65,310
	Huizhou EVE United Energy Co., Ltd.	16,974	46,518	40,142	97,129
	Eurasia Tunnel	-	2,028	-	-
Xe-Pian Xe-Namnoy Power Company	-	15,413	-	-	
Others (*1)	Others	27,880	83,083	41,789	126,311
	Ulsan Aromatics Co., Ltd.	13,744	37,571	11,841	52,371
	SK Chemicals Co., Ltd.	22,877	76,209	6,531	55,191
	SK Gas Co., Ltd.	8,436	22,728	44,722	203,172
	Ubins Co., Ltd.	125	439	20,454	57,312
	Others	32,144	49,021	126,730	174,009
		₩ 1,185,682	₩ 4,104,589	₩ 790,860	₩ 2,318,640

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

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

		September 30, 2019			
		Sales, etc.		Expenses, etc.	
Company name		Three months	Nine months	Three months	Nine months
Other related parties	Daehan Oil Pipeline Corporation	₩ 273	₩ 5,123	₩ 13,481	₩ 40,190
	SABIC SK Nexlene Company Pte. Ltd.	84	295	51,104	146,236
	Korea Nexlene Company	38,875	126,824	5	17
	Hana land chip PEF 33	8,022	16,058	9,696	26,883
	F&U Credit Information Co., Ltd.	614	1,888	14,800	43,454
	Wave City Development Co., Ltd.	10,579	32,998	-	-
	SK Hynix Inc.	736,321	2,437,082	4,698	15,574
	SK Hynix Semiconductor (China) Ltd.	120,511	296,693	363	1,481
	SK Hynix Semiconductor (Chongqing) Ltd.	32,354	40,262	-	-
	SK Hynix Semiconductor HK Ltd.	-	-	195,749	589,137
	SK Hynix System IC Co., Ltd.	16,215	49,018	-	-
	Happyarae Co., Ltd.	15,765	53,077	115,031	310,529
	SKC Evonik Peroxide Korea Co., Ltd.	-	3,806	12,973	39,227
	Mitsui Chemicals & SKC Polyurethanes, Inc.	61,393	166,653	4,539	15,519
	Boryeong LNG Terminal Co., Ltd.	14,835	40,828	19,640	62,365
	Huizhou EVE United Energy Co., Ltd.	6,792	8,531	-	-
	Eurasia Tunnel	-	2,072	-	-
	Xe-Pian Xe-Namnoy Power Company	-	65,851	-	-
	Others	106,498	139,541	15,753	57,160
	Others (*1)	SK Chemicals Co., Ltd.	30,026	102,765	34,111
SK Gas Co., Ltd.		9,330	113,490	92,545	208,634
SK Shipping Co., Ltd. (*2)		-	2,188	-	83,648
Ubins Co., Ltd.		154	510	26,001	67,570
Others		8,800	23,124	22,580	42,054
		<u>₩ 1,217,441</u>	<u>₩ 3,728,677</u>	<u>₩ 633,069</u>	<u>₩ 1,843,350</u>

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

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

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

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

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

	Company name	September 30, 2020		December 31, 2019	
		Receivables		Receivables	
		(*1)	Payables	(*1)	Payables
Other	Daehan Oil Pipeline Corporation	₩ 118	₩ 6,876	₩ 100	₩ 2,946
related	SABIC SK Nexlene Company Pte. Ltd.	2,196	31,989	2,943	19,851
parties	Korea Nexlene Company	13,306	87	7,552	249
	Best Oil Company Limited	69,399	38,046	133,858	38,026
	Asia Bitumen Trading Pte. Ltd.	5,793	-	7,011	-
	Hana land chip PEF 33	5,983	17,115	5,983	42,464
	Sinopec-SK(Wuhan) Petrochemical Co., Ltd.	385	6,845	792	-
	Korea Consortium Kazakh B.V. (*2)	146,170	-	146,170	-
	F&U Credit Information Co., Ltd.	32	5,037	8	4,869
	HanaCard Co., Ltd.	5,830	109,985	1,025	9,474
	Wave City Development Co., Ltd.	57,562	33	57,562	-
	SK Hynix Inc.	718,737	98,940	602,213	124,954
	SK Hynix Semiconductor (China) Ltd.	44,921	254	123,739	816
	SK Hynix Semiconductor (Chongqing) Ltd.	19,536	187	11,420	96
	SK Hynix Semiconductor HK Ltd.	-	40,460	-	37,823
	SK Hynix System IC Co., Ltd.	23,915	112	20,189	38
	Happynarae Co., Ltd.	2,178	25,597	13,875	43,110
	SKC Evonik Peroxide Korea Co., Ltd.	-	4,368	2	5,267
	Mitsui Chemicals & SKC Polyurethanes, Inc.	52,407	2,403	34,231	2,907
	Boryeong LNG Terminal Co., Ltd.	4,384	2,958	3,338	166
	Pentaport Development Co., Ltd.	78,377	-	79,532	-
	Huizhou EVE United Energy Co., Ltd.	352,641	44,240	280,324	-
	Eurasia Tunnel	27,304	-	37,338	-
	SK E&C JURONG Investment Singapore Pte. Ltd. (*2)	59,914	-	59,914	-
	Xe-Pian Xe-Namnoy Power Company	146,292	26,004	136,478	26,629
	Others	43,609	16,877	50,861	21,729
Others (*3)	Ulsan Aromatics Co., Ltd.	3,431	5,923	4,132	8,005
	SK Chemicals Co., Ltd.	13,622	2,837	17,652	10,195
	SK Gas Co., Ltd.	14,367	265,532	3,150	307,731
	Ubins Co., Ltd.	54	4,264	92	25,832
	Others	29,617	81,686	7,935	15,106
		<u>₩ 1,942,080</u>	<u>₩ 838,655</u>	<u>₩ 1,849,419</u>	<u>₩ 748,283</u>

(\*1) The Company recognized bad debt expense and reversal of bad debt each amounting to ₩1,792 million and ₩(-)1,784 million for the nine-month period ended September 30, 2020 (for the nine-month period ended September 30, 2019: bad debt expense ₩13 million, write-off and others ₩(-)3,450 million). The Company recognized the allowance for doubtful accounts amounting to ₩312,253 million as of September 30, 2020 (as of December 31, 2019: ₩312,245 million).

(\*2) As of September 30, 2020 and December 31, 2019, the Group recognized loss allowances in full amount of corresponding receivables.

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

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

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

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

Company name	Currency	September 30, 2020		September 30, 2019	
		Loans	Collection	Loans	Collection
Kinestral Technologies Inc.	USD	-	2,483	-	-
Yemen LNG Company Ltd.	USD	4,423	-	6,134	-
Zhejiang Shenxin SK Packaging Co., Ltd.	KRW	8	866	-	-
Huizhou EVE United Energy Co., Ltd.	KRW	69,810	-	111,773	-
Eurasia Tunnel	KRW	3,963	15,853	9,783	13,872
Xe-Pian Xe-Namnoy Power Company	KRW	-	-	24,677	-
Springvale SK Kores Pty. Ltd.	KRW	-	-	2,118	-

(4) There were additional capital contribution transactions for investments in associates and joint ventures for the nine-month periods ended September 30, 2020 and 2019 (see Note 9 'Investments in associates and joint ventures').

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

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

	September 30, 2020		September 30, 2019	
	Three months	Nine months	Three months	Nine months
Salaries	₩ 3,848	₩ 10,978	₩ 2,904	₩ 8,686
Provision for pension benefits	514	6,172	367	2,175
Share compensation expense	227	653	198	778
	<u>₩ 4,589</u>	<u>₩ 17,803</u>	<u>₩ 3,469</u>	<u>₩ 11,639</u>

**28. Discontinued operations**

(1) Details of discontinued operations

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, during the prior period. Meanwhile, the oil retail business, which had been classified as discontinued operations due to the decision to sell it during the previous year, was sold in June 2020.

SKC Co., Ltd., a subsidiary of the Group, finalized its plan to sell the EVA solar energy business in April 2020 and the Back Sheet solar energy business in August 2020 in line with its strategic decision to push for changes in the business model focusing on the construction PVDF business in order to promote efficiency in the solar energy business for the nine-month period ended September 30, 2020. 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(cosmetics materials and others) sector and sold it to Hyundai HCN Co., Ltd. in October 2020.

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

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

(2) Gain and loss from the discontinued operation for the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2020				
	Oil retail business in SK Networks Co., Ltd.	Resource business and others in SK Networks Co., Ltd.	EVA solar business in SKC Co., Ltd.	SK Bioland Co., Ltd.	Total
	₩	₩	₩	₩	₩
Revenue	512,318	23,228	8,640	67,953	612,139
Expenses	404,650	23,114	53,420	65,131	546,315
Gain (loss) before income tax expense	107,668	114	(44,780)	2,822	65,824
Income tax expense (benefit)	26,056	(5,999)	-	556	20,623
Gain (loss) from discontinued operations	<u>₩ 81,612</u>	<u>₩ 6,113</u>	<u>₩ (44,780)</u>	<u>₩ 2,256</u>	<u>₩ 45,201</u>
Owners of the parent	₩ 36,260	₩ 2,716	₩ (19,457)	₩ 980	₩ 20,499
Non-controlling interests	45,352	3,397	(25,323)	1,276	24,702

  

	For the nine-month period ended September 30, 2019				
	Oil retail business in SK Networks Co., Ltd.	Resource business and others in SK Networks Co., Ltd.	EVA solar business in SKC Co., Ltd.	SK Bioland Co., Ltd.	Total
	₩	₩	₩	₩	₩
Revenue	852,763	44,127	47,706	80,166	1,024,762
Expenses	869,170	43,473	46,552	71,626	1,030,821
Gain (loss) before income tax expense	(16,407)	654	1,154	8,540	(6,059)
Income tax expense (benefit)	(3,971)	3,201	22	1,182	434
Gain (loss) from discontinued operations	<u>₩ (12,436)</u>	<u>₩ (2,547)</u>	<u>₩ 1,132</u>	<u>₩ 7,358</u>	<u>₩ (6,493)</u>
Owners of the parent	₩ (5,525)	₩ (1,132)	₩ 492	₩ 3,197	₩ (2,968)
Non-controlling interests	(6,911)	(1,415)	640	4,161	(3,525)

(3) Details of cash flows relating to discontinued operations for the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	For the nine-month period ended September 30, 2020				
	Oil retail business in SK Networks Co., Ltd.	Resource business and others in SK Networks Co., Ltd.	EVA solar business in SKC Co., Ltd.	SK Bioland Co., Ltd.	Total
	₩	₩	₩	₩	₩
Cash flows from operating activities	(85,762)	(13,650)	1,502	6,341	(91,569)
Cash flows from investing activities	1,269,923	13,179	110	(6,668)	1,276,544
Cash flows from financing activities	-	(13,146)	(944)	(2,486)	(16,576)

  

	For the nine-month period ended September 30, 2019				
	Oil retail business in SK Networks Co., Ltd.	Resource business and others in SK Networks Co., Ltd.	EVA solar business in SKC Co., Ltd.	SK Bioland Co., Ltd.	Total
	₩	₩	₩	₩	₩
Cash flows from operating activities	(333)	(7,399)	3,598	7,547	3,413
Cash flows from investing activities	25,290	10,981	(151)	(18,334)	17,786
Cash flows from financing activities	-	(5,396)	(2,508)	(4,506)	(3,398)

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

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

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

		September 30, 2020	
		Assets	Liabilities
Business segment	Resources business segment and others (*1)	₩ 185,706	₩ 102,791
	Ferrite business	2,000	-
Subsidiaries	Daiyang SK Networks San. VE TIC. Ltd. STI	765	654
	SK Bioland Co., Ltd. (*2)	208,943	55,321
Associates	ESR Cayman Limited (*3)	411,249	-
	Zhejiang Shenxin SK Packaging Co., Ltd.	4,570	-
Property, plant and equipment and others	Land and building	573	-
	SK Academy training institute	46,159	-
Intangible assets and others	E&P 56, 88 mining area (*4)	677,926	7,410
		<u>₩ 1,537,891</u>	<u>₩ 166,176</u>

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

(\*2) SKC Co., Ltd. a subsidiary, decided to sell all of its shares in SK Bioland Co., Ltd. during the current period, and the related assets and liabilities were classified as assets and liabilities held for sale, and measured at the lower of the fair value less costs of sale and the carrying amount. The sale of the shares were completed as of October 6, 2020..

(\*3) The Group decided to sell all of its shares in the investment in the associate during the current period and sold a portion of the shares and the remaining shares were classified as assets held for sale and measured at the lower of the fair value less costs of the sale and the carrying amount.

(\*4) SK Innovation Co., Ltd., a subsidiary, entered into a contract to sell its entire stake in the 56th and 88th Peru blocks to Pluspetrol for the purpose of adjusting its E&P portfolio and converting its business model during the previous period. The sale will be completed during the following period. The assets held for sale are measured at the lower of fair value less costs to sell and carrying amount.

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

**30. Cash flow information**

(1) Details of non-cash adjustments for the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	For the nine-month period ended	
	September 30, 2020	September 30, 2019
Provision for pension benefits	₩ 335,072	₩ 305,410
Depreciation	4,677,726	4,380,747
Amortization	1,198,872	1,141,752
Bad debt expenses	72,862	19,148
(Reversal of) Valuation loss on inventories	36,849	(193,300)
Interest expenses	1,080,347	1,045,198
Loss on foreign currency translation	247,740	334,690
Loss on valuation of derivatives	95,525	475,469
Loss on disposal of trade receivables	12,155	15,718
Loss on disposal of investments in subsidiaries and associates	20,035	896
Loss on impairment of investments in associates and joint ventures	434	58
Loss on disposal of property, plant and equipment	300,215	63,766
Loss on impairment of property, plant and equipment	88,568	13,311
Loss on disposal of intangible assets	6,684	1,416
Loss on impairment of intangible assets	18,695	35,100
Income tax expense	67,707	990,805
Gain on investments in associates and joint ventures	(556,032)	(553,611)
Interest income	(149,782)	(199,251)
Gain on foreign currency translation	(268,323)	(244,272)
Gain on valuation of derivatives	(404,203)	(516,388)
Dividends income	(18,360)	(19,403)
Gain on disposal of trade receivables	(14,834)	(14,353)
Gain on disposal of investments in subsidiaries and associates	(961,731)	(389,371)
Gain on disposal of property, plant and equipment	(64,972)	(22,460)
Gain on disposal of intangible assets	(16,533)	(2,673)
Others	(5,108)	20,292
	<u>₩ 5,799,608</u>	<u>₩ 6,688,694</u>

(2) Details of working capital adjustments for the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	For the nine-month period ended	
	September 30, 2020	September 30, 2019
Inventories	₩ 1,725,106	₩ (83,273)
Trade receivables	1,573,441	822,881
Other receivables	452,912	(429,452)
Trade payables	(1,709,029)	(578,321)
Other payables	1,206,590	284,195
Advanced received	(131,147)	(377,864)
Retirement benefits paid	(157,655)	(150,354)
Plan assets	82,973	62,666
Others	(962,801)	(1,037,049)
	<u>₩ 2,053,390</u>	<u>₩ (1,486,571)</u>

(3) Significant non-cash transactions for the nine-month periods ended September 30, 2020 and 2019 are as follows (Korean won in millions):

	For the nine-month period ended	
	September 30, 2020	September 30, 2019
Decrease in other payables due to acquisition of property, plant and equipment and others	₩ (756,750)	₩ (170,365)
Account reclassification of lease liabilities from changes in accounting policies	-	2,896,860

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

**31. Commitments and contingencies**

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

Guarantee	Guarantor	Currency	Amount	Description of guarantee
SK Holdings Co., Ltd.	Korea Software Financial Corporation	KRW	358,806	Performance guarantees for contract and others
	Seoul Guarantee Insurance	KRW	2,239	Performance guarantees for contract and others
Netruck Co., Ltd.	Seoul Guarantee Insurance	KRW	1,055	Performance insurances for warranties and others
SK Telink Co., Ltd.	Seoul Guarantee Insurance	KRW	4,740	Performance guarantees for contract
SK Planet Co., Ltd.	Hana Bank	KRW	2,362	Performance insurances for warranties and others
	Seoul Guarantee Insurance and others	KRW	3,467	Performance guarantees for contract and others
SK Broadband Co., Ltd.	Seoul Guarantee Insurance	KRW	43,642	Guarantee of warranties contract and others
SK Infosec Co., Ltd.	Korea Software Financial Cooperative	KRW	20,069	Guarantee of bid payment and others
SK M & Service Co., Ltd.	Seoul Guarantee Insurance	KRW	1,530	Guarantee of payment and others
PS&Marketing Corp.	Seoul Guarantee Insurance	KRW	1,662	Performance guarantees
Dreamus company Co., Ltd.	Seoul Guarantee Insurance	KRW	206	Performance guarantees for contract
One store Co., Ltd.	Seoul Guarantee Insurance	KRW	115	Guarantee for E-commerce and others
	Hana Bank	KRW	100	Performance guarantees for contract
Home&Service Co., Ltd.	Seoul Guarantee Insurance	KRW	3	Guarantee of debt
SK Store Co., Ltd.	Kookmin Bank	KRW	700	Performance guarantees and others
11street Co., Ltd.	Hana Bank	KRW	788	Performance guarantees and others
	Seoul Guarantee Insurance	KRW	22,535	Guarantee of deposit on lease and others
FSK L&S Co., Ltd.	Seoul Guarantee Insurance	KRW	470	Performance guarantees for contract and others
Service Top Co., Ltd.	Seoul Guarantee Insurance	KRW	399	Performance guarantees for contract
SK Networks Co., Ltd.	Hana Bank	KRW	2,000	Guarantee of payment
		USD	660	Guarantee of bid
	BIDV	USD	2,000	Guarantee of bid
	Woori Bank	KRW	547	Performance guarantees for sales contract
	Seoul Guarantee Insurance	KRW	10,665	Performance guarantees for contract
	Korea Trade Insurance Corporation	KRW	25,223	Guarantee of debt
SK Networks Service Co., Ltd.	Seoul Guarantee Insurance	KRW	11,502	Performance guarantees for sales contract
	Hana Bank	KRW	1,200	Performance guarantees for contract
SK Magic Co., Ltd.	Seoul Guarantee Insurance	KRW	20,523	Performance insurances for warranties and others
	Machinery Financial Cooperative	KRW	703	Performance insurances for warranties and others
SK Magic Service Co., Ltd.	Seoul Guarantee Insurance	KRW	2	Guarantee of payment and others
SK Pinx Co., Ltd.	Seoul Guarantee Insurance	KRW	285	Performance guarantees for sales contract
SK Rent-a-Car Co., Ltd.	Seoul Guarantee Insurance	KRW	8,006	Performance guarantees for contract
MINTIT Co., Ltd. (formerly, Kumkang Systems Co., Ltd.)	Korea Technology Finance Corporation	KRW	2,125	Guarantee of debt
SK Telesys Co., Ltd.	Seoul Guarantee Insurance	KRW	3,102	Performance insurances for warranties and contract
SK Bioland Co., Ltd.	Seoul Guarantee Insurance	KRW	85	Performance guarantees
SKC Solmics Co., Ltd.	Shinhan Bank	USD	20,000	Guarantee of FRN issue
SKC Hightech & Marketing Co., Ltd.	Hana Bank	USD	27,000	Guarantee of FRN issue
SK Nexilis Co., Ltd. (formerly, KCF Technologies Co., Ltd.)	Seoul Guarantee Insurance	KRW	55	Guarantee of payment
SK E&S Co., Ltd.	Seoul Guarantee Insurance	KRW	21,393	Performance guarantees and others
	Kookmin Bank	USD	80,000	Guarantee of debt
	Shinhan Bank	USD	80,000	Guarantee of debt
Yeongnam Energy Service Co., Ltd.	Seoul Guarantee Insurance	KRW	1,207	Guarantee of warranties and approval
Chonnam Energy Service Co., Ltd.	Seoul Guarantee Insurance	KRW	252	Guarantee of warranties and payment
Pusan City Gas Co., Ltd.	Seoul Guarantee Insurance	KRW	1,216	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	1,190	Performance insurances for warranties and others
Ko-one Energy Service Co., Ltd.	Seoul Guarantee Insurance	KRW	1,548	Performance guarantees for contract
Paju Energy Service Co., Ltd.	Seoul Guarantee Insurance	KRW	610	Performance guarantees for approval and others
Narae Energy Service Co., Ltd. (formerly, Wirye Energy Service Co., Ltd.)	Seoul Guarantee Insurance	KRW	212	Guarantee of license to use state property and others
Kangwon City Gas Co., Ltd.	Seoul Guarantee Insurance	KRW	2,619	Performance guarantees for contract and approval
Yeoju Energy Service Co., Ltd.	Seoul Guarantee Insurance	KRW	1,219	Performance guarantees for deposit on approval and others
Prism Energy International. Zhoushan Limited	Citibank China	CNY	40,000	Guarantee of Terminal fee

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

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

Guarantee	Guarantor	Currency	Amount	Description of guarantee		
SK Engineering & Construction Co., Ltd.	HSBC and others	KRW	5,764	Performance guarantees for overseas construction and others		
		USD	644,675	Performance guarantees for overseas construction and others		
		EUR	1,535	Performance guarantees for overseas construction and others		
		SGD	18,329	Performance guarantees for overseas construction and others		
		KWD	107,151	Performance guarantees for overseas construction and others		
		QAR	414,812	Performance guarantees for overseas construction and others		
		TRY	30,644	Performance guarantees for overseas construction and others		
		SAR	228,716	Performance guarantees for overseas construction and others		
		THB	287,395	Performance guarantees for overseas construction and others		
		KZT	7,568,929	Performance guarantees for overseas construction and others		
		VND	747,725,132	Performance guarantees for overseas construction and others		
		HKD	20,061	Performance guarantees for overseas construction and others		
		IQD	2,860,000	Performance guarantees for overseas construction and others		
		AED	127,468	Performance guarantees for overseas construction and others		
		INR	61,200	Performance guarantees for overseas construction and others		
		Hana Bank	USD	161,337	Performance guarantees for overseas construction and others	
				GBP	29,571	Performance guarantees for overseas construction and others
				EUR	117,654	Performance guarantees for overseas construction and others
		Korea Eximbank	USD	91,369	Performance guarantees for overseas construction and others	
				SAR	128,276	Performance guarantees for overseas construction and others
EUR	60,750			Performance guarantees for overseas construction and others		
Korea Housing Guarantee Co., Ltd. Seoul Guarantee Insurance	KRW	2,976,594	Housing guarantees and others			
		369,950	Performance guarantees for domestic construction and others			
Engineering Financial Cooperative Construction Guarantee Cooperative	KRW	1,735,227	Domestic construction contract			
		2,765,960	Performance guarantees for domestic construction and others			
SK TNS Co., Ltd.	ICFC	KRW	167,728	Performance guarantees for domestic construction		
SK Materials Co., Ltd.	Seoul Guarantee Insurance	KRW	19,594	Performance guarantees		
SK Siltron Co., Ltd.	Shinhan Bank	USD	19,000	Guarantee of foreign currencies		
SK Forest Co., Ltd.	Construction Guarantee Cooperative	KRW	13,956	Performance guarantees for contract		
			15,845	Performance guarantees for contract		
Hweechan Co., Ltd.	Seoul Guarantee Insurance	KRW	66	Guarantee of supply and others		

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

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

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

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

Guarantee	Guarantor	Currency	Amount	Description of guarantee
SK Innovation Co., Ltd.	Petro Peru and others	USD	3,563	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	497	Guarantees for construction
	Railway Administration and others	EUR	238	Guarantee for installing facilities and others
SK Telink Co., Ltd.	IOT Wave Co., Ltd. and others	KRW	1,398	Performance guarantees for insurance and others
SK Communications Co., Ltd.	Green umbrella	KRW	40	Performance guarantees for contract
Dreamus Company Co., Ltd.	Youngkwang Precision Industry Co., Ltd.	KRW	548	Performance guarantees for contract
SKC Co., Ltd.	PI Advanced Materials Co., Ltd. (formerly, SKC-Kolon PI Co., Ltd.)	USD	7,836	Guarantee for litigation
SK E&S Co., Ltd.	Boryeong LNG Terminal Co., Ltd.	KRW	360,000	Guarantee of debt
SK TNS Co., Ltd.	Korea Development Bank	KRW	44,000	Cash deficiency support agreement for Callable preferred share
SK Engineering & Construction Co., Ltd.	SBC General Trading & Contracting Co. WLL and others	KWD	6,694	Performance guarantees for contract and others
	Pohang Clean Water Co., Ltd. and others	KRW	739,068	Cash deficiency support agreement
	Gwangan District 2 redevelopment maintenance business association	KRW	290,333	Guarantees for reconstruction project financing
	Customers of Songdo SK view lake	KRW	867,487	Guarantee of debt
	Lu 1 City SK leaders view and others	KRW	1,972,834	Guarantee of completion
	Member of employee stock ownership association	KRW	2,282	Guarantee of payment
	Callable preferred share investor	KRW	130,000	Cash deficiency support agreement

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

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

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

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

Plaintiff	Defendant	Description	Claim	Status
Life & Security Holdings Co., Ltd.	Individual and others	Claim for injunction to ban of transfer and others	KRW 2,093	Second trial in progress and others
PS&Marketing Corp.	Individual and others	Claim for payment and others	KRW 470	First trial in progress and others
SK Networks Co., Ltd.	Individual and others	Claim for payment and others	KRW 2,740	First trial in progress and others
SK Magic Co., Ltd.	Careswater Co., Ltd.	Claim for payment and others	KRW 2,377	First trial in progress and others
SK Networks Service Co., Ltd.	Individual	Claim for payment	KRW 52	First trial in progress
SK Rent-a-Car Co., Ltd.	Individual and others	Claim for payment and others	KRW 102	First trial in progress and others
SK Telesys Co., Ltd.	TaiYoung tech Co., Ltd. and others	Claim for payment and others	KRW 2,130	First trial in progress
SK E&S Co., Ltd.	Governor of JeollaNamdo province	Claim for cancellation of warning disposition	KRW 50	First trial in progress
Pusan City Gas Co., Ltd.	YCP Co., Ltd. and others	Claim for settlement and others	KRW 4,834	First trial in progress
SK Engineering & Construction Co., Ltd.	K-Water Resources Corporation	Claim for payment of construction	KRW 4,919	Third trial in progress
	Korea Rail Network Authority	Claim for payment of construction and others	KRW 14,062	Second trial in progress and others
	Korea Specialty Contractor	Claim for deposit of construction performance and others	KRW 1,774	First trial in progress
	Finanacial Cooperative	Claim for payment of construction	KRW 12,728	Second trial in progress
	Dream Hub PFV	Claim for payment and others	KRW 702	Second trial in progress and others
	Plant & Mechanical Contractors	Claim for payment of construction	KRW 14,102	First trial in progress
	Financial Cooperative and others	Claim for payment of construction and others	KRW 14,784	Second trial in progress and others
	Korea National Oil Corporation	Claim for cost of construction and others	KRW 21,960	First trial in progress and others
	Republic of Korea and others	Claim for payment of construction	KRW 44	First trial in progress
	Korea Highway Corporation	Claim for payment of construction	KRW 3,561	Second trial in progress
	Korea Land & Housing Corporation	Claim related to Jangrim Jinhae	KRW 3,319	First trial in progress
	Korea Gas Corporation	Claim for payment of construction	KRW 7,560	First trial in progress
	Busan-Jinhae Free Economic Zone Authhority	Claim for payment of construction and others		
	Individual and others	Claim for payment of construction and others		

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

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

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

Plaintiff	Defendant	Description	Claim	Status
Individual and others	Life & Security Holdings Co., Ltd.	Claim for damages and others	KRW 1,448	First trial in progress and others
Individual and others	PS&Marketing Corp.	Claim for affirmation of non-existence of debt and others	KRW 105	Second trial in progress and others
Individual and others	SK Networks Co., Ltd.	Claim for damages and others	KRW 6,983	First trial in progress and others
Chang Sung Ace Co.,Ltd and others	SK Networks Service Co., Ltd.	Claim for payment of goods and others	KRW 76	First trial in progress
Lotte Insurance Co., Ltd. and others	SK Magic Co., Ltd. and others	Claim for compensation and others	KRW 308	First trial in progress and others
Hanhwa Insurance and others	SK Rent-a-Car Co., Ltd.	Claim for compensation and others	KRW 480	First trial in progress
Taeyoung Tech Co., Ltd.	SK Telesys Co., Ltd.	Claim for payment of construction	KRW 2,253	First trial in progress
Home Plus Co., Ltd. and others	SKC Co., Ltd.	Claim for damages	KRW 380	First trial in progress
Individual and others	SKC Co., Ltd.	Claim for damages	KRW 2,893	Adjustment in progress
Individual and others	SK Nexilis Co., Ltd. (formerly, KCF Technologies 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 and others	KRW 379	First trial in progress
Busan Green Energy Co., Ltd. and others	Pusan City Gas Co., Ltd.	Claim for return of unfair benefit and others	KRW 702	Second trial in progress and others
Yulim Engineering Co., Ltd.	Chonnam City Gas Co., Ltd.	Claim for payment of construction	KRW 92	First trial in progress
Korea Land & Housing Corporation	Chungcheong energy Service Co., Ltd.	Claim for cancellation of allotted charges	KRW 1,498	First trial in progress
Gimcheon Energy Service Co., Ltd. and Jeonbuk Group Energy Co., Ltd.	Narae Energy Service Co., Ltd. (formerly, Wirye Energy Services Co., Ltd.)	Claim for affirmation of contracted price reduction	KRW 4,661	First trial in progress
K-Water Resources Corporation	SK Engineering & Construction Co., Ltd.	Claim for damages and others	KRW 4,004	Third trial in progress and others
Incheon Metropolitan City		Claim for design compensation cost return and others	KRW 748	Third trial in progress and others
Samjung Construction Co., Ltd.		Claim for payment of construction	KRW 5,940	Second trial in progress
Hyundai Construction Co., Ltd.		Claim for share of defect cost	KRW 177	First trial in progress
Suwon Sky view residents' representative and others		Claim for damages and others	KRW 28,538	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 11,367	First trial in progress and others
Korea Rail Network Authority		Claim for damages	KRW 16,374	First trial in progress and others
Busan Transportation Corporation		Claim for damages and others	KRW 9,579	First trial in progress and others
Individual and others		Claim for apartment and others	KRW 39,107	First trial in progress and others

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

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

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

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

On May 4, 2020 The Attorney General Office in California, USA filed a civil lawsuit with the California District Court in San Francisco against Vitol Inc. and its subsidiaries, SK Energy America Inc. and SK Trading International Co., Ltd. for market price manipulation of gasoline products and anti-competitive, unfair practices for the refinery explosions in 2015. This case is currently in progress, and the duration and the final outcome are not predictable at this time. Thereafter on May 6, 2020, the end- consumers of gasoline have filed a number of related class action lawsuits in the federal court in California. The duration and final outcome of the class action lawsuits are also unpredictable as of this time.

In addition, SKC Co., Ltd., a subsidiary, guarantees 50% of claim amounts related to the patent litigation filed by Kaneka Corporation to PI Advanced Materials Co., Ltd. (formerly, SKC Kolon PI, Inc.) In accordance with the payment guarantee agreement and the decision of the court to dismiss the trial on appeal case as of September 30, 2020, provisions amounting to USD 7,836 thousand have been recognized, which is 50% of the claim for PI Advanced Materials Co., Ltd. (formerly, SKC Kolon PI, Inc.) from Kaneka Corporation amounting to USD 15,671 thousand. By the final results of litigation, the actual damages to be paid by the Group could be increased according to the payment guarantee ratio of the agreement. As of September 30, 2020, the timing of the first trial judgment and related damage amounts are not predictable.

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

- 1) In accordance with the Commercial Code of the Republic of Korea, the Company, SK Innovation Co., Ltd., SK Energy Co., Ltd., SK Global Chemical Co., Ltd., SK Lubricants Co., Ltd., SK Incheon Petrochem Co., Ltd., SK Trading International Co., Ltd. and SK ie technology Co., Ltd. are collectively responsible for any obligations of the Company arising before the spin-off. The Company and SK Biopharmaceuticals Co., Ltd. are collectively responsible for any obligations of the Company that occurred before the spin-off on April 1, 2011.
- 2) The Company entered into a contract to lease the headquarters building from National Agricultural Cooperative Federation, the trustee of Hana Daol Fund Management. Under the terms of the lease, the lease period is until March 27, 2021, and the Company has the preemptive right to purchase the building at the fair value when the lessor elects to dispose the property.
- 3) The Company holds IT outsourcing and IT system maintenance agreements to provide hardware and information systems maintenance and development service entered into between the Company and SK Group companies and others.
- 4) The Company entered into a contract with Gyeonggi province on May 31, 2011 to purchase land located in Pangyo Land Development District. The total agreement amount is ₩82,964 million (the Company's portion: ₩45,536 million (54.9%)), which will be used for the construction of urban infrastructure facilities ("designated purpose" of the land). The contract includes requirements to be complied with and restrictions in transfer of ownership of the land. Should there be non-compliance, the contract may be terminated or cancelled.

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

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

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

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

	Total return swap
Investor	Warmachine Nineth 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 September 30, 2020, the value of the agreements amounting to ₩169,131 million is recognized in long-term borrowings (see Note 15).

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

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

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

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

- 8) The Company entered into a cash deficiency support agreement with Hudson Energy NY, LLC, a subsidiary of Plutus Capital NY, Inc., to lend funds for the shortfall of payment for loans and credit limit of USD 226,000 thousand.
- 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 September 30, 2020, Prism Energy International Pte., Ltd., a subsidiary, provides LOU (Letter of Understanding) to ship owners HHIENS1 Shipholding S.A., HHIENS2 Shipholding S.A. and HHIENS3 Shipholding S.A. in connection with LNG carriers. Accordingly, if SK Shipping Co., Ltd. fails to fulfill the contract (BBCHP) signed with the shipping company, SK E&S Co., Ltd. will assume all obligations related to the execution of the contract.
- 11) SK E&S LNG, LLC, one of the subsidiaries, is scheduled to be provided with liquefaction service for 20 years from FLNG Liquefaction 3, LLC, which plans to operate natural gas liquefaction plants in Texas starting from 2019. As of September 30, 2020, SK E&S Co., Ltd., one of the subsidiaries, is responsible for performance guarantee in case of SK E&S LNG, LLC's inability to make payments for service or for claims against breach of obligation. In regard to this, the Company provides performance guarantee for SK E&S Co., Ltd.'s guarantee.

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

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

12) As of September 30, 2020, details of contracts of the subsidiaries of SK E&S Co., Ltd. are as follows:

<u>Contracting parties</u>	<u>Description of contract</u>	<u>Counterparty</u>	<u>Term of contract</u>
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	Tanggung 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
	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
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)
	Contract for Yeoju natural gas power plant 154kV connection facility construction	Korea Electric Power Corporation	2019.12 ~ 2021.7
Pusan City Gas Co., Ltd.	Rental contract	Megamart Co., Ltd. and others	Until 2022
SK E&S LNG, LLC	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	MODEC, Inc.	2019.11 ~ FPSO Completion
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.

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

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

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

Description of contract	Name of subsidiaries	Contract opponent	Term of contract	Amount
Contract for heat piping and others	Narae Energy Service Co., Ltd.	Eulmyo general construction Co., Ltd. and others	2019.11 ~ 2021.04	₩ 6,310
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 September 30, 2020, details of material contracts of resource development by the subsidiaries of SK E&S Co., Ltd. are as follows (Foreign currencies in thousands):

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

(\*1) As Santos NA Barossa Pty. Ltd. purchased the whole share of Australian Baro-Caldita gas field of ConocoPhillips Company on May 28, 2020, the counterparty changed from ConocoPhillips Company to Santos NA Barossa Pty. Ltd.

- 15) SK Incheon Petrochemical Co., Ltd., one of subsidiaries, securitized ₩88,000 million of SK Incheon Petrochemical Co., Ltd.'s trusts accounts receivable for SK Energy Co., Ltd. and SK Global Chemical Co., Ltd., the other subsidiaries of the Group, to Industrial Bank of Korea. IPC Limited Company 1, which underwrites the first right to benefit issued by Industrial Bank of Korea, issues securitized commercial paper.
- 16) SK Energy Co., Ltd. and SK Incheon Petrochemical Co., Ltd., subsidiaries of the Group, pay electricity 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 September 30, 2020, the related amount payable is ₩1,432,164 million.
- 17) SK Telecom Co., Ltd., a subsidiary of the Group, sells its mobile handsets to customers on an installment payment plan through agents. SK Telecom Co., Ltd. entered into transfer agreements with the agents for the receivables of handset's installment payments, under which all the rights and obligations of the receivables are transferred to SK Telecom Co., Ltd.. Then, SK Telecom Co., Ltd. entered into an asset securitization contract with a special purpose company for the receivables, and accordingly, the balance of the receivables as of the end of the current reporting period is ₩530,161 million which is recorded as other receivables and long-term other receivables.
- 18) As of September 30, 2020, SK Materials Co., Ltd., a subsidiary, has a shareholders' agreement with Showa Denko K.K in respect to an investment in SK Showa Denko Co., Ltd., a subsidiary. Under this agreement, Showa Denko K.K holds a right to sell 630,000 shares (15%) of interests in SK Showa Denko Co., Ltd. at a par value of ₩5,000 to SK Materials Co., Ltd.
- 19) SK Air Gas Co., Ltd., a subsidiary, transferred trade receivables from SK Energy Co., Ltd. and SKC Co., Ltd. to trust account of Korea Development Bank in September 2018. In the same year, SK Materials Co., Ltd. entered into trade receivables securitization contract with Korea Development Bank in which ABCP is issued at par value of ₩25,000 million on a three-month basis based on type 1 beneficiary certificate. As of September 30, 2020 and December 31 2019, trade receivables transferred to trust account are ₩3,519 million and ₩3,938 million, respectively.

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

20) SK Air Gas Co., Ltd., a subsidiary, trusted the trade receivable that may incur from project, of which the investment was in progress in September 2017, to the trust account of Hana Bank. With this trusted amount as collateral, SK Materials Co., Ltd. entered into borrowing commitment for the facility for up to ₩120,000 million. As of September 30, 2020 and December 31 2019, trade receivables transferred to trust account are ₩14,874 million and ₩5,800 million, respectively.

(5) Hybrid bonds

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

Issue segment	Description	Issue date	Maturity date (*1)	Interest rate (%) (*2)	September 30, 2020	December 31, 2019
Group of SK Innovation	1st private equity bond type	2019.03.15	2049.03.15	4.20	₩ 600,000	₩ 600,000
Group of SK Telecom	2-1 private equity bond type	2018.06.07	2078.06.07	3.70	300,000	300,000
	2-2 private equity bond type	2018.06.07	2078.06.07	3.65	100,000	100,000
Group of SK E&S	1-1 Korean currency Type (*3)	2015.07.15	2045.07.15	3.90	-	270,000
	1-2 Korean currency Type (*3)	2015.07.15	2045.07.15	3.85	-	130,000
	2nd Korean currency type	2019.10.11	2049.10.11	3.30	330,000	330,000
	3rd Korean currency type	2020.07.14	2050.07.14	3.60	400,000	-

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

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

(\*3) Early repayment was made during the current period.

(6) Others

As of September 30, 2020, 59 notes (including 56 blank notes) and 49 blank checks are provided to financial institutions as collateral for borrowings.

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

**32. Pledged assets**

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

<u>Company</u>	<u>Asset</u>	<u>Currency</u>	<u>Collateralized amount (*1)</u>	<u>Provided to</u>	<u>Description</u>
SK Innovation Co., Ltd.	Investments in associates	KRW	-	Yemen LNG Company and others	Collateral for project financing
SK Incheon Perochemical Co., Ltd.	Property, plant and equipment	KRW	30,000	Korea Development Bank	Collateral for borrowing
Netruck Co., Ltd.	Property, plant and equipment	KRW	4,500	Shinhan Bank	Collateral for borrowing
SK Broadband Co., Ltd.	Property, plant and equipment	KRW	4,220	Lessor	Restricted real rights for office lease
Incross Co., Ltd.	Financial instruction	KRW	21,082	Naver Co., Ltd. and others	Performance guarantees for contract
SK Networks Co., Ltd.	Property, plant and equipment and others	KRW	490,863	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
MINTIT Co., Ltd. (formerly, Kumkang Systems Co., Ltd.)	Property, plant and equipment	KRW	2,000	Industrial Bank of Korea	Collateral for borrowing
SK Rent-a-Car Co., Ltd.	Property, plant and equipment	KRW	443,161	Korea Development Bank and others	Collateral for borrowing
SK Telesys Co., Ltd.	Property, plant and equipment	KRW	21,500	KDB Capital Corporation and others	Collateral for borrowing
SKC Solmics Co., Ltd.	Property, plant and equipment	KRW	72,100	Korea Development Bank and others	Collateral for borrowing
SK Bioland Co., Ltd.	Property, plant and equipment	KRW	40,500	Korea Development Bank	Collateral for borrowing
Woori Fine Chem Co., Ltd.	Property, plant and equipment	KRW	6,480	Kookmin Bank and others	Collateral for borrowing
SKCFTH Co., Ltd.	Investment securities and others	KRW	690,000	Korea Development Bank and others	Collateral for borrowing
SK Nexilis Co., Ltd. (formerly, KCF Technologies Co., Ltd.)	Property, plant and equipment	KRW	396,000	Korea Development Bank and others	Collateral for borrowing
SK PICGlobal Co., Ltd.	Property, plant and equipment and others	KRW	120,000	Standed Chartered Bank and others	Collateral for borrowing
SKC, Inc.	Property, plant and equipment	USD	70,000	Standed Chartered Bank	Collateral for borrowing
SK E&S Co., Ltd.	Investments in associates	KRW	4,014	Industrial Bank of Korea and others	Collateral for PF
Kangwon City Gas Co., Ltd.	Investments in joint ventures	KRW	135,000	Woori Bank and others	Collateral for PF
Pusan City Gas Co., Ltd.	Property, plant and equipment	KRW	11,710	Korea Development Bank	Collateral for borrowing
	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. (formerly, Wirye Energy Service Co., Ltd.)	Property, plant and equipment and others	KRW	589,000	Kookmin Bank and others	Collateral for borrowing
	Financial instruction	KRW	3,541	Hana Bank	Collateral for guarantees of payment
SK Engineering & Construction Co., Ltd.	Investment securities and others	KRW	413,983	Korea Housing Guarantee Co., Ltd. and others	Collateral for borrowing and others
	Investment property	KRW	142,000	Kookmin Bank and others	Collateral for borrowing
SK China Company, Ltd.	Others	USD	25,300	Shinhan Bank and others	Collateral for borrowing
SK Industrial Development China Co., Ltd.	Others	CNY	2,000,000	Bank of China communications	Collateral for borrowing
SK Materials Co., Ltd.	Property, plant and equipment	KRW	6,793	LG Display Co., Ltd.	Collateral for advances received
		KRW	137,000	Korea Development Bank	Collateral for borrowing
		USD	3,500	Korea Development Bank	Collateral for borrowing
		JPY	3,690,000	Korea Development Bank	Collateral for borrowing
		KRW	1,668	Yeongju city and Gyeongsang Buk-do	Government subsidy
SK Materials Japan Co., Ltd.	Property, plant and equipment	JPY	315,000	MUFG Bank	Collateral for borrowing
SK Airgas Co., Ltd.	Property, plant and equipment and others	KRW	827,693	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	673,997	Korea Development Bank and others	Collateral for borrowing
Hweechan Co., Ltd.	Property, plant and equipment	KRW	3,000	Hana Bank	Collateral for borrowing

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

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

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

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

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

Guarantor	Guarantee	Currency	Amount	Description of guarantee
SK Holdings Co., Ltd.	Abrasax Investment Inc.	USD	315,000	Guarantee of debt
	Hudson Energy NY, LLC	USD	226,000	Guarantee of debt
SK Innovation Co., Ltd.	SK E&P America, Inc.	USD	70,000	Guarantee of debt
	SK Battery America, Inc.	USD	670,000	Guarantee of debt
	SK Battery Hungary Kft.	USD	310,000	Guarantee of debt
		EUR	20,000	Guarantee of debt
		HUF	9,810,000	Guarantee of local factory construction
	SK Hi-tech Battery Materials (Jiangsu) Co., Ltd.	USD	50,000	Guarantee of debt
		CNY	500,000	Guarantee of debt
	SK Hi-Tech Battery Materials Poland Sp. Zo.o.	USD	130,000	Guarantee of debt
	SK Battery Manufacturing Kft.	USD	200,000	Guarantee of debt
		EUR	310,000	Guarantee of debt
SK Global Chemical Co., Ltd.	SK Ningbo Performance Rubber Co., Ltd.	USD	14,000	Guarantee of payment for license agreement
	SK Global Chemical Americas, Inc.	USD	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 Telink Co., Ltd.	ADT Caps Co., Ltd.	KRW	1	Performance guarantees for insurance and others
SK Networks Co., Ltd.	SK Networks Deutschland GmbH	EUR	16,000	Standing surety for investee
	SK Networks Hong Kong Ltd.	USD	129,600	Standing surety for investee
	SK Networks (Shanghai) Co., Ltd.	USD	62,500	Standing surety for investee
		CNY	54,000	Standing surety for investee
	SK Networks Japan Co., Ltd.	JPY	300,000	Standing surety for investee
	SK Networks America, Inc.	USD	20,000	Standing surety for investee
	SK Networks (Xiamen) Steel Processing Center Co., Ltd.	CNY	68,000	Standing surety for investee
	PT. SK Networks Indonesia	USD	1,500	Standing surety for investee
	SK Networks Resources Australia Pty. Ltd.	AUD	35,000	Standing surety for investee
SKN (China) Holdings Co., Ltd.	Shenyang SK Bus Terminal Co., Ltd.	CNY	89,350	Guarantee of deposit
SKC Co., Ltd.	SKC, Inc.	USD	133,000	Guarantee of payment
	SKC (Jiangsu) High Tech Plastics Co., Ltd.	USD	69,603	Guarantee of payment
		CNY	309,400	Guarantee of payment
		JPY	1,600,000	Guarantee of payment
	SK Telesys Co., Ltd.	KRW	30,000	Guarantee of financial obligation
	SKC (Natong) PU Specialty Co., Ltd.	CNY	154,400	Guarantee of payment
	SKC (Natong) Semiconductor Materials Technology Co., Ltd.	CNY	65,000	Guarantee of payment
	SKC (Natong) Semiconductor Materials Technology Co., Ltd.	USD	31,500	Guarantee of payment
SK Bioland Co., Ltd.	Bioland Haimen Co., Ltd.	CNY	192,900	Guarantee of payment
SKC Hi-Tech & Marketing Co., Ltd.	SKC Hi-Tech&Marketing (Suzhou) Co., Ltd.	CNY	106,400	Guarantee of debt
SK E&S Co., Ltd.	Callip GAS Marketing, LLC	USD	116,000	Guarantee for derivative hedge and others
	SK E&S Australia Pty. Ltd.	USD	90,000	Guarantee of debt and others
	Paju Energy Service Co., Ltd.	KRW	500,000	Guarantee of debt and others
	Narae Energy Service Co., Ltd. (formerly, Wiryae Energy Service)	KRW	300,000	Guarantee of debt and others
	Yeoju Energy Service Co., Ltd.	KRW	200,000	Guarantee of payment for principal of debt
	Prism Energy International Pte. Ltd.	USD	600,000	Guarantee for derivative hedge
	SK E&S LNG, LLC	USD	63,000	Guarantee for derivative hedge and others
SK E&S Americas, Inc.	SK E&S LNG, LLC	USD	9,342	Performance guarantee for LPG injection
	Callip Gas Marketing, LLC	USD	25,000	Performance guarantee for purchase contract of Feed Gas
SK Engineering & Construction Co., Ltd.	SKEC Anadolu, LLC	EUR	93,429	Performance guarantees for contract and others
	Silvertown Investco Limited.	GBP	11,599	Guarantee of financial obligation
	Sunlake Co., Ltd.	CAD	6,000	Guarantee of financial obligation
SK Materials Co., Ltd.	SK Materials Jiangsu Co., Ltd.	USD	45,000	Guarantee of debt
	SK Materials Taiwan Co., Ltd.	USD	5,000	Guarantee of debt
	SK Materials Japan Co., Ltd.	JPY	276,000	Guarantee of debt
SK China Company, Ltd.	SK (Beijing) auto rental Co., Ltd.	USD	11,747	Guarantee of debt
	SK (Shenyang) auto rental Co., Ltd.	USD	5,874	Guarantee of debt
	SK Rent-A-Car (Qingdao) Co., Ltd.	USD	7,679	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 September 30, 2020 and December 31, 2019 is as follows (Korean won in millions):

	<u>September 30 2020</u>	<u>December 31, 2019</u>
Financial assets measured at FVTPL	₩ 6,203,758	₩ 5,164,770
Financial assets measured at FVOCI	18,873	24,047
Financial assets measured at amortized cost	23,057,482	22,034,353
Derivatives designated as hedging instruments	283,481	178,446
	<u>₩ 29,563,594</u>	<u>₩ 27,401,616</u>

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

##### **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

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

**34.1.2.2 Guarantee**

SK Engineering & Construction Co., Ltd., one of the subsidiaries, offers payment guarantees for loans of project financing. The financing liabilities related to the payment guarantees recognized are ₩ 14,089 million as of September 30, 2020. The Group recognizes the financial guarantee liabilities related to the payment guarantees contracted with the Group, such as SK Engineering & Construction Co., Ltd., as of September 30, 2020 and December 31, 2019.

	September 30, 2020	December 31, 2019
SK Innovation Co., Ltd.	₩ 2,125	₩ 252
SK Engineering & Construction Co., Ltd.	14,089	15,006
SK Biotek Co., Ltd.	655	656
	<u>₩ 16,869</u>	<u>₩ 15,914</u>

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

**34.1.2.3. Other financial assets**

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

**34.1.3 Liquidity risk**

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

The contractual maturity of financial liabilities as of September 30, 2020 is as follows. Amounts include interests paid and presented at gross amounts (Korean won in millions):

	Book value	Contractual cash flow	Less than 3 months	3~12 months	1~5 years	More than 5 years
Loans and borrowings	₩ 18,530,282	₩ 19,412,216	₩ 3,453,443	₩ 5,191,089	₩ 9,862,249	₩ 905,435
Bonds	31,211,877	34,126,846	1,331,087	4,040,670	21,485,689	7,269,400
Derivative financial liabilities	416,665	389,982	31,086	28,307	322,178	8,411
Trade payables	6,637,601	6,637,601	6,107,960	528,509	1,132	-
Lease liabilities	3,955,357	4,498,941	157,771	991,227	2,677,789	672,154
Other liabilities	10,118,415	10,204,126	6,819,879	1,827,027	1,142,434	414,786
	<u>₩ 70,870,197</u>	<u>₩ 75,269,712</u>	<u>₩ 17,901,226</u>	<u>₩ 12,606,829</u>	<u>₩ 35,491,471</u>	<u>₩ 9,270,186</u>

**34.1.4 Market risk**

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

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

**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 September 30, 2020 and December 31, 2019 are as follows (Korean won in millions and foreign currencies in thousands):

	Currency	September 30, 2020		December 31, 2019	
		Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
Assets	USD	5,962,666	₩ 6,997,189	6,397,693	₩ 7,407,249
	JPY	16,699,276	185,706	15,334,962	163,083
	CNY	1,610,206	276,794	2,740,998	454,293
	EUR	207,871	284,663	183,935	238,642
	Others		<u>775,612</u>		<u>332,025</u>
			<u>₩ 8,519,964</u>		<u>₩ 8,595,292</u>
Liabilities	USD	8,026,300	₩ 9,418,863	9,848,768	₩ 11,402,904
	JPY	10,832,396	120,463	5,273,049	56,077
	CNY	2,079,857	357,527	1,968,261	326,220
	EUR	459,731	629,565	207,774	269,572
	Others		<u>658,747</u>		<u>535,864</u>
			<u>₩ 11,185,165</u>		<u>₩ 12,590,637</u>

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

Currency	September 30, 2020		December 31, 2019	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
USD	₩ (242,167)	₩ 242,167	₩ (399,566)	₩ 399,566
JPY	6,524	(6,524)	10,701	(10,701)
CNY	(8,073)	8,073	12,807	(12,807)
EUR	(34,490)	34,490	(3,093)	3,093

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

**34.1.4.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group's management has entered into the foreign currency swap and interest rate swap contracts to manage its interest rate risk (see Note 19).

### 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 156.3% as of September 30, 2020. The maturity of the debt is dispersed in the long term; so, debt-repayments are not demanding.

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Total liabilities	₩ 83,273,081	₩ 79,838,041
Total equity	53,264,788	52,182,635
Debt ratio	156.3%	153.0%

### 35. Business combination

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

#### (1) General information

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

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

SK Global Chemical Co., Ltd. a subsidiary of the Group, decided to acquire the France based functional polymer businesses and tangible and intangible assets held by Arcema FranceSA in accordance with the resolution of the board of directors on October 14, 2019, and the acquisition was completed during the current period. The Group expects to enter the functional polymer business and diversify its business portfolio into high value-added packaging.

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

SK Telecom Co., Ltd., a subsidiary of the Group, gained control by acquiring 55% (627,000 shares) of Tbroad Nowon Broadcasting Co., Ltd. and changed its name from Tbroad Nowon Broadcasting Co., Ltd. to Broadband Nowon Broadcasting Co., Ltd.. The consideration transferred for the business combination of ₩10,421 million was all paid in cash, and the difference between the identifiable net asset fair value and the consideration transferred of ₩733 million was fully recognized as gain on bargain purchase.

The above business combinations occurred for the nine-month period ended September 30, 2020, were accounted for using the acquisition method, and the consolidated financial statements include the financial performance of the acquiree from the acquisition date to September 30, 2020.

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

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

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

	KCF Technologies Co., Ltd.	SiC Wafer business	Arkema France SA functional polymer business	Tbroad Co., Ltd. and others	Tbroad Co., Ltd. Nowon Broadcasting
<b>Assets:</b>					
Cash and cash equivalents	₩ 33,943	₩ -	₩ -	₩ 110,644	₩ 18,106
Trade and other receivables	57,445	-	22,585	66,241	1,122
Inventories	40,938	11,297	59,016	-	-
Property, plant and equipment	250,175	22,318	41,525	237,348	1,705
Right-of-use assets	1,252	67,517	-	8,306	79
Intangible assets	390,409	-	168,512	423,515	360
Other assets	6,795	-	-	73,500	595
<b>Liabilities:</b>					
Trade and other payables	64,837	-	-	109,061	1,351
Borrowing liabilities	176,295	-	-	-	-
Lease liabilities	1,383	67,517	-	8,307	71
Current tax liabilities	6,738	-	-	11,896	-
Deferred tax liabilities	89,990	-	-	84,150	-
Defined benefit liabilities	1,371	-	2,959	30	-
Other non-current liabilities	1,938	-	3,296	11,777	265
<b>Fair value of identifiable net assets</b>	<u>₩ 438,405</u>	<u>₩ 33,615</u>	<u>₩ 285,383</u>	<u>₩ 694,333</u>	<u>₩ 20,280</u>

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

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

	KCF Technologies Co., Ltd.	SiC Wafer business	Arkema France SA functional polymer business	Tbroad Co., Ltd. and others	Tbroad Co., Ltd. Nowon Broadcasting
a. The total consideration transferred receivables	₩ 1,190,000	₩ 549,250	₩ 448,781	₩ 862,147	₩ 10,421
b. Fair value of proportionate share of acquired net assets					
Fair value of the net identifiable assets	438,405	33,615	285,383	694,333	20,280
Non-controlling Interests	-	-	-	-	(9,126)
b. Goodwill (c=a-b)	751,595	515,635	163,398	167,814	(733)

### **36. Subsequent events**

#### **36.1 Division of mobility business sector of SK Telecom Co., Ltd.**

On October 15, 2020, the board of directors of SK Telecom Co., Ltd., a subsidiary of the Group, decided to establish a new company by dividing the mobility business sector on December 29, 2020 as the spin-off date. The division will be finalized at the shareholders' meeting scheduled for November 26, 2020, and the shares of the newly established company will be issued in a simple manner by which total number of shares will be allocated to the surviving company after the division. The physical division of the parent company is as follows:

	Corporate Name	Business Sector
Divisional Dependent Company	SK Telecom Co., Ltd.	All business sectors, excluding mobility sector
Divisional New Company	T Map Mobility Co., Ltd. (a tentative name)	Mobility business sector

#### **36.2 Sale of property, plant and equipment of SK Networks Co., Ltd.**

SK Networks Co., Ltd., a subsidiary of the Group, decided to sell the SK Myeong-dong building and land owned by SK Networks Co., Ltd. to SK D&D Co., Ltd. as of March 31, 2021 in order to streamline assets and raise funds for investments in accordance with a board resolution on October 26, 2020, and the total sale price is ₩90,050 million.

#### **36.3 Acquisition of EMC Holding Co., Ltd. of SK Engineering & Construction Co., Ltd.**

SK Engineering & Construction Co., Ltd., a subsidiary of the Group, decided to acquire shares of EMC Holdings Co., Ltd., which operates an environmental management business through a resolution of the board of directors on September 1, 2020, and established a subsidiary for purposes of acquiring EMC Holdings Co., Ltd. to secure effective financing and financial soundness for the acquisition of EMC Holdings Co., Ltd. after the reporting period. As of September 30, 2020, the amount and timing of the acquisition of EMC Holdings Co., Ltd. has not been finalized.

#### **36.4 Sale of shares in TSK Corporation Co., Ltd. of SK Engineering & Construction Co., Ltd.**

SK Engineering & Construction Co., Ltd., a subsidiary of the Group, decided to sell all 159,999 shares of SK Engineering & Construction Co., Ltd. to Easel Holdco II L.P. in accordance with the resolution of the board of directors on October 16, 2020, and the sale price is ₩196,886 million.

#### **36.5 Paid-in capital increase of SK IE Technology Co., Ltd.**

SK IE Technology Co., Ltd., a subsidiary of the Group, conducted a paid-in capital increase through a third party allocation method in accordance with the resolution of the board of directors on September 22, 2020. The number of new shares issued due to the paid-in capital increase amounts to 6,274,160 shares (₩47,816 issued per share), and payment for paid-in capital increase was completed on October 6, 2020. This resulted in a change in SK Innovation Co., Ltd.'s stake in SK IE Technology Co., Ltd. from 100% to 90%.