

SK Inc. to merge with SK Materials

Investor Presentation

August 2021



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1. Transaction Summary

Method of merger

- As of the effective date of merger, SK Materials will be split into a holding company and an operating company managing the specialty gas business, then the new holding company will merge with SK Inc.
 - SK Inc. will issue new shares of the merged corporation to SK Materials shareholders in exchange for the shares they own.
 - Surviving Company : SK Inc.
 - Non-surviving Company : SK Materials Co.,Ltd.
 - Newly issued shares of the merged corporation will not be allocated to SK Materials shares owned by SK Inc. (5,178,535 shares) and treasury shares of SK Materials (1,590,000 shares)
 - Small-scale merger* for SK Inc., while SK Materials will go through a normal merger process
- (* SK Inc. does not need shareholders' approval, unless more than 20% of shareholders oppose the BOD's merger decision in writing)

Merger ratio

- SK Materials shareholders to receive 1.58 shares of SK Inc. per SK Materials share as per the merger ratio
 - Merger ratio* = 1 : 1.5778412 (SK Inc. (@ KRW 268,107) : SK Materials (@ KRW 416,670))
- (* Based on arithmetic mean of the most recent one-month, one-week, last trading day closing prices (daily volume weighted average prices))

Effective date of merger

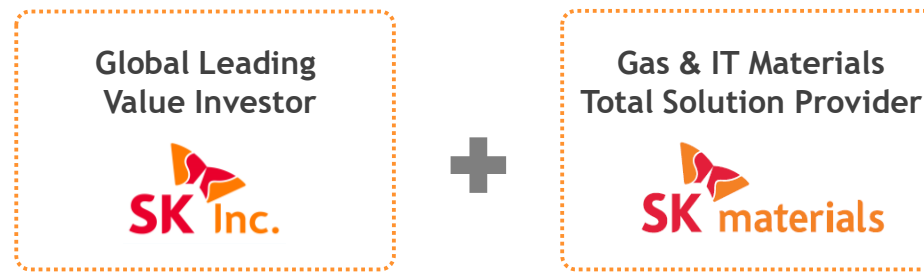
- December 1, 2021

Merged corporation

- SK Inc.

2. Transaction Rationale and Expected Benefits

- Through the merger, SK Inc. and SK Materials seek to enhance shareholder value by accelerating the growth of advanced materials business & optimizing portfolio management



1

Accelerating the growth

- Integrating SK Inc.'s global investment expertise & financial resources with SKMR's business competitiveness
- Reinforcing the business portfolios in the high-growth & high-value-added advanced materials sector

2

Optimizing Portfolio Mgmt.

- Unifying the advanced materials investment entities under one roof
- Building a robust portfolio through timely investment & divestiture

3

Enhancing Shareholder Value

- Increasing corporate value by simplifying corporate ownership structure
- Improving shareholder return

- The combined company will accelerate growth in the semiconductor materials & advanced materials sectors with high-growth potential

SK Inc.

Equipped with global investment expertise
& investment financing competencies

- Successful track records of global investments, Investment experts with deep market insights and value-up capabilities
- Ability to efficiently raise capital by using stable cash flows from dividends, trusted credibility in the financial market, and strong network with financial investors



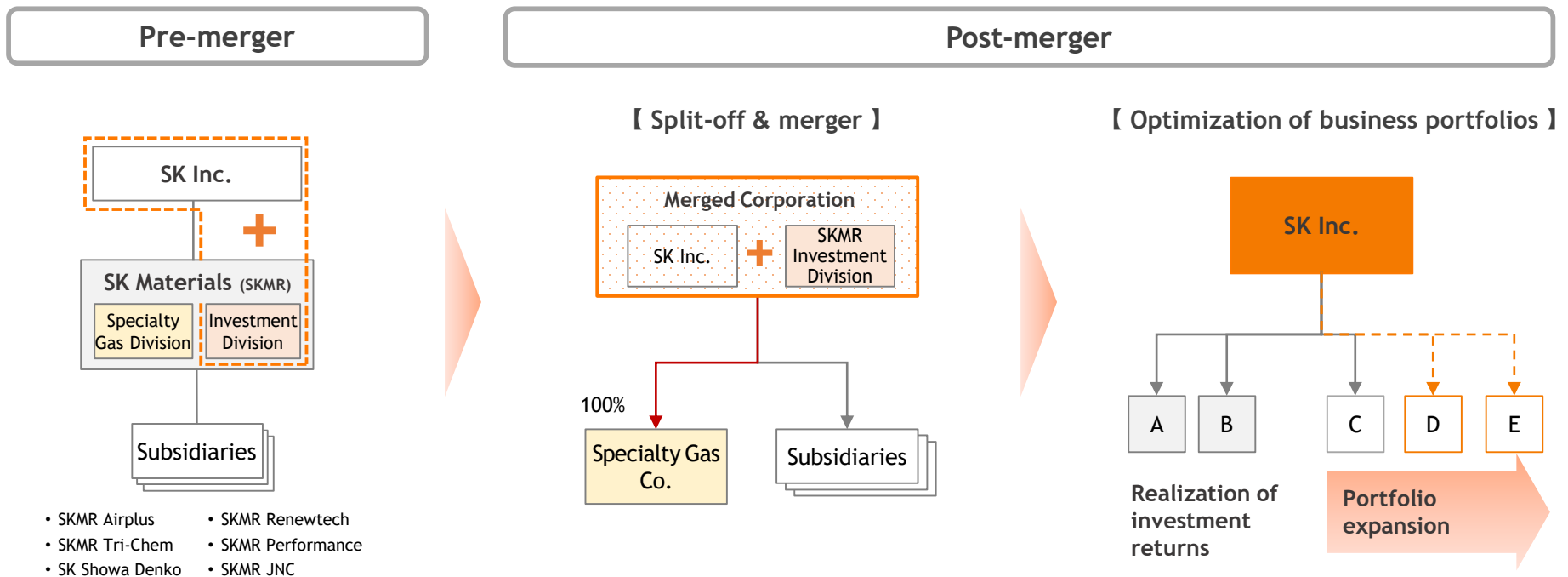
SK Materials

Armed with business development capabilities & operational excellence in IT materials industry

- Deep understanding of technology and market trends in the IT materials industry based on vast business experiences
- Wealth of trust from clients and market via operational competitiveness based on AI, fundamental science, and semiconductor knowledge

The combined company will accelerate portfolio innovation by implementing a bold growth strategy in next gen. high-growth & high-value-added advanced materials

- The merger will enable SK Inc. and SK Materials to unify IT materials business into a single entity with integrated resources & capabilities, thus improving portfolio management efficiency



SKMR has expanded the IT materials business portfolios via successful M&As & JVs

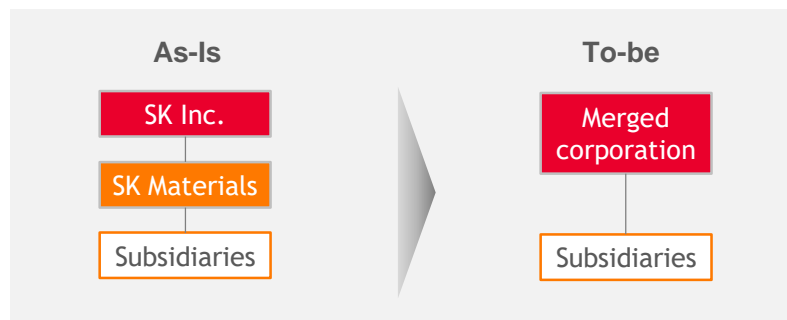
SKMR will split off its specialty gas business, and SKMR's investment division will merge with SK Inc.

Optimal portfolio management via aggressive growth investment & timely divestiture

- Combined business portfolios & an investor-friendly shareholder return policy will improve the corporate & shareholder value

SK Inc.'s Shareholders

- The merged corporation will become a global leading investment Co. in advanced materials sector by 2025
 - Plans to expand its footprint in semiconductors & EV battery materials
- With a simplified ownership structure, the value of SK Materials subsidiaries could be directly reflected, thus eliminating a double discount disadvantage for SK Inc.



SK Materials' Shareholders

- As SK Inc. and SKMR are to be combined, the value of the merged corporation will be improved and shared among shareholders
- SKMR shareholders can enjoy improved returns

【 Dividends to SKMR shareholders 】 (Illustrative)

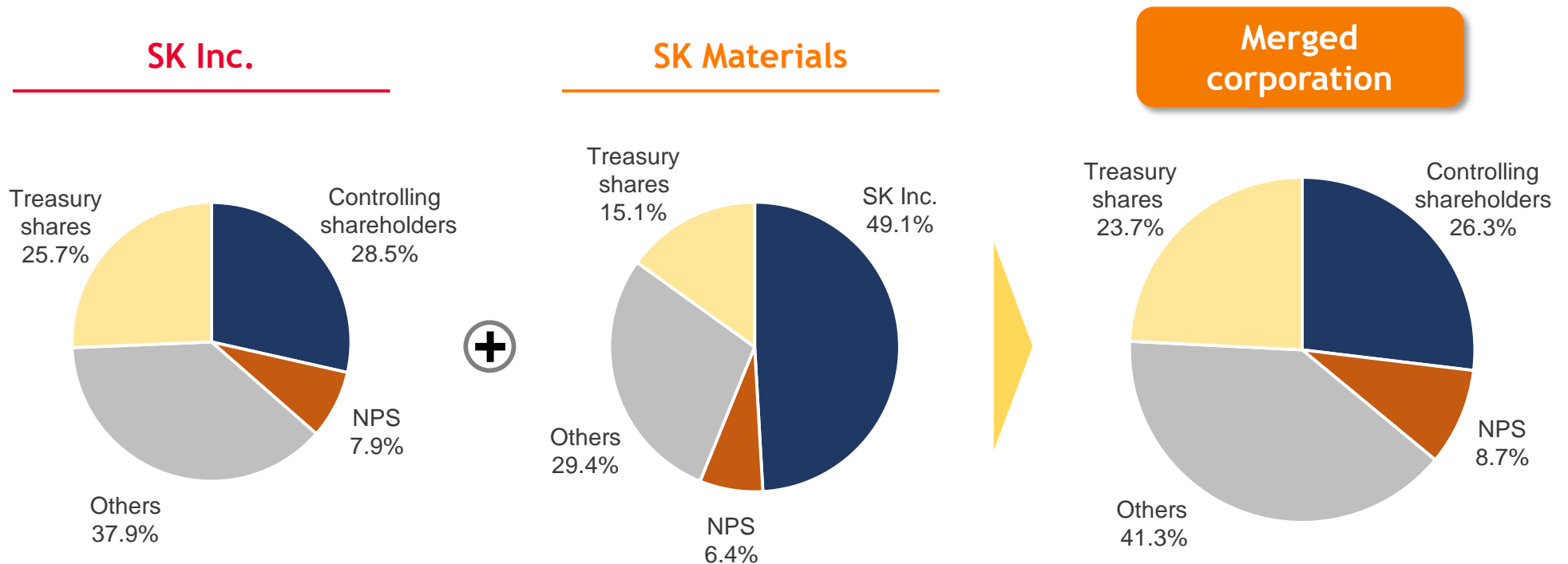
Pre-merger	Post-merger
KRW 4,000 per one SKMR share	KRW 11,045* per one merged corporation share (+KRW 7,045)

(*) One share of SKMR will be exchanged for 1.58 shares of the merged corporation
(SK Inc.'s dividend per share in FY20: KRW 7,000)

- Stable trade flows with greater trading volume

3. Shareholding Structure

- The current shareholders of SK Inc. and SK Materials will become the shareholders of the merged corporation, and overall shareholding structure will not change significantly



※ Assuming that no SKMR shareholders will exercise their appraisal rights

4. Key Financials

- The post merger corporation is expected to have market cap. of KRW 19.8tn, a total asset of KRW 25.4tn, and equity of KRW 15.5tn

Based on 1H,2021
Separate financial statements
(in KRW)

	SK Inc.	SK Materials ¹⁾	Merged corporation
Market Capitalization	19.6tn	4.3tn	19.8tn ²⁾
Asset	25.3tn	0.6tn	25.4tn ³⁾
Liabilities	9.6tn	0.3tn	9.9tn
Equity	15.7tn	0.3tn	15.5tn ³⁾

1) Pro-forma figures stated in the SK Materials Spilt-Off plan (disclosed on Aug.20, 2021)

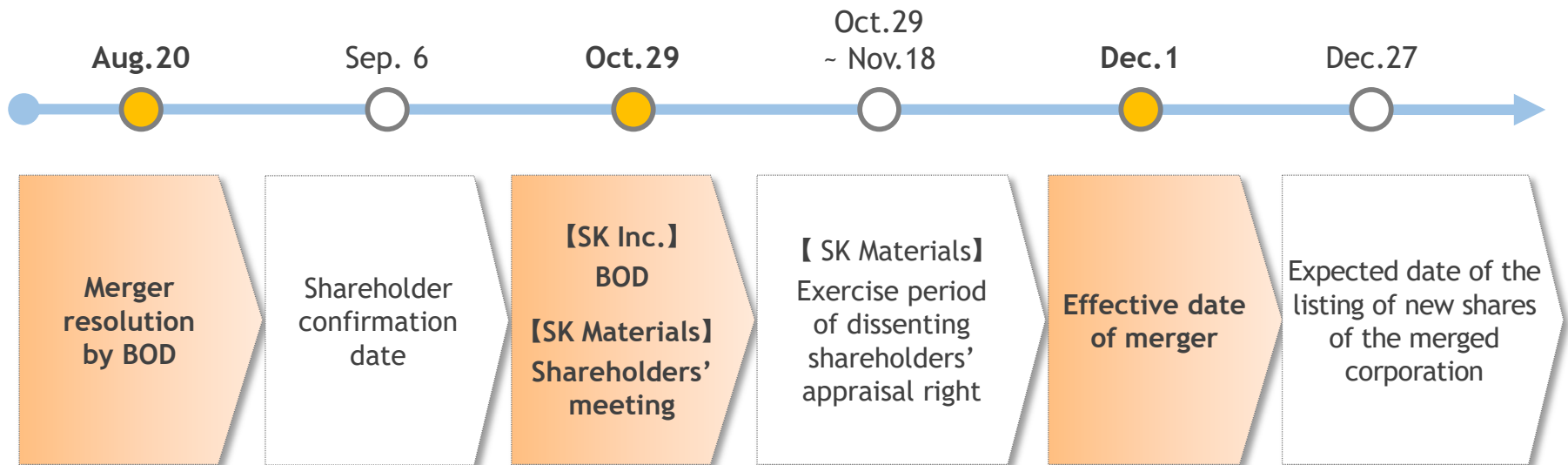
2) Market cap. of SK Inc. (As of the closing price on Aug.19, 2021) + Value of the newly issued shares of the merged corporation

3) The book value of SK Materials shares (49.1%) held by SK Inc. is deducted

※ The above financial information is subject to change depending on business activities up to the effective date of merger and the scale of exercising appraisal rights by SK Materials' dissenting shareholders

5. Merger Process and Timeline

- Expected to take about 4 months to complete the listing of new shares going forward



※ For SK Inc., the small-scale merger only requires the BOD's approval without having to go through a shareholders' meeting. In addition, dissenting shareholders are not provided an appraisal right

※ The schedule may change depending on the process involving an approval of the relevant authorities or organizations

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