

SK chemicals
2022 4Q Earnings Release



We care for the future.
Healthcare, Earthcare

Disclaimer

The financial information in this document are consolidated earnings results based on K-IFRS. (Korea International Financial Reporting Standards)

Forecasts and projections contained herein are based on current business environment and management strategies.

Please note it may differ from actual results, due to uncertainties including changes in the future business environment and unaccounted variables.

1

Earnings Release



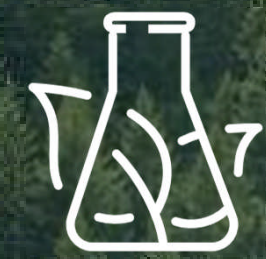
3Q22 Highlight



Performance

Revenue 477 bn KRW
(Δ 38.1% YoY, +10.3% QoQ)

OP 45 bn KRW
(Δ 83.5% YoY, Δ 9.8% QoQ)



Copolyester

**Securing future
growth engine**



Pharma

Open innovation expansion
and AI based

**Open R&D platform
establishment**



SK bioscience

**Expansion of SKYVAX
product line**

Recovering domestic M/S and
promoting overseas market
expansion

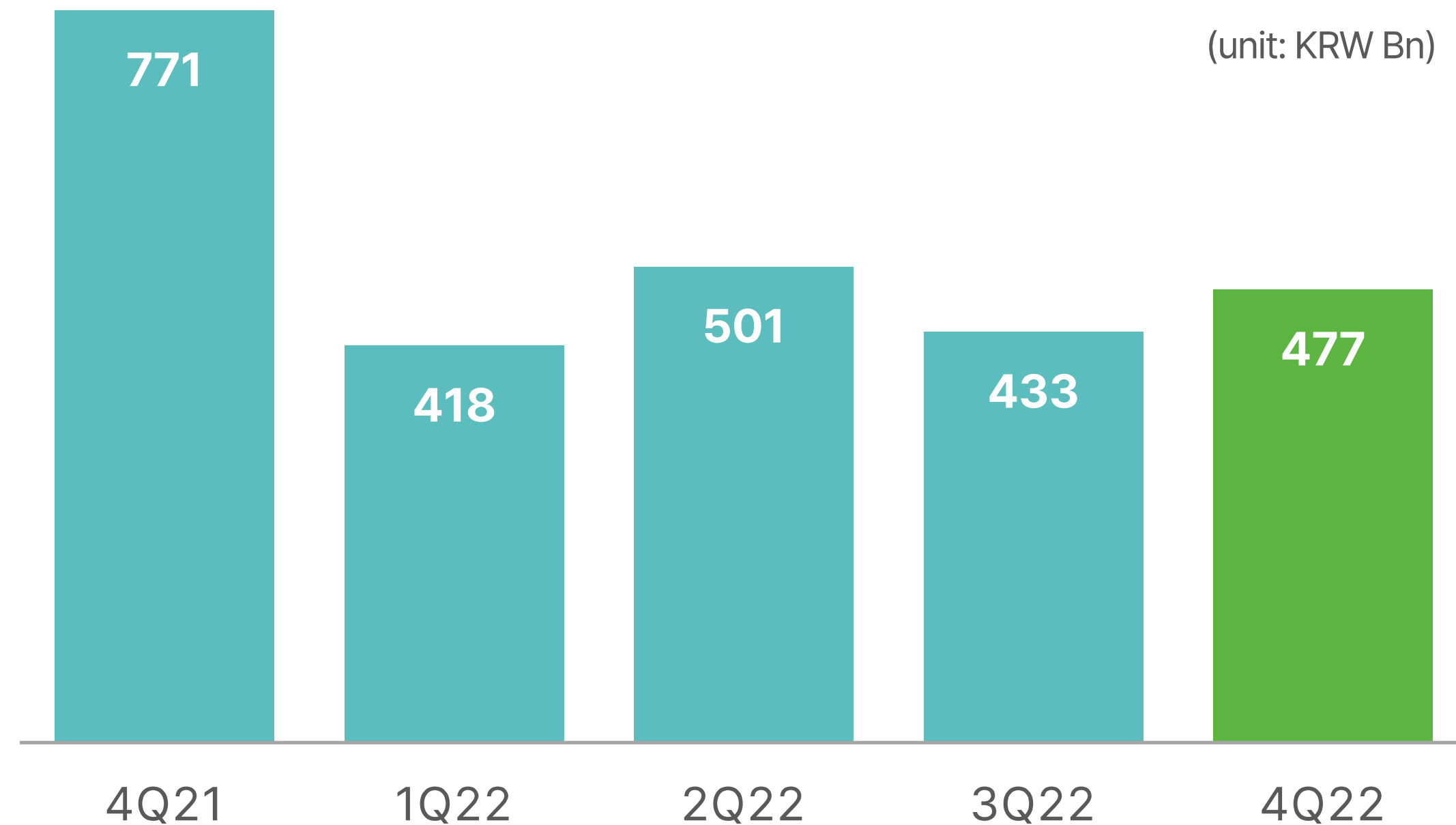
4Q22 Performance Review

Revenue

477 Bn KRW

($\Delta 38.1\%$ YoY, $+10.3\%$ QoQ)

Despite the growth of Copolyester business, the revenue declined due to the impact of consolidated subsidiary's performance

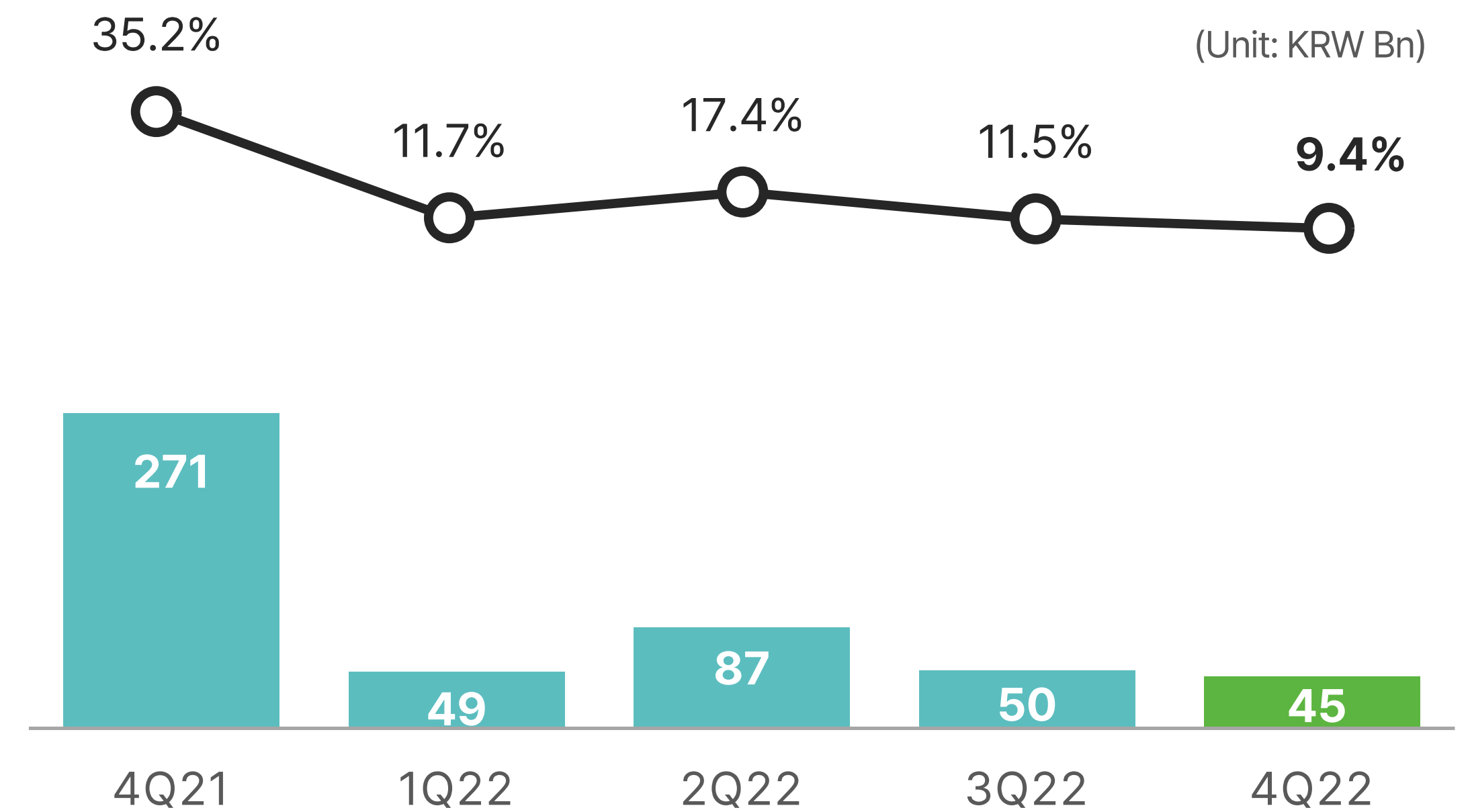


Operating profit & margin

45 Bn KRW

($\Delta 83.5\%$ YoY, $\Delta 9.8\%$ QoQ)

Despite the improvement in profitability of Copolyester business, profit decreased due to impact of consolidated subsidiary's performance



Performance Review by Division

Green Materials – Copolyester & Petrochem

Performance and Outlook

'22.4Q Performance

Revenue **208 Bn KRW** (+10.7% YoY, +0.1% QoQ)

Despite the global economic downturn, secured similar revenue level by continuous product development and strengthening high-value portfolio

Operating profit **33 Bn KRW** (+58.0% YoY, +30.4% QoQ)

Profitability improved by strengthening high-value portfolio

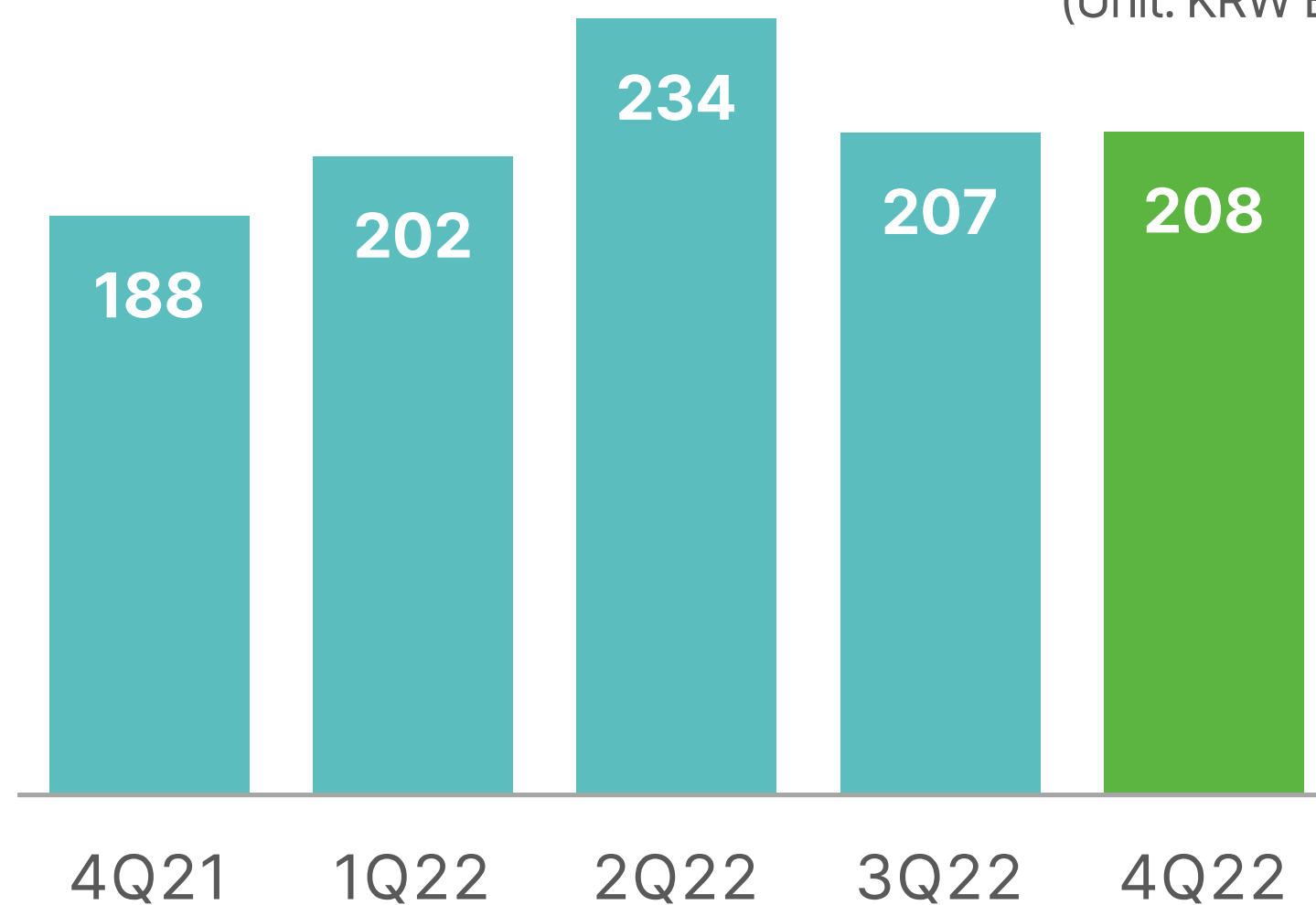
'23.1Q Outlook

Securing robust profitability by enlarging high-value product

vs. Cost increase

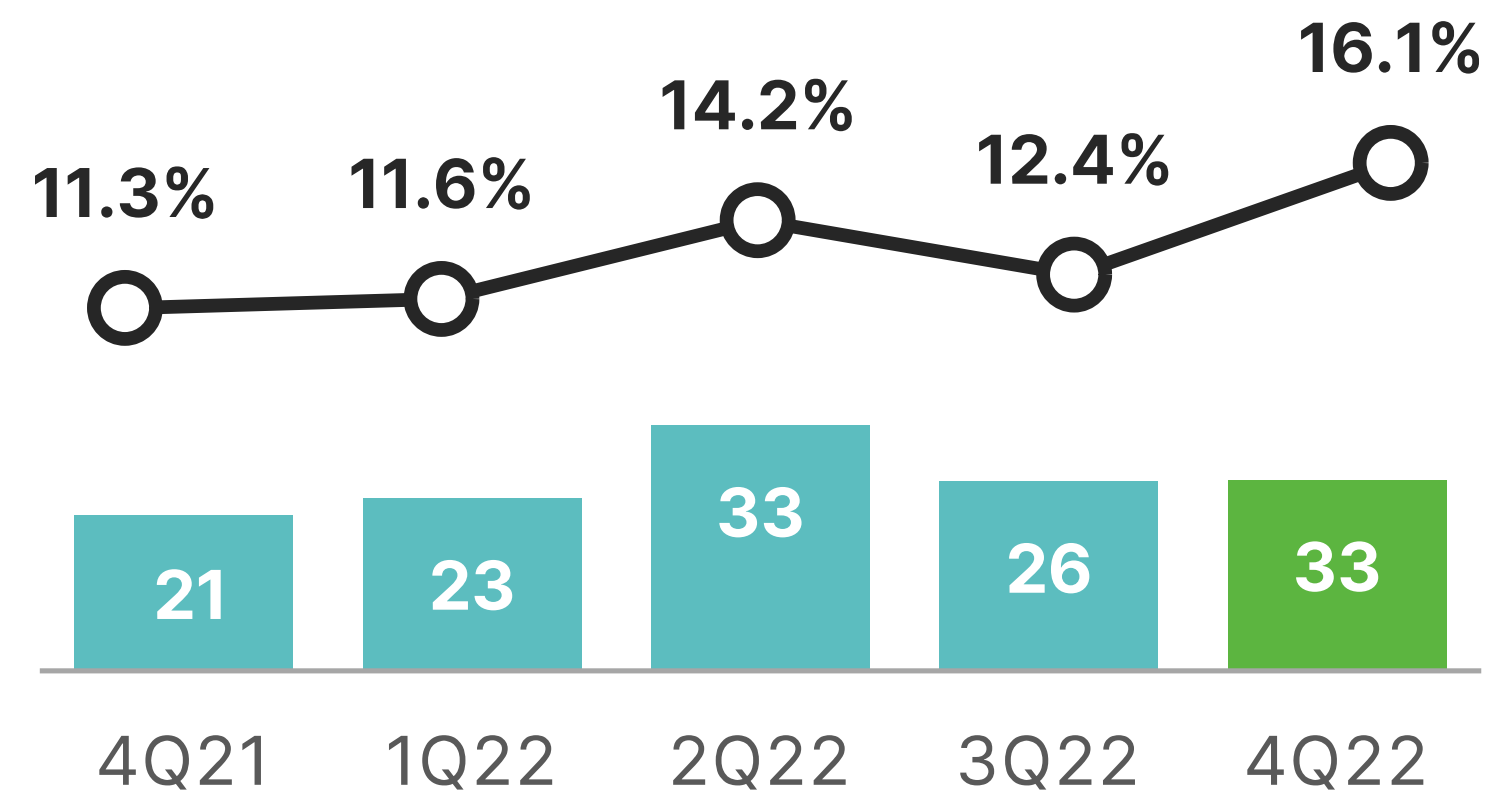
Revenue

(Unit: KRW Bn)



OP & OPM

(Unit: KRW Bn)



Main Product

Products

Applications



※ Including performance of America/Europe sales corporations

Performance Review by Division

Life Science - Pharma

Performance and Outlook

'22.4Q Performance

Revenue **80 Bn KRW** (+2.3% YoY, +0.6% QoQ)

Satisfactory sales in top-selling products and M/A products continued

Operating Profit **7 Bn KRW** (Δ52.0% YoY, Δ35.1% QoQ)

Profit decreased due to impact of higher SG&A and price reduction of some products

'23.1Q Outlook

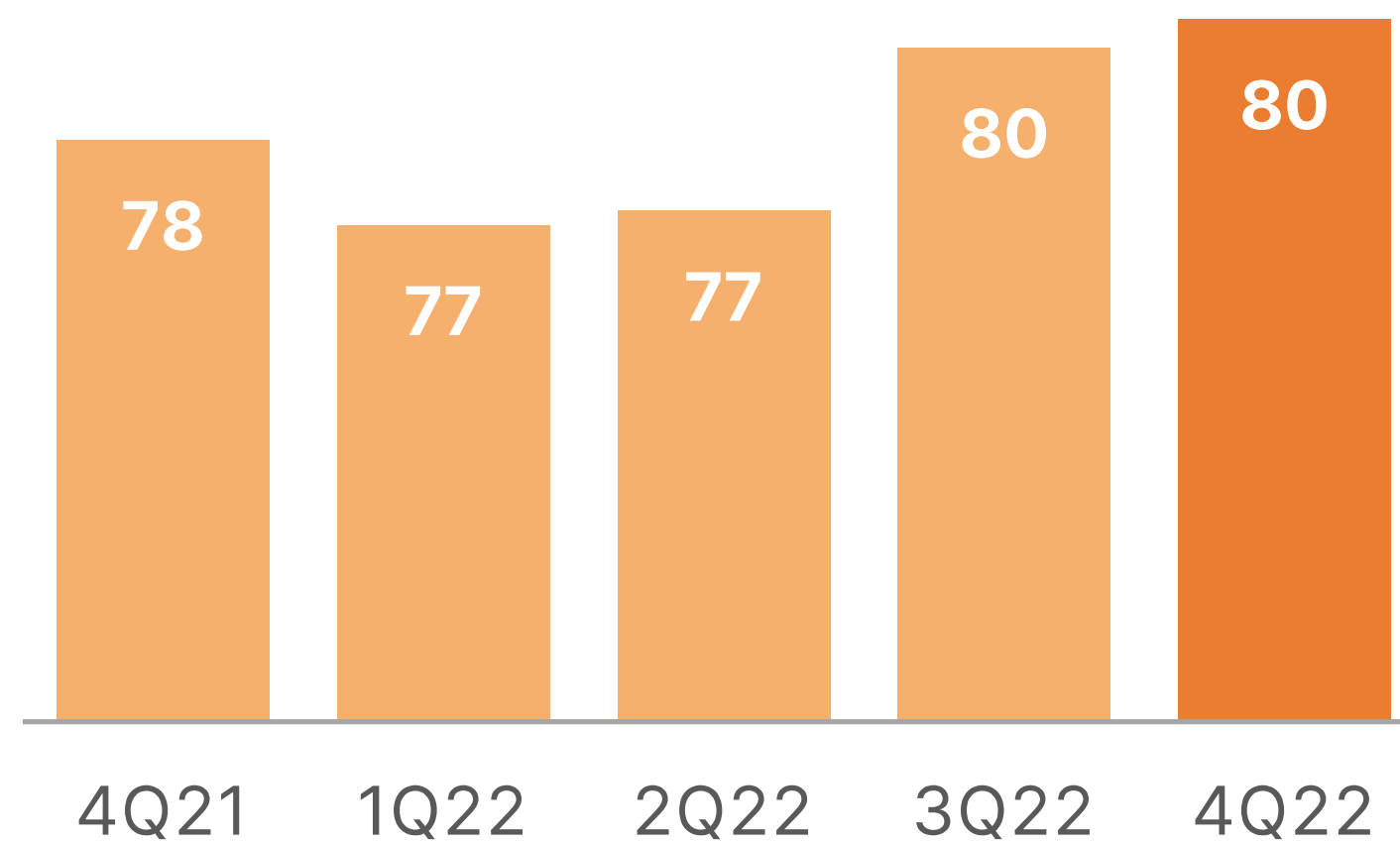
Continuous robust sales of top-selling products

vs.

Cost increase

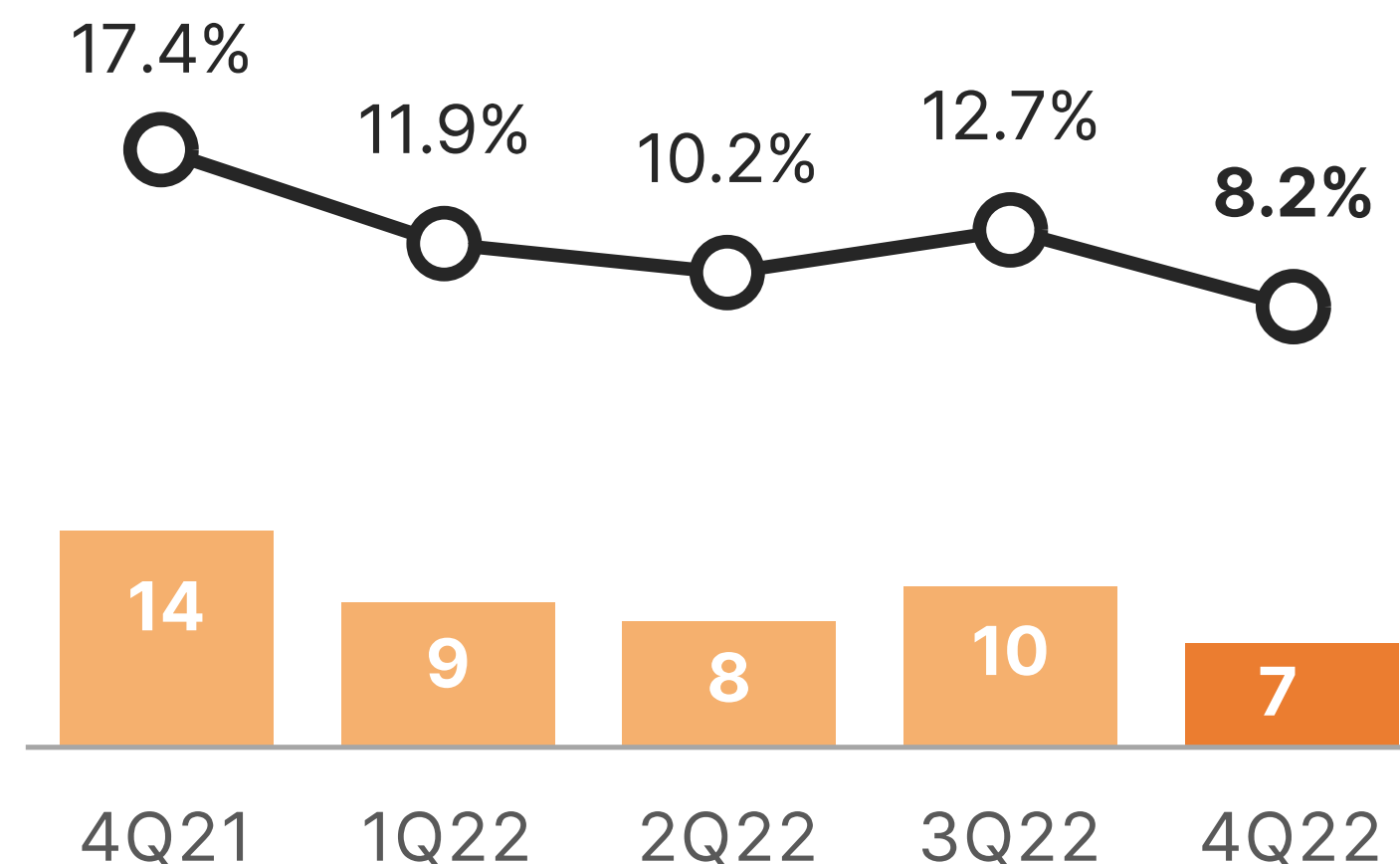
Revenue

(Unit: KRW Bn)

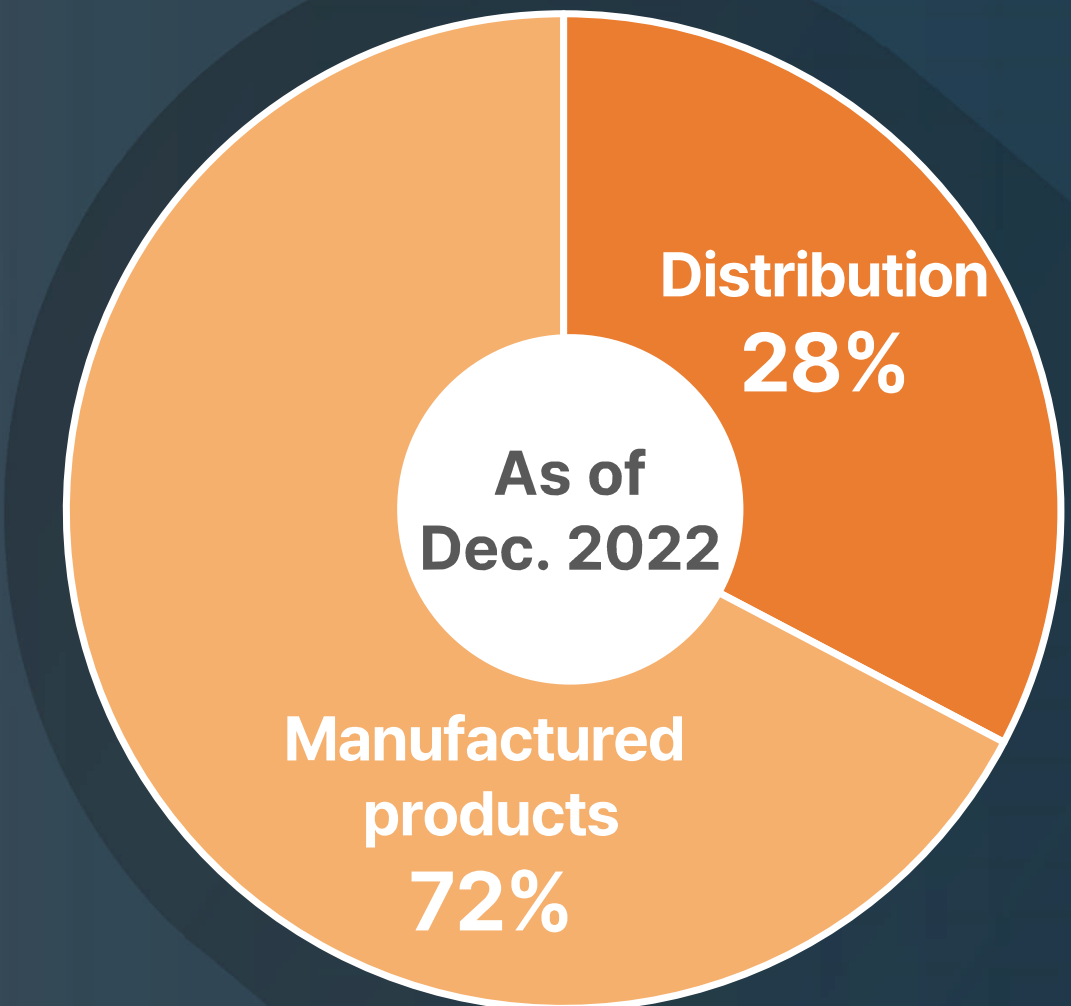


OP & OPM

(Unit: KRW Bn)



Sales Composition



Main Products



Joins

Natural product based anti-arthritic treatment



Ginexin

blood circulation disorder treatment



Rivastigmine patch

Anti-dementia treatment patch



Performance Review by Division

Life Science - SK bioscience

Performance and Outlook

'22.4Q Performance

Revenue **140 Bn KRW** ($\Delta 68.9\%$ YoY, $+54.1\%$ QoQ)
 Revenue decreased due to weak sales of CMO

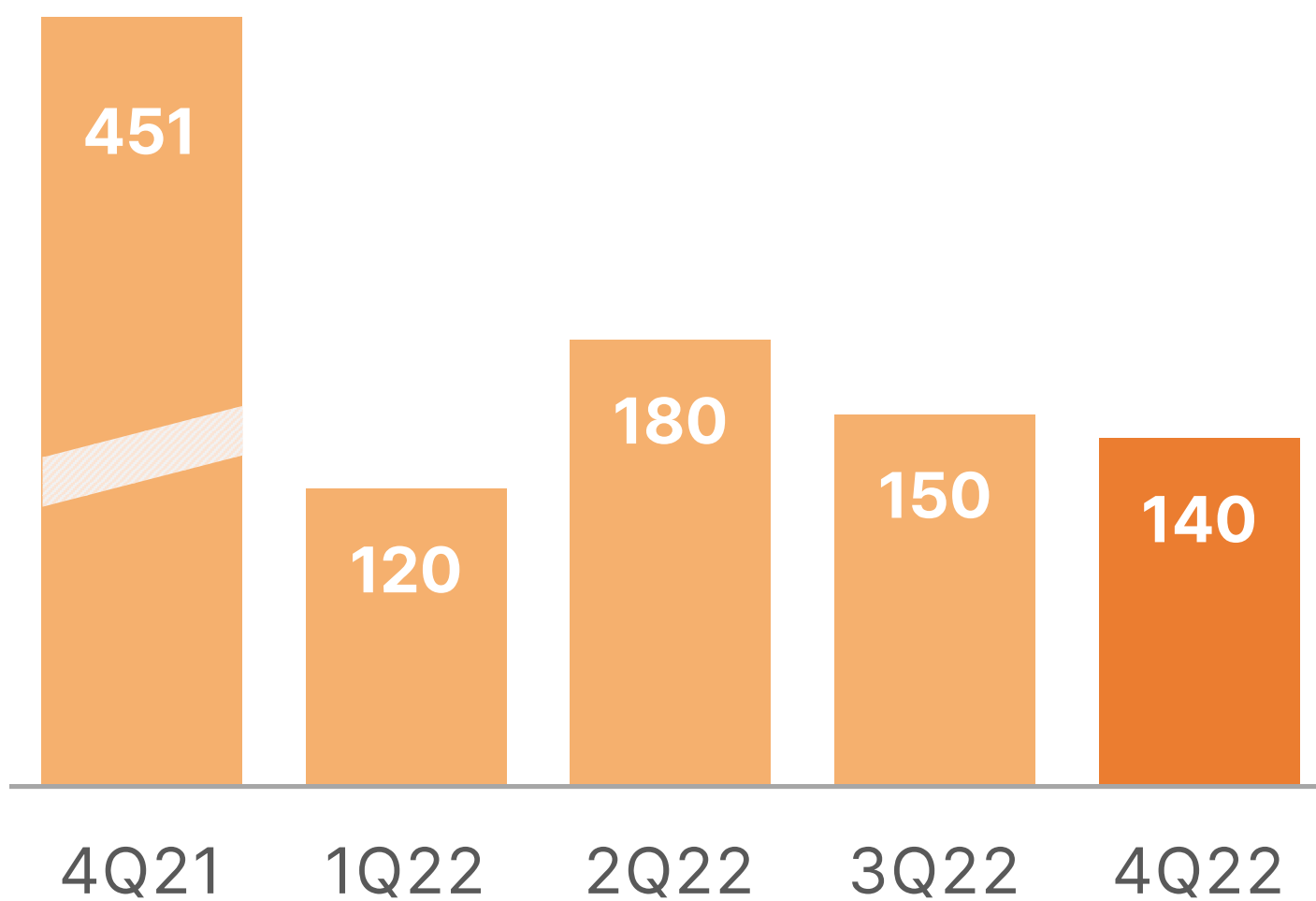
Operating profit **9 Bn KRW** ($\Delta 96.6\%$ YoY, $\Delta 59.2\%$ QoQ)
 Profit decreased due to reduced CMO revenue, inventory valuation loss

'23.1Q Outlook

Performance improvement is expected thanks to sales generation of SKY Covione™

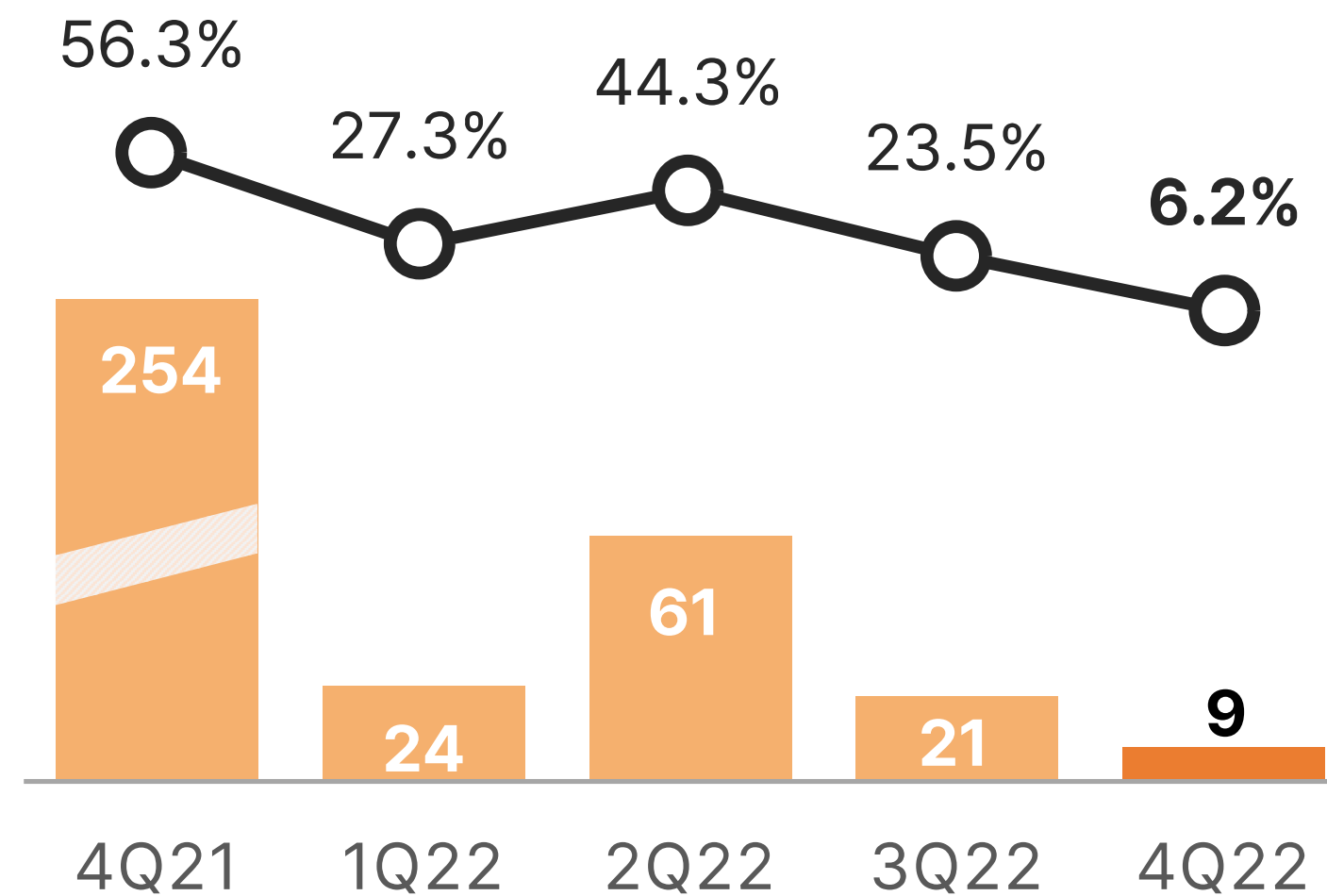
Revenue

(Unit: KRW Bn)



OP & OPM

(Unit: KRW Bn)

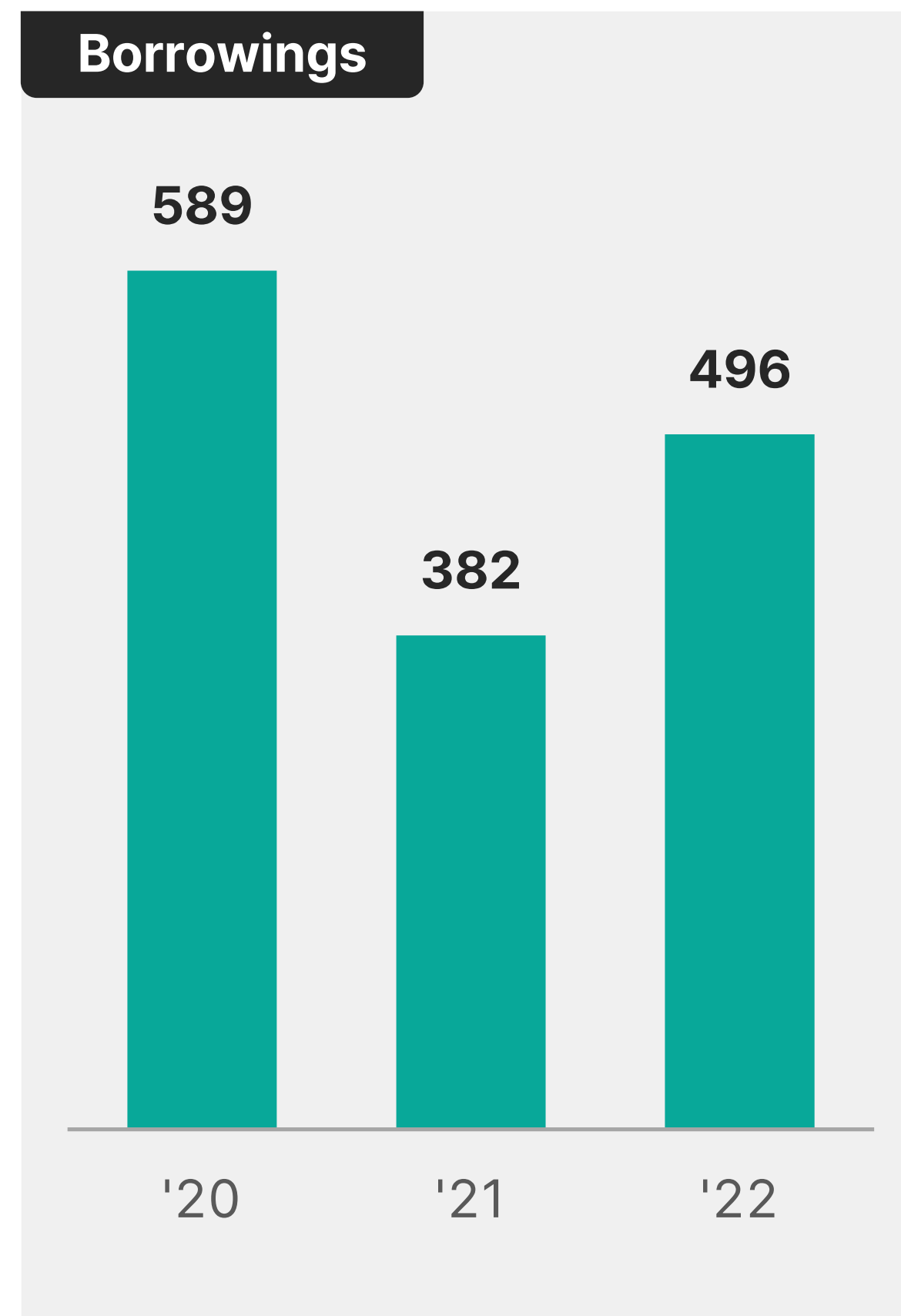
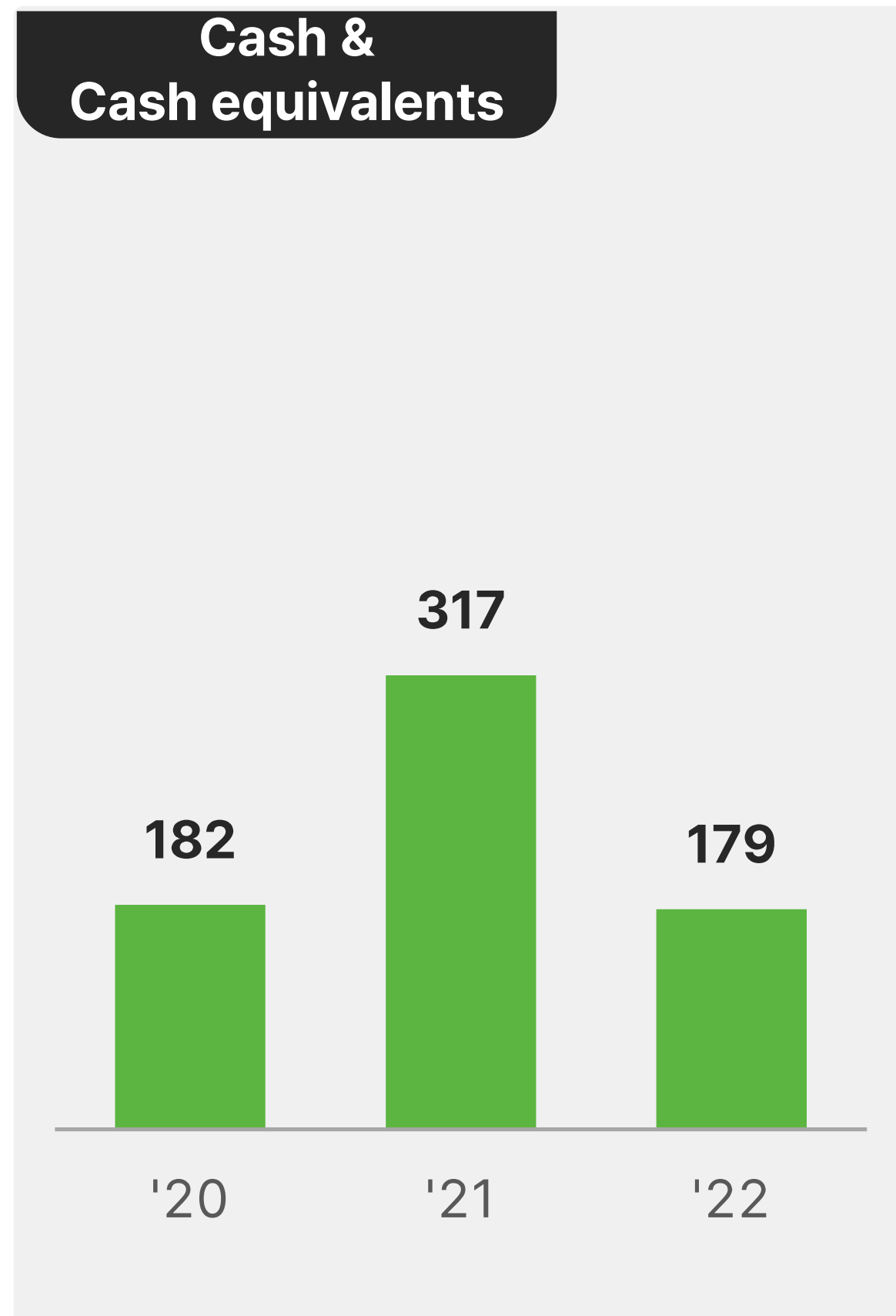


4Q22 Business Review

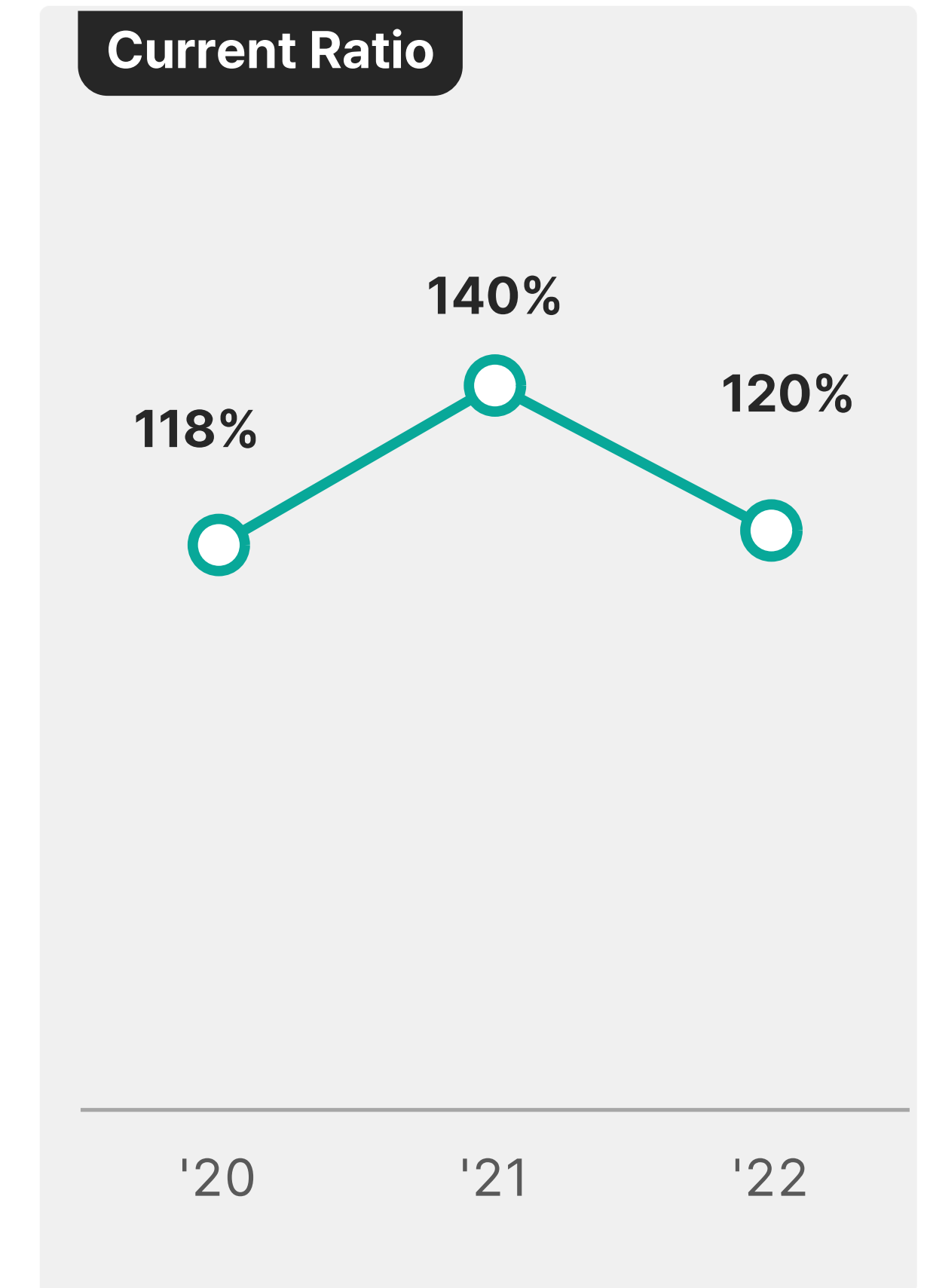
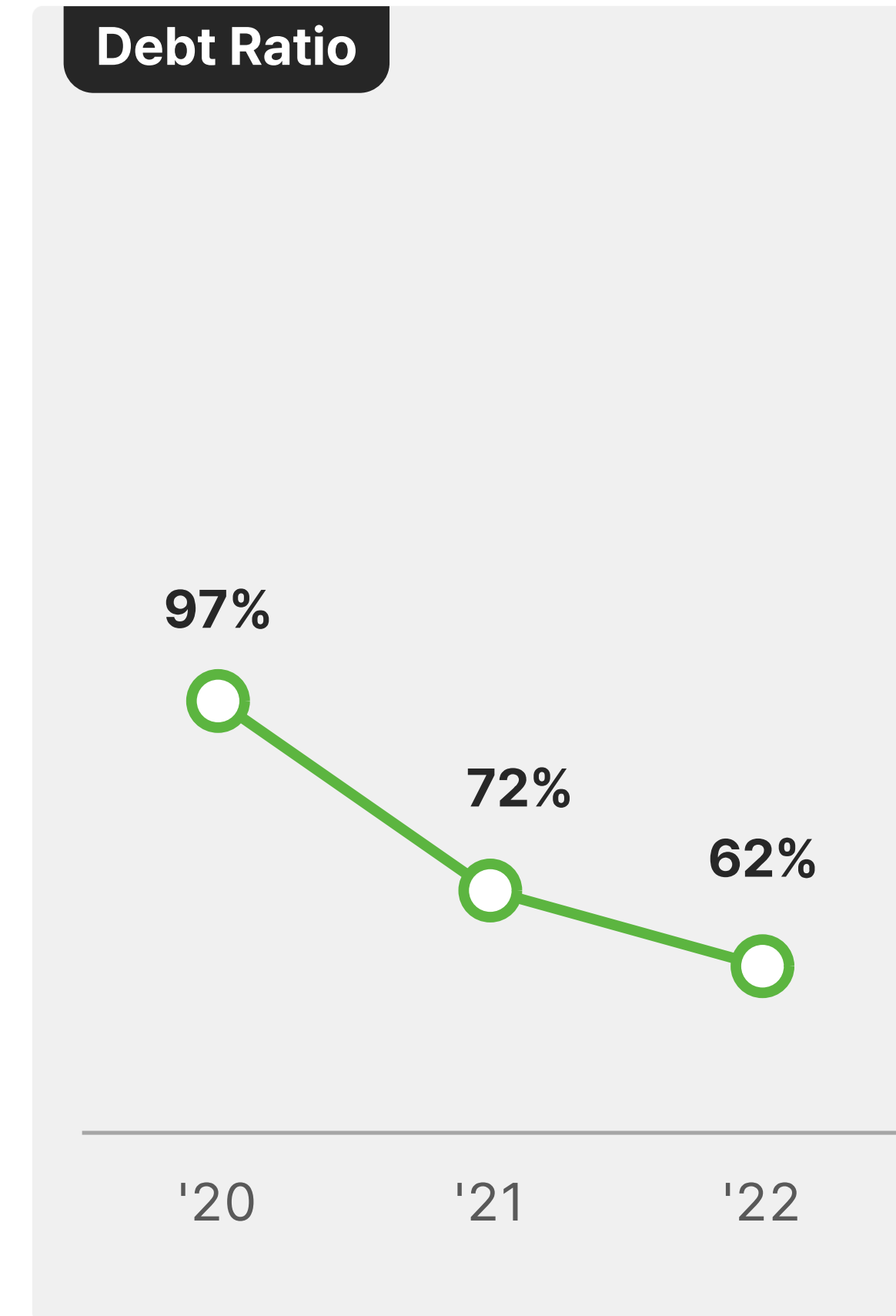
- **SKY Vaccine Expansion**
 - Global approval in progress (WHO/MHRA/EMA)
 - Recovery of domestic market share (flu) and overseas market expansion
- **ESG management**
 - KCGS ESG Rate : A (E : A, S : A+, G : A)
 - 1st Korean Pharma to publish TCFD report
 - MSCI ESG Rate : B → BBB
- **Songdo Global R&PD Center**
 - Construction starting year : 2023
Completion target year : 2025
 - Carrying out advanced R&D lab, new pilot plant, etc.

Financial Highlights

Financial status (Separate / Unit: KRW Bn)

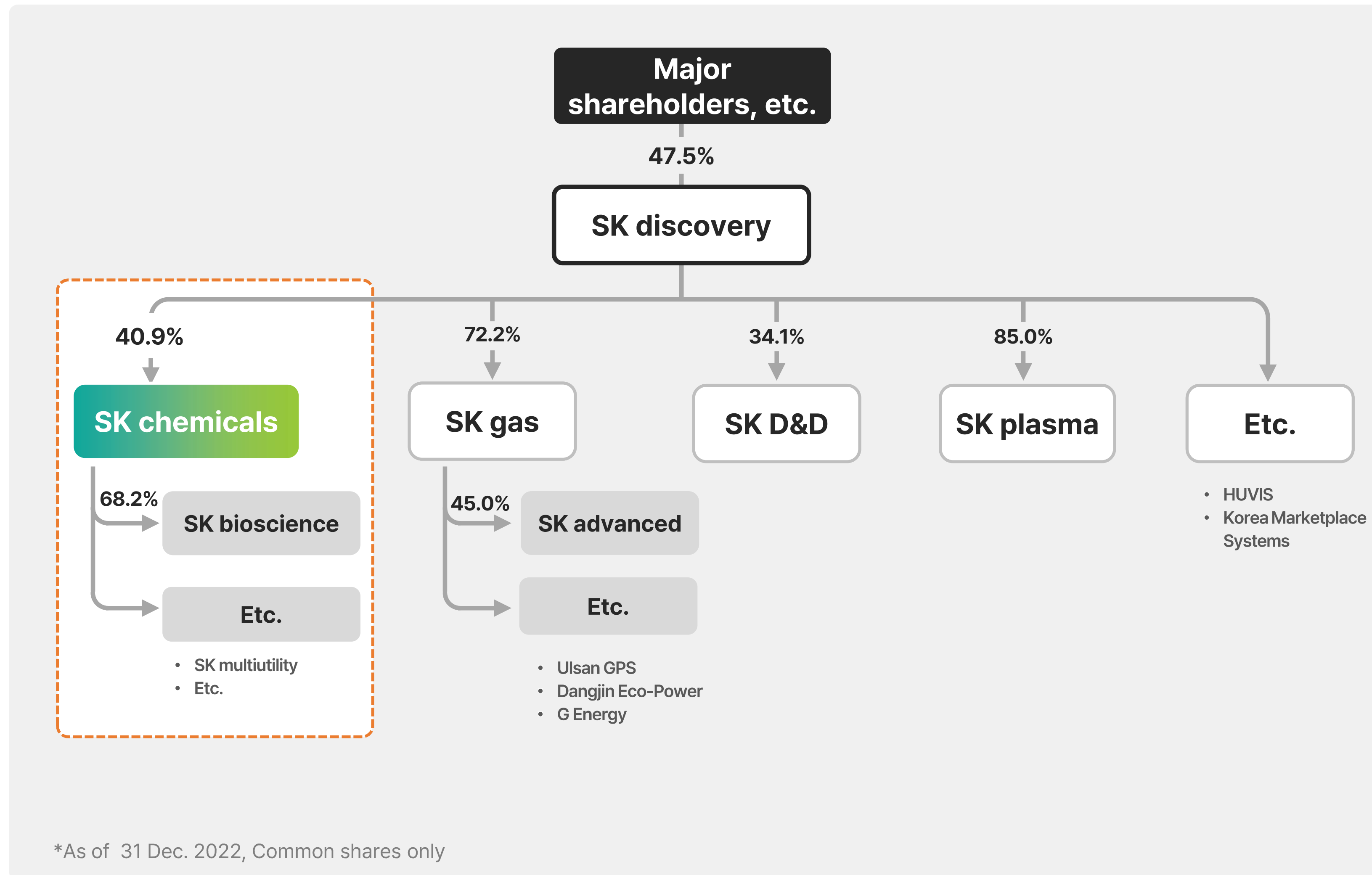


Financial Ratio (Separate)

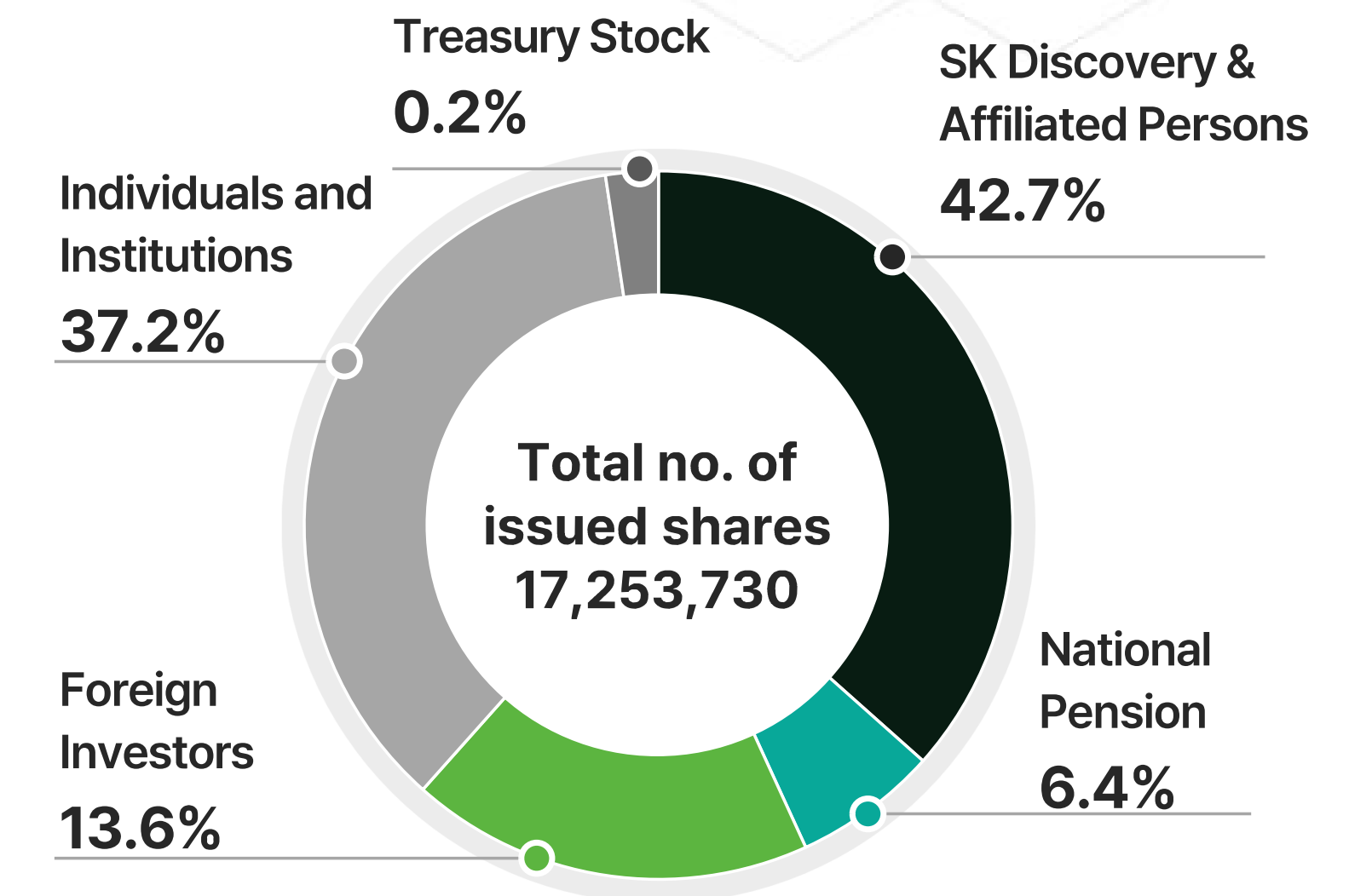


Governance and Shareholders

Corporate Governance



Shareholder Structure



Shareholders Category	No. Shares
SK Discovery & Affiliated Persons	7,361,072
National Pension	1,103,828
Foreign Investors	2,345,924
Individuals and Institutions	6,412,102
Treasury Stock	30,857
Total no. of issued shares (Ordinary shares)	17,253,783

*As of 31 Dec. 2022, Common shares only

Shareholder returns

Enhancing the predictability of shareholder returns through specifying shareholder related policies

2017. 06 Retirement of Stock

- 1,939,120 shares of common stock (7.9% of total common shares)

2021. 10 Announced dividend policy

- Determining the total amount of dividends at the 30% dividend payout level (Separate net income excluding non-recurring income)
- Executing interim dividend from 2022

2021. 11 50% capital increase without consideration

2022. 7 Interim dividend (8Bn KRW, DPS 400)

2022. 3 Buy-back and retirement of stock (50 Bn KRW)

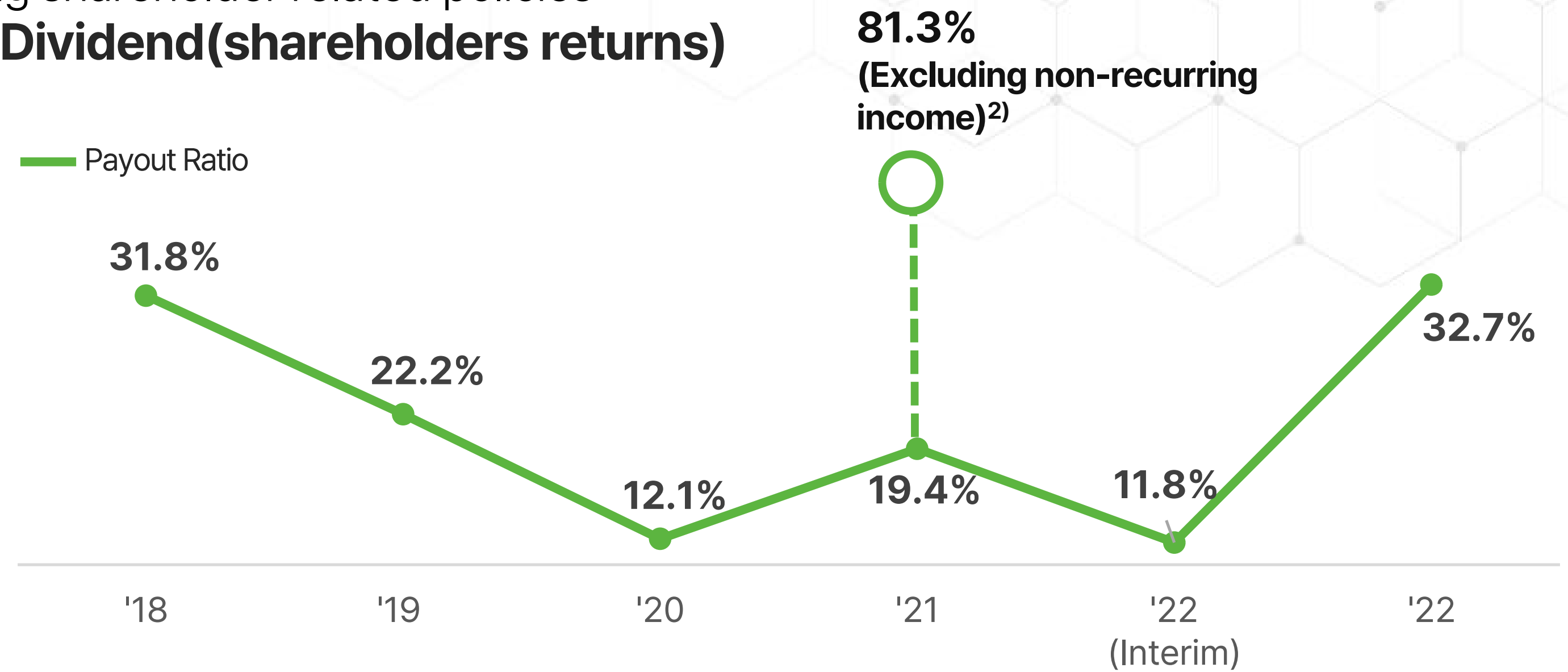
- Retired 389,489 common shares on Oct. 5

2023. 2 Decision on Cash dividend (Payout ratio 45%¹⁾)

- Dividend policy + additional dividend to be determined to meet the '22 dividend rate (Common shares 1,500 KRW, Preferred shares 1,550KRW)¹⁾

1) Dividend payout ratio : based on separate net income, the figure includes interim dividends(400KRW each for common/preferred shares)

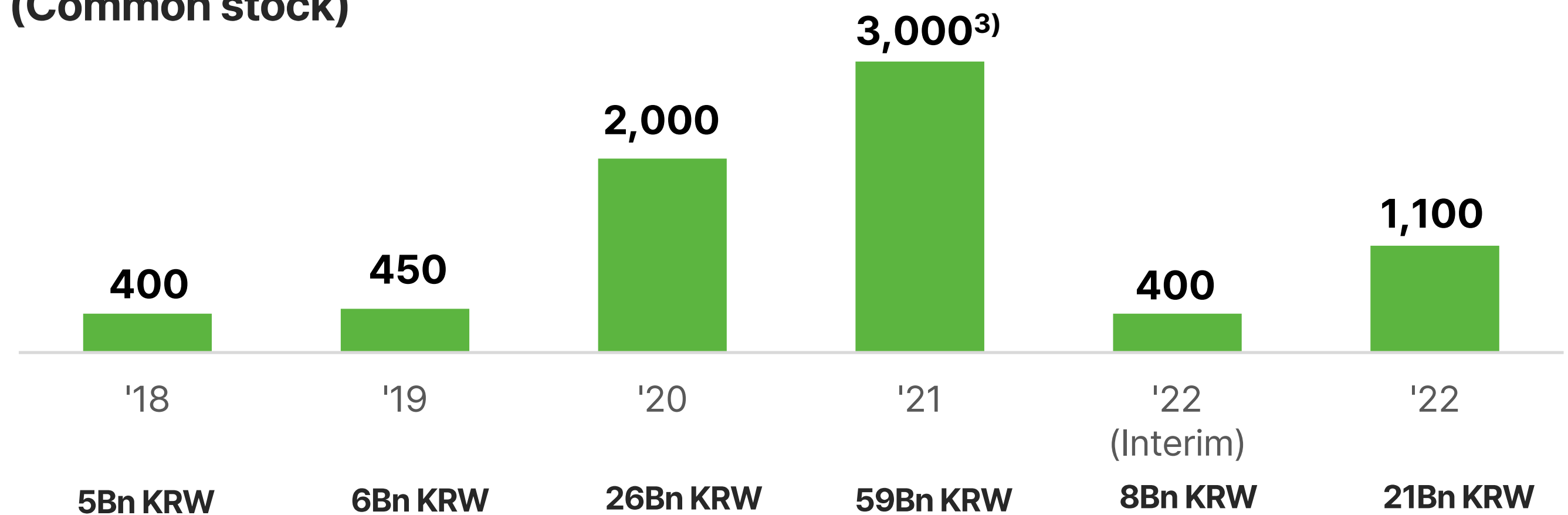
Dividend (shareholders returns)



2) Dividend payout in 2021 was calculated based on separate net income for the current term excluding non-recurring income (72 Bn KRW)

Dividend per share (Common stock)

(Unit: KRW)



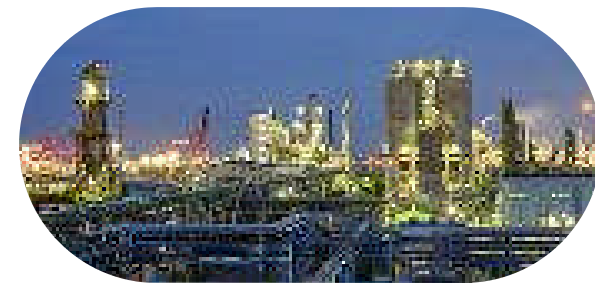
3) Considering the capital increase without compensation, the dividend per share was 4,500 KRW(including extra dividend) in 2021.

Global Network

● HQ(1) ● Domestic Plants(3) ● Overseas Offices (2) ● Overseas Plants (2) ● Overseas Corporations(4)



Ulsan Plant



Certifications ISO 14001(Environment) / ISO 45001 (Safety and Health) / ISO 9001(Quality)

Construction Status

- '89 SEP PTA / DMT Plant completion
- '01 JAN CHDM#1 / PETG#1 Plant completion
- '12 FEB CHDM#2 / PETG#2 Plant completion
- '17 FEB CHDM#3 / PETG#3 Plant completion
- '20 DEC CHDM#4 Plant completion
- '21 JUL PETG#4 Plant completion

Production Items Copolyester resin, DMT etc,

Production Capacity 450,000 tons annually ¹⁾

Cheongju Plant (S HOUSE)



Certifications K GMP/ EU GMP(solid tablets, patches)

Construction Status

- '09 JUL Cheongju plant takeover
- '12 JUL Production building completion
- '14 MAR Patch building reconstruction

Production Items Solid tablets and patches

Production Capacity 760m solid tablets, 66m patch pouches annually

Andong Plant (L HOUSE)



Certifications MFDS & EU GMP Certifications

Construction Status '12 DEC Completion

Production Items Flu vaccine, varicella/herpes zoster vaccine, COVID vaccine (CMO/CDMO)

Production Capacity Approximately 500m dozes annually based on finished products

1) Reflecting operation of new production facility*(#4) from 15th Jun 2021

Financial Statements (consolidated)

Balance Sheet

(Unit : KRW Bn)

Items	'21	'22
Current assets	2,784	2,515
- Current account	2,435	2,032
- Inventory	349	483
Non-current assets	1,172	1,427
- Investment in affiliated companies and joint ventures	16	13
- Tangible property	999	1,193
- Intangible property	44	52
- Other Non-current assets	112	169
Total assets	3,956	3,942
Current liabilities	1,087	1,059
Non-current liabilities	302	180
Total liabilities	1,389	1,239
Equity attributable to the parent company	2,054	2,141
- Capital stock	99	99
- Consolidated capital surplus	1,193	1,199
- Consolidated other components of equity	△21	△22
- Accumulated other comprehensive income	3	2
- Consolidated earned surplus	781	863
Non-controlling interest	513	562
Total equity	2,567	2,704
Total liabilities and equity	3,956	3,942

Income Statement

(Unit : KRW Bn)

Items	'21.4Q	'22.1Q	'22.2Q	'22.3Q	'22.4Q
Revenue*	771	418	501	433	477
- Cost of Revenue	408	282	321	279	331
- Gross profit from Revenue	364	136	180	153	146
- Revenue and administrative expenses	92	87	93	104	1,1
Operating profits*	271	49	87	50	45
- Other non-operating income	14	2	2	1	2
- Other non-operating expense	31	3	5	3	18
- Financial income	15	30	52	71	21
- Financial expense	17	19	58	67	7
- Share of profits	0	0	△0.1	0.1	△1
Earnings before interest and taxes*	253	59	79	52	42
- Income tax expense	96	13	18	10	△36
Consolidated net income	152	46	60	42	78
- Equity attributable to the parent company	93	37	45	35	69
- Non-controlling interest	58	9	15	7	9

* Above revenue, operating profits, EBIT of 2021 exclude the performance of discontinued business

Financial Statements (Seperate)

Balance sheet

(Unit: KRW Bn)

Items	'21	'22
Current assets	850	639
- Current account	674	395
- Inventory	177	244
Non-current assets	1,137	1,169
- Investment in affiliated companies and joint ventures	383	384
- Tangible property	664	662
- Intangible property	26	32
- Other Non-current assets	65	91
Total assets	1,987	1,808
Current liabilities	608	535
Non-current liabilities	223	158
Total liabilities	832	693
Capital	99	99
Capital surplus	156	158
Other components of equity	△12	△13
Earned surplus	913	871
Total equity	1,156	1,115
Total liabilities and equity	1,987	1,808

Income Statement

(Unit: KRW Bn)

Items	'21.4Q	'22.1Q	'22.2Q	'22.3Q	'22.4Q
Revenue*	295	316	326	327	288
- Cost of Revenue	228	245	255	245	212
- Gross profit from Revenue	67	71	71	81	76
- Revenue and administrative expenses	48	44	51	47	51
Operating profits*	19	27	21	35	25
- Other non-operating income	13	2	1	1	2
- Other non-operating expense	30	2	2	3	16
- Financial income	6	13	16	24	5
- Financial expense	6	11	18	23	15
- Share of profits	0	-	0	0	0
Earnings before interest and taxes*	2	30	18	34	2
- Income tax expense	△4	6	4	8	0
Net income	1	23	14	26	2

* Above revenue, operating profits, EBIT of 2021 exclude the performance of discontinued business

2

Business Status and Strategies

2-1. Overview



Vision



Providing eco-friendly materials and total healthcare solution
Global Leading Company



The Green Chemical Company

Leading resource recycling ecosystem



Total Life Science Company

Innovating human lives with technologies

History

Secured business identity through restructuring chemical business and SK bioscience IPO



Green Materials

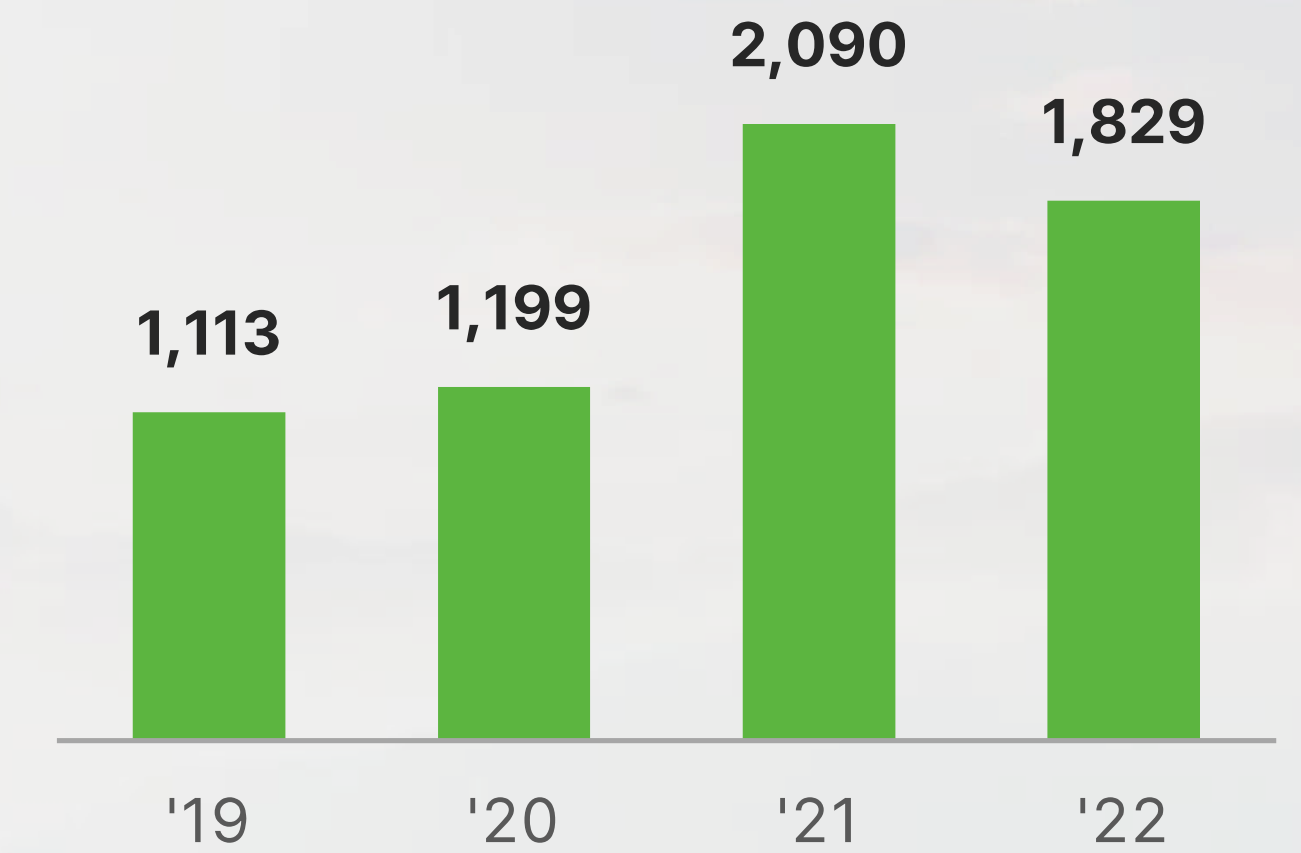
- 2020**
 - Bio energy business sold
 - Drive green portfolio centered growth
- 2021**
 - Initiate commercialization of world's 1st chemical recycling technology-based r-Copolyester (Jul 2021) : securing stable raw material, and inhouse production infrastructure and technical skill
 - New copolyester plant (#4) commercial production started
 - Limited business (PPS business) sold
 - Spin-off Multi Utility business
- 2022~**
 - Regularize chemical recycle business
 - Complete bio-materials technology development and start operating commercialized plant (Mar 2022)
 - Develop highly flexible PLA technology and develop commercialization

Life Science

- 2020**
 - Covid-19 vaccine CMO/CDMO contracts
- 2021**
 - SK bioscience listing on KOSPI
 - Covid-19 vaccine phase 3 trial commenced
- 2022~**
 - Expanding new pipelines utilizing AI/DI technologies
 - Fortifying existing portfolio and procuring new technologies
 - Completed Covid-19 GBP 510 Phase 3 trial

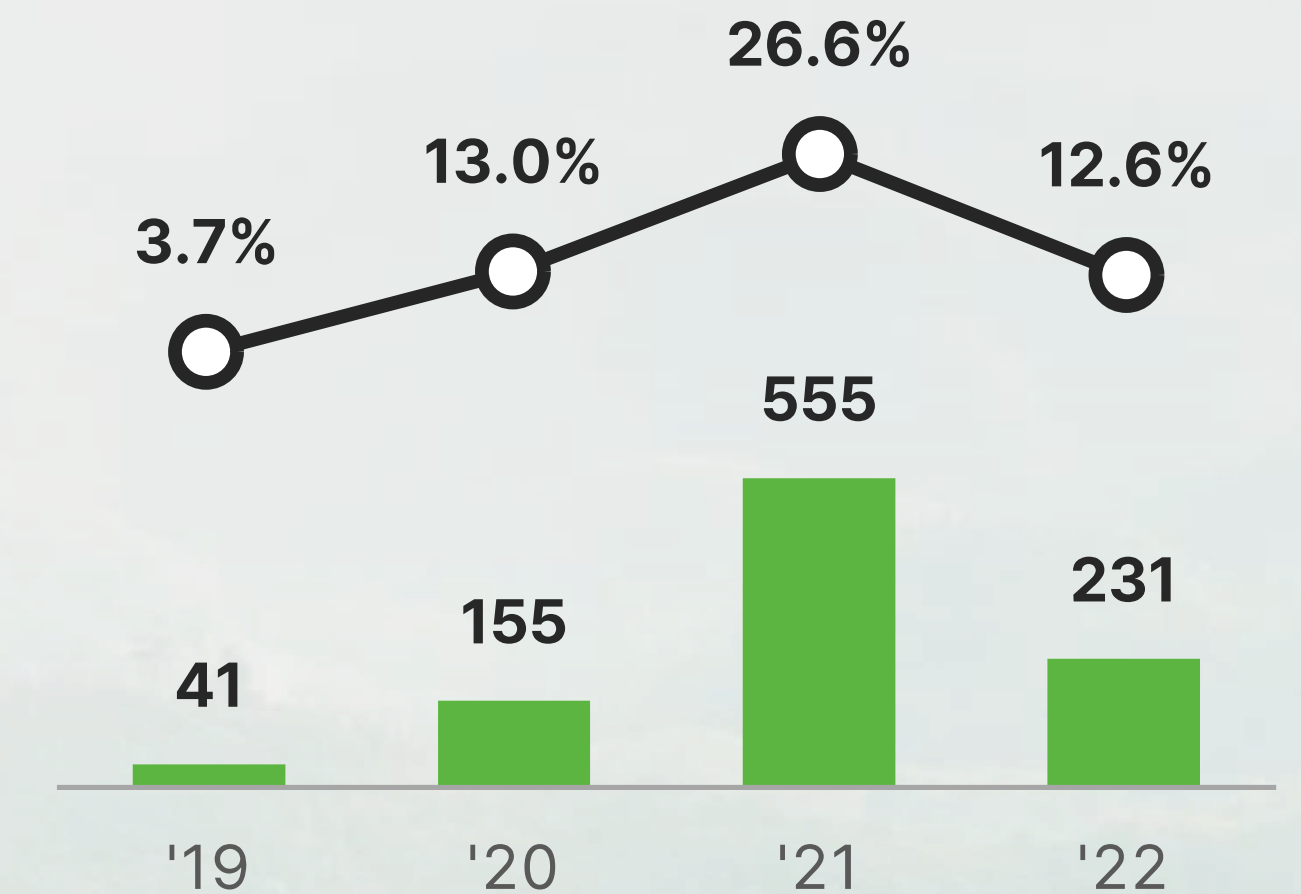
Revenue

(Unit : KRW Bn)



OP & OPM

(Unit : KRW Bn)



* Consolidated, excluding discontinued businesses

* Reflecting re-written financial statements for the past 2 years from the completion of the sale of business
 - PPS business sale completion: 31st Dec 2021
 - Bioenergy business sale completion: 29th May 2020

Strategies

Jump-up through each unit's organic/inorganic growth strategies

Green Materials(Eco-transition)

1 Transition to Recycled Copolyester

- Focusing on globalization through securing production bases, strengthening network etc.
- Recycle portfolio **50% by 2026**
Recycle portfolio **100% by 2030**

2 Expand into new Bio-material business

- Development and commercialization of corn based PO3G technology
- Development of highly flexible PLA technology overcoming shortcoming of existing PLA

3 Drive 'Net Zero' with green energy usages

- Value creation with LNG fuel transition
- Drive carbon reduction in future by establishing hydrogen economy

1 Expansion of promising future green material business

- Expand into promising future green material business

Organic Growth

Inorganic Growth

Life Science

1 Formation of R&D platform utilizing open innovation and AI

- Development of new drug through open innovation
- Formation of new drug search platform utilizing AI/DI
- Introduction of external projects and venture investments

2 Expansion into the vaccine business and related fields

- Global Top-tier level vaccine platform
- Possession of world-class vaccine production facilities
- Fortification of international cooperation for global vaccine distribution expansion

1 Search for business opportunities in new bio fields

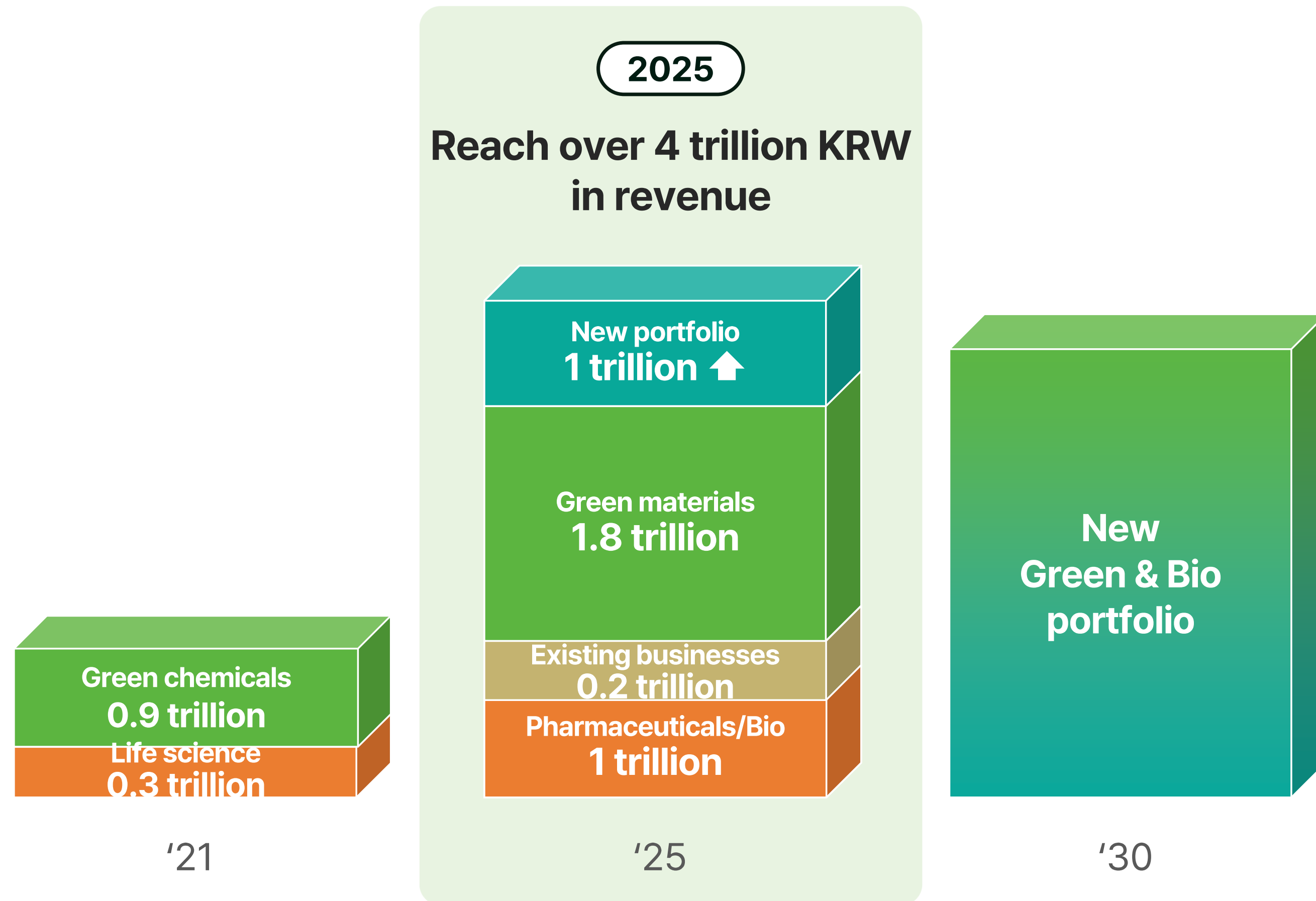
- Search for new business opportunities such as genetic editing/genetic therapy, Proteolysis targeting chimera, cell therapeutics, etc.

Business Goals & Investment

Target of 4 trillion won in revenue and more than 1.8 trillion won in investment by 2025

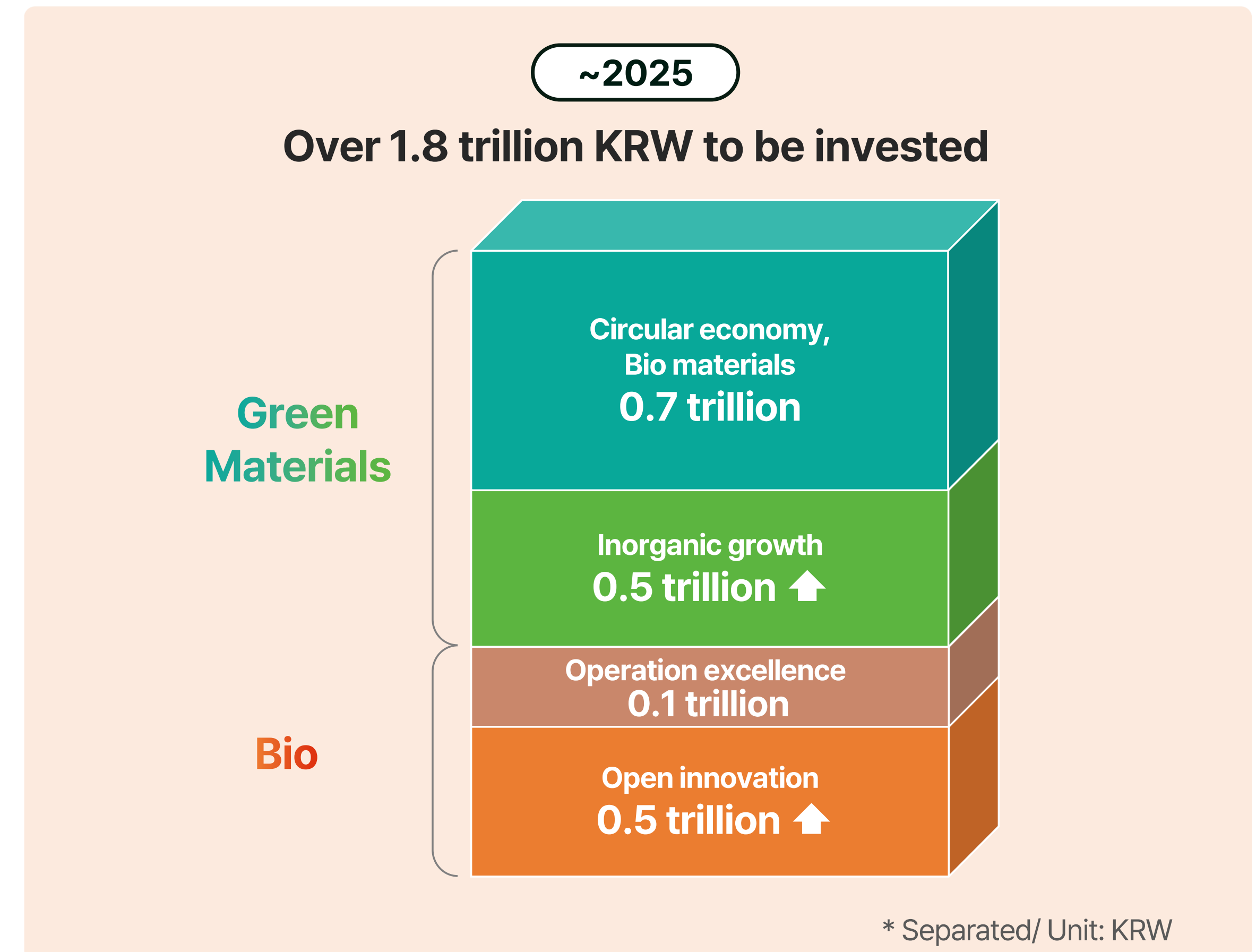
Business Goal

Jump-up through organic/inorganic growth



Investment Plan

Carry out investment for new growth momentum



* Separated/ Unit: KRW

A photograph of a large industrial facility, possibly a refinery or chemical plant, at night. The structure is illuminated by numerous bright lights, creating a complex network of steel beams, pipes, and towers. A prominent green graphic element, consisting of several thick, curved lines, is overlaid on the right side of the image. The overall scene is dark, with the lights providing the primary illumination.

2

Business Status and Strategies

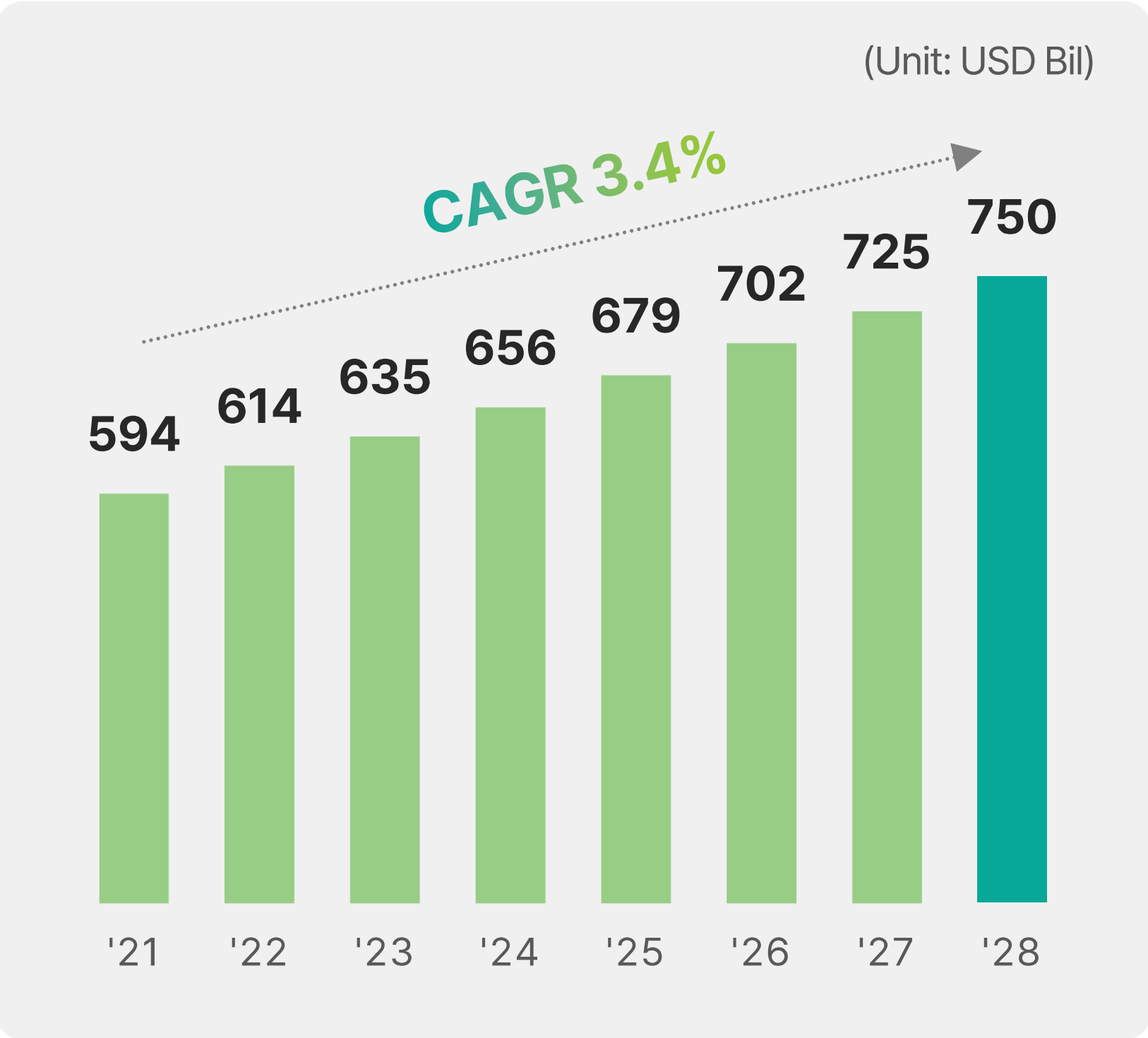
2-2. Green Materials

Global Market

The continued growth of the global plastic and cosmetics container market

Global Plastic Market

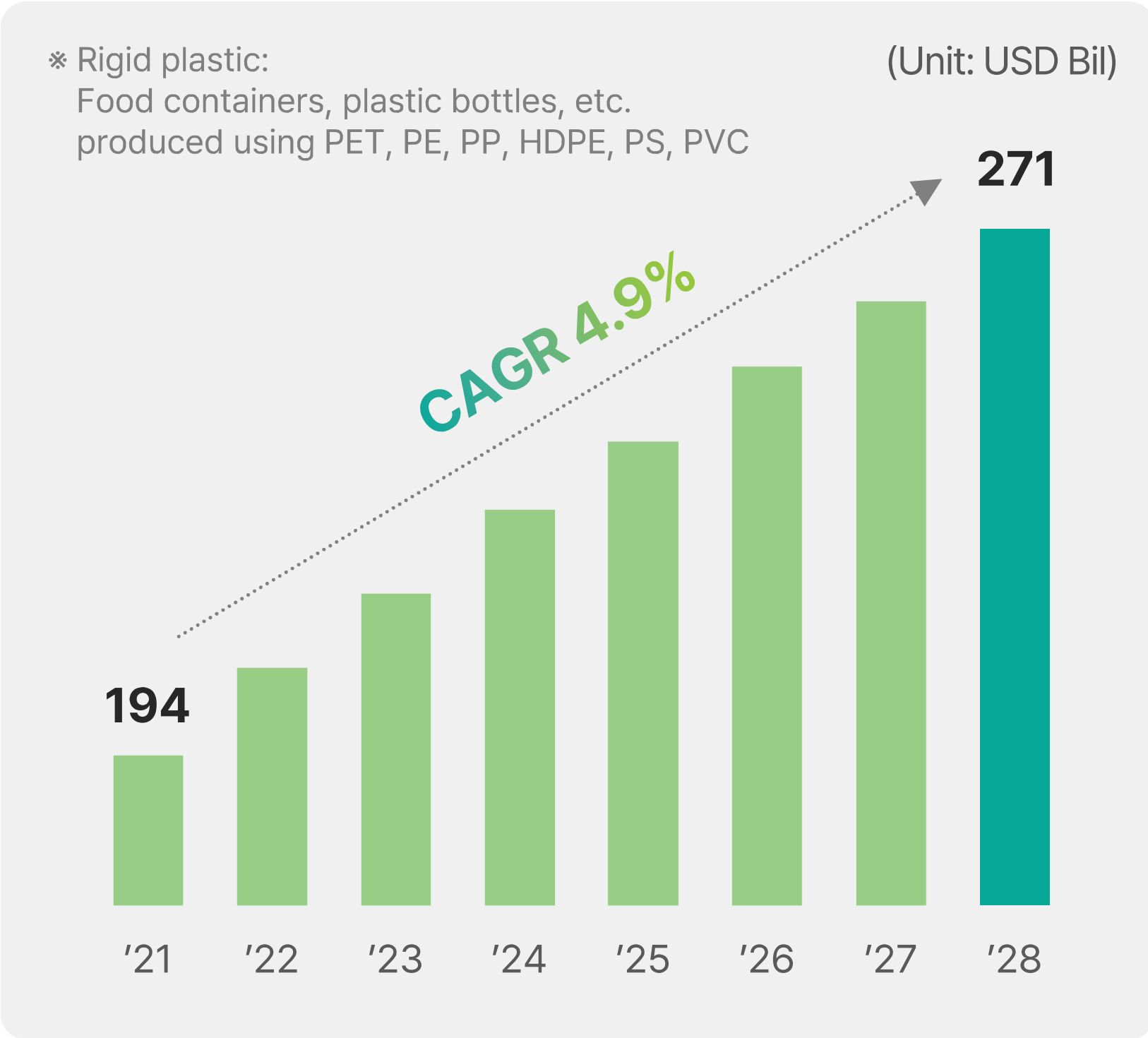
Market size in 2028
Forecasted to USD 750 Billion



(Sources: Global plastic market size 2016-2028 Published by Ian Tiseo, 2021)

Rigid Packaging Plastic Market

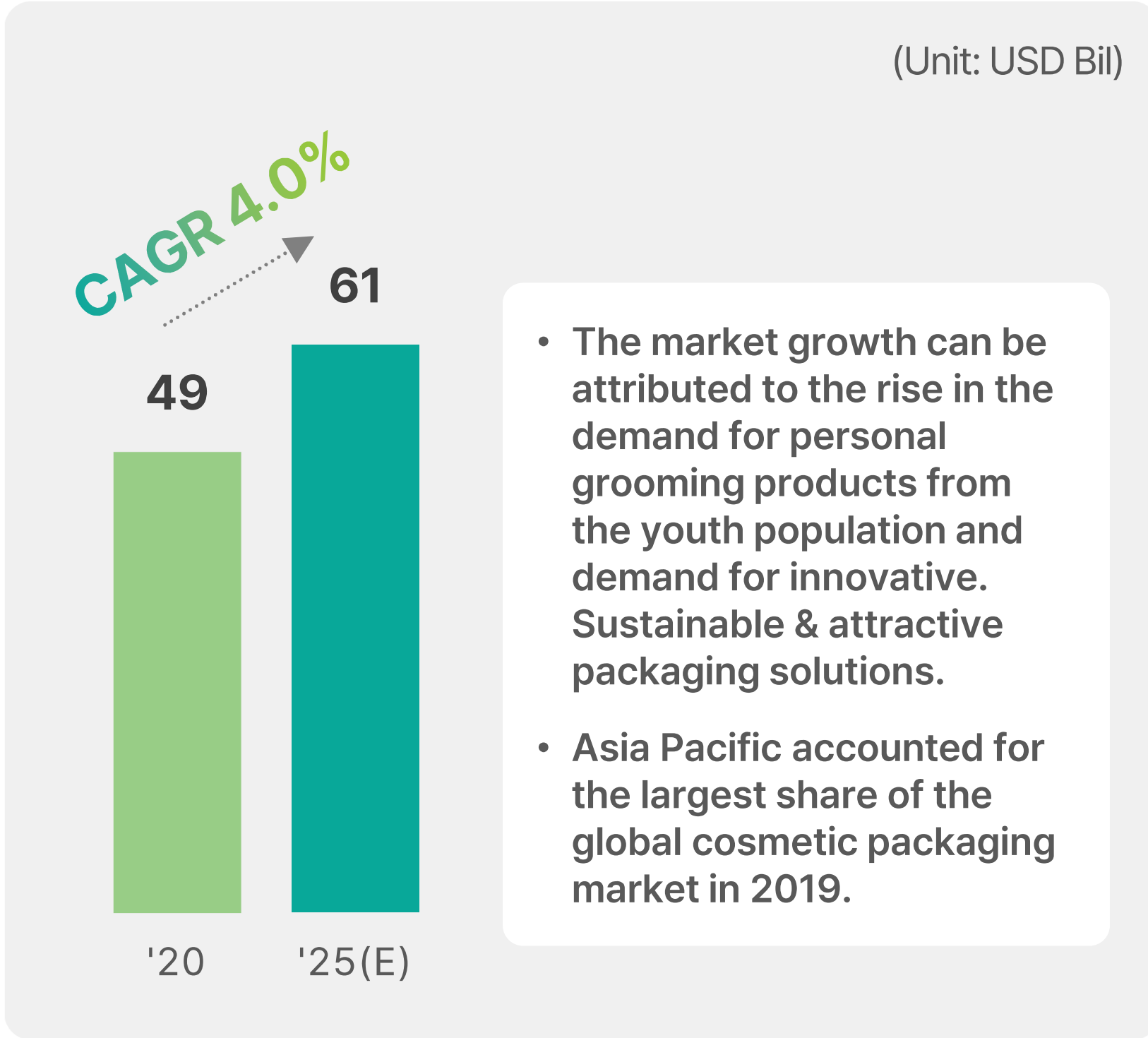
Market size in 2028
Forecasted to USD 271 Billion



(Sources: Rigid Plastic Packaging Market 2021-2028 Published by Priyanka Khandelwal 2021)

Global Cosmetics Container Market

Market size in 2025
Forecasted to USD 61 Billion



(Sources: Secondary Research, Expert Interviews, and Markets and Markets Analysis)

Copolyester Business

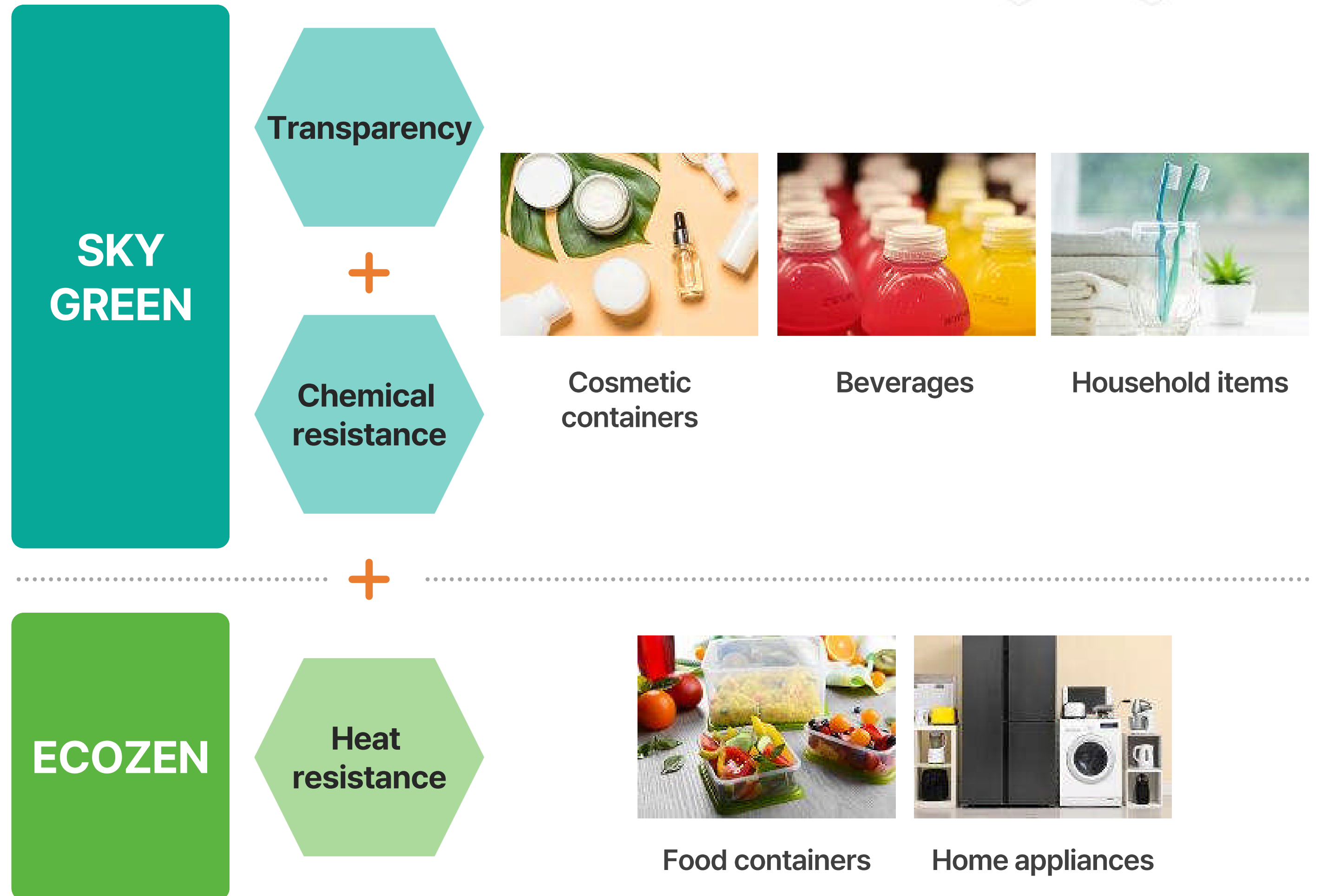
Expansion into the range of applications with Copolyester through continuous product development

Copolyester

Excellent transparency, chemical resistance,
and superior processibility

High performance PETG (BPA Free)

High functional resin
that can replace PC, PMMA, PVC

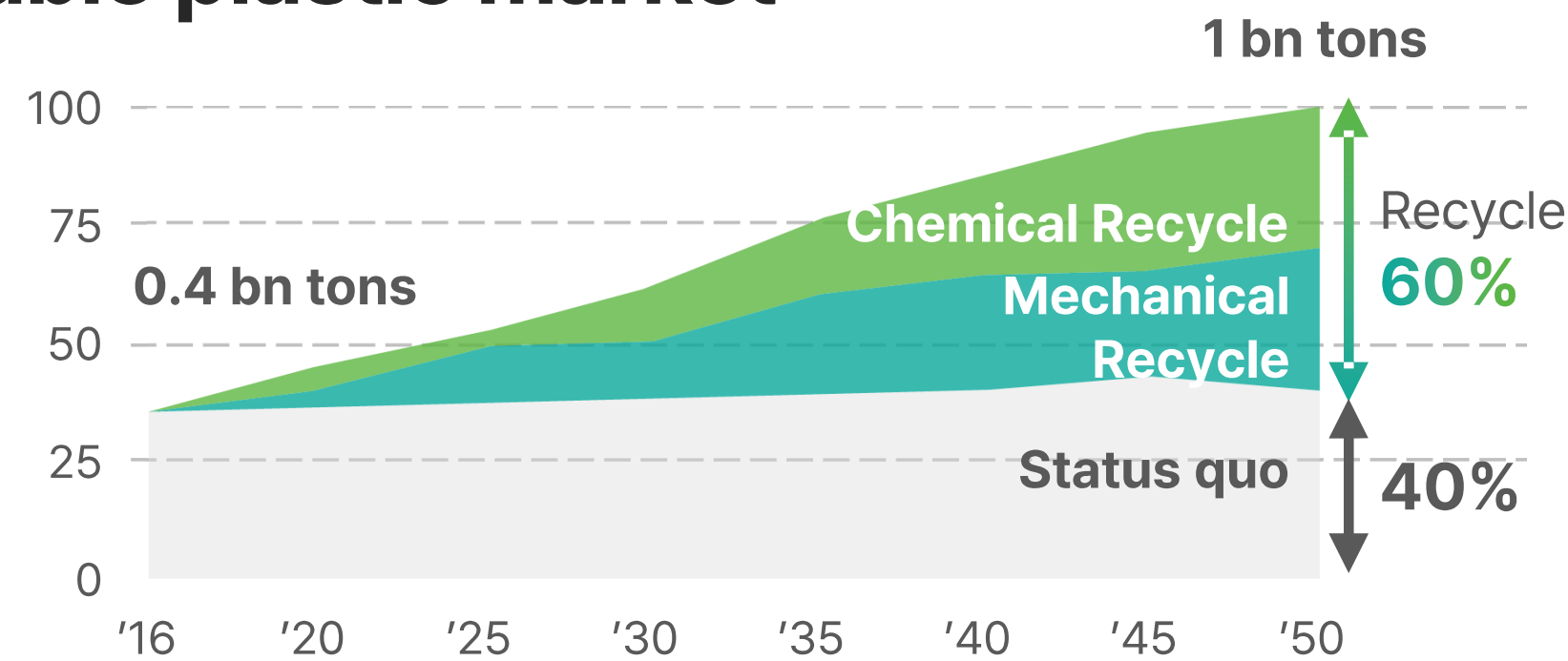


Recycle Plastic Market

Increasing demand for recyclable material usage following global regulation extension

Growth of recyclable plastic market

Grow into **KRW 600 trillion** by 2050 - 60% of the total plastic market

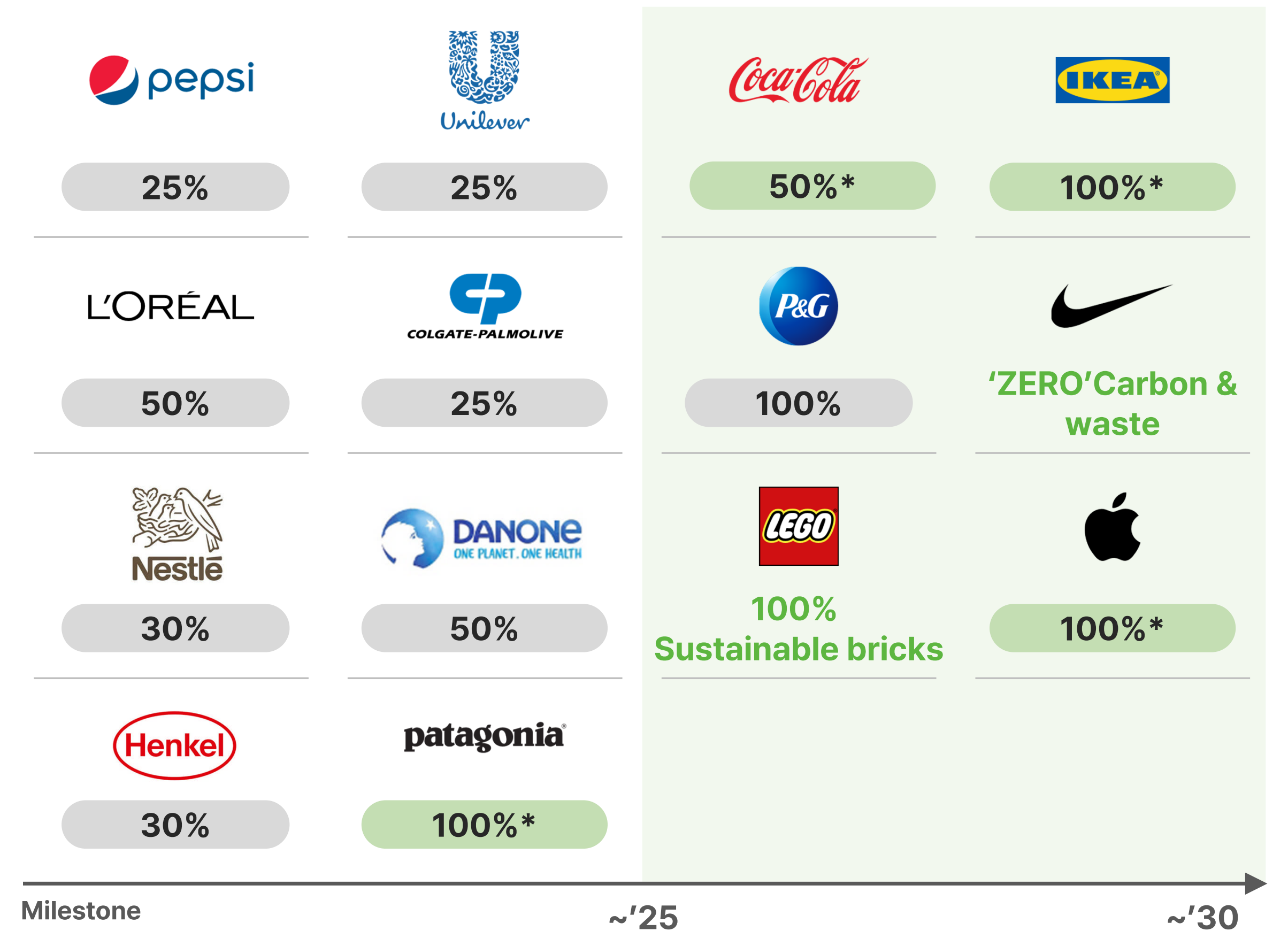


Increasing global brand owner demands

"Brand owners, announces transition to 50%~100% recyclable materials by 2030"

Increasing demand following global regulation extension

- Europe**
 - Mandated recyclable plastic usage in plastic packaging : 55% by 2022, 100% by 2030 (Sources: European Commission, COM(2018))
 - Mandated usage of Recycled PET (r-PET) for PET beverage bottles : 25% by 2025, 30% by 2030 (Sources: European Parliament, Single-Use Plastics Directive)
- US**
 - In process of introducing laws to reduce disposable items and expand the usage of recycled products (Sources: McKinsey Sustainability)
- Japan**
 - Establishing goals for recycled rates for plastic containers : 60% by 2030, 100% by 2035 (Sources: Ministry of Environment, utilize as chemical fuel if difficult to recycle or reuse)
- Korea**
 - Transition to non colored PET for all beverage bottles by 2020 (Sources: Ministry of Environment, Comprehensive Countermeasures for Waste Recycling 2018.05)



* Renewable & recycle content

(Sources: Homepages of each company)

Recycled Copolyester

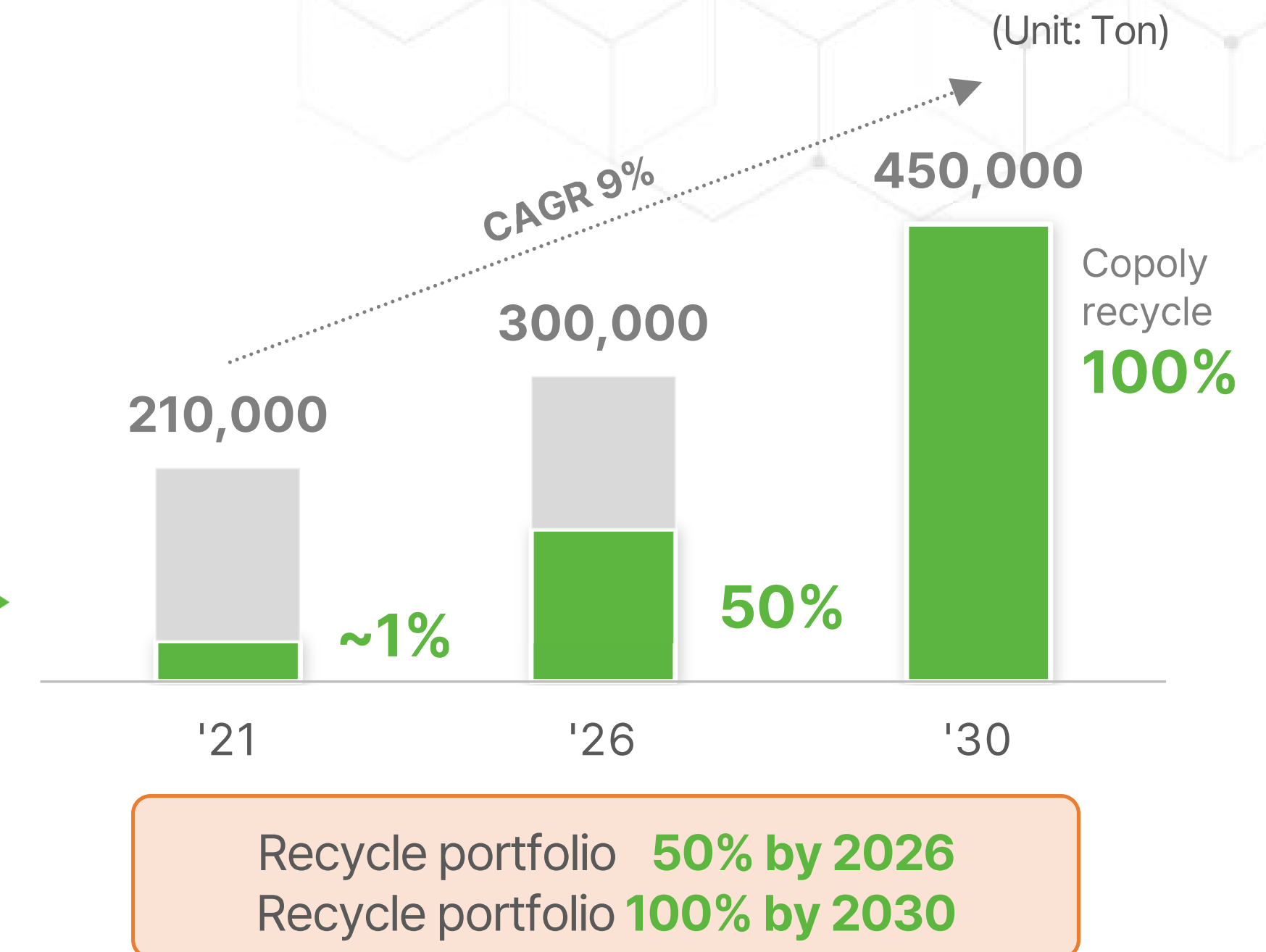
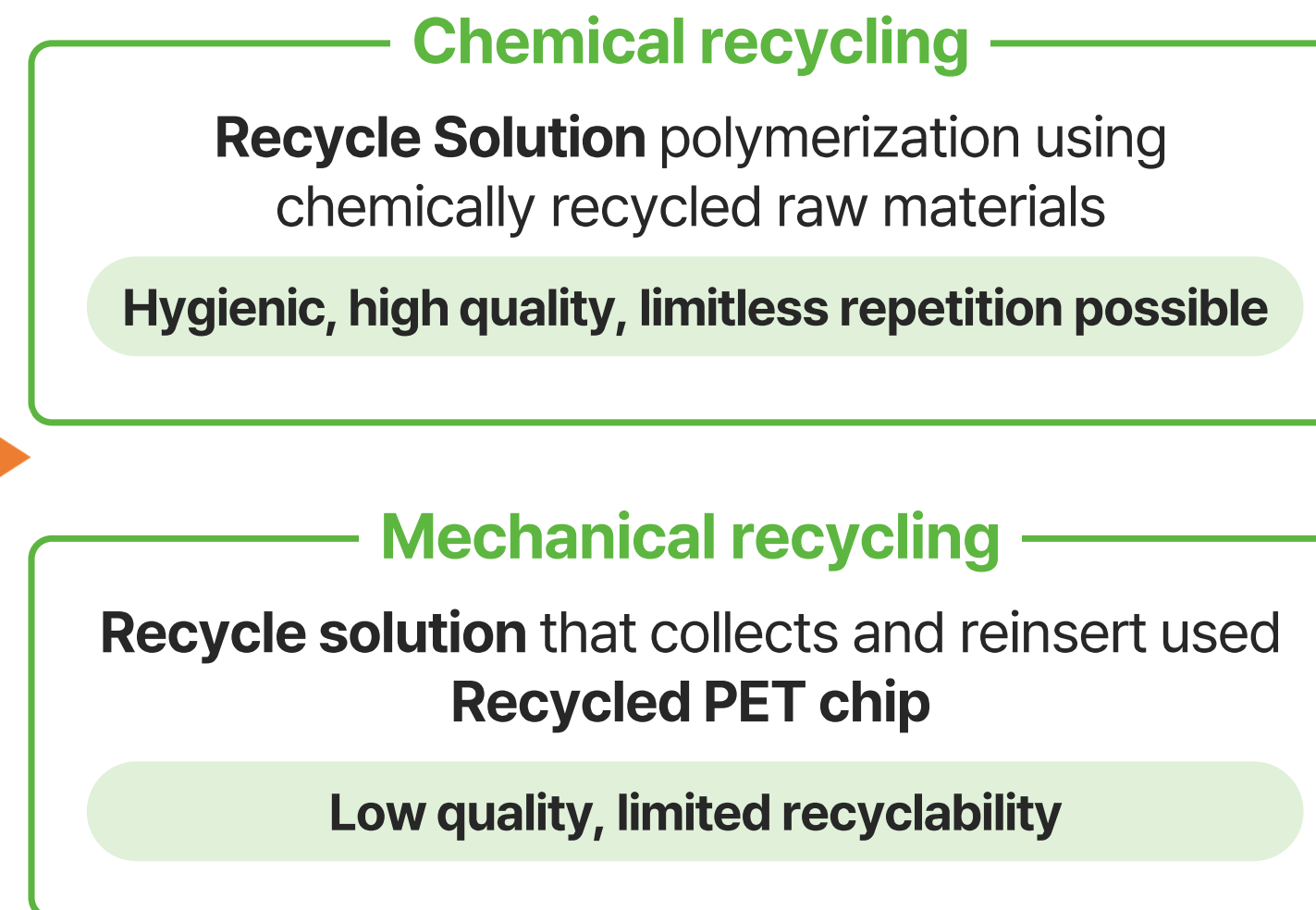
SK chemicals' sustainable packaging solutions

Establishment of circular economy through recycle closed loop



SK chemicals' technologies

"Beginning the world's first chemical recycle commercialization"



Recycled Copolyester production process



Strengths

- 1 Stable raw material secured through investment shares(r-BHET)* and self production(CHDM)
* Initiations for r-BHET raw material internalization in progress
- 2 Demonstrate Recycle technology by being the world's 1st to commercialize r-Copolyester

Bio-materials Business

Expansion into bio-material business such as PO3G and high flexibility PLA



Investment term

Feb 2020 ~ Feb 2022

Capacity

5,000 tons annually

Features

High elastic recovery, Abrasion resistance

Applications

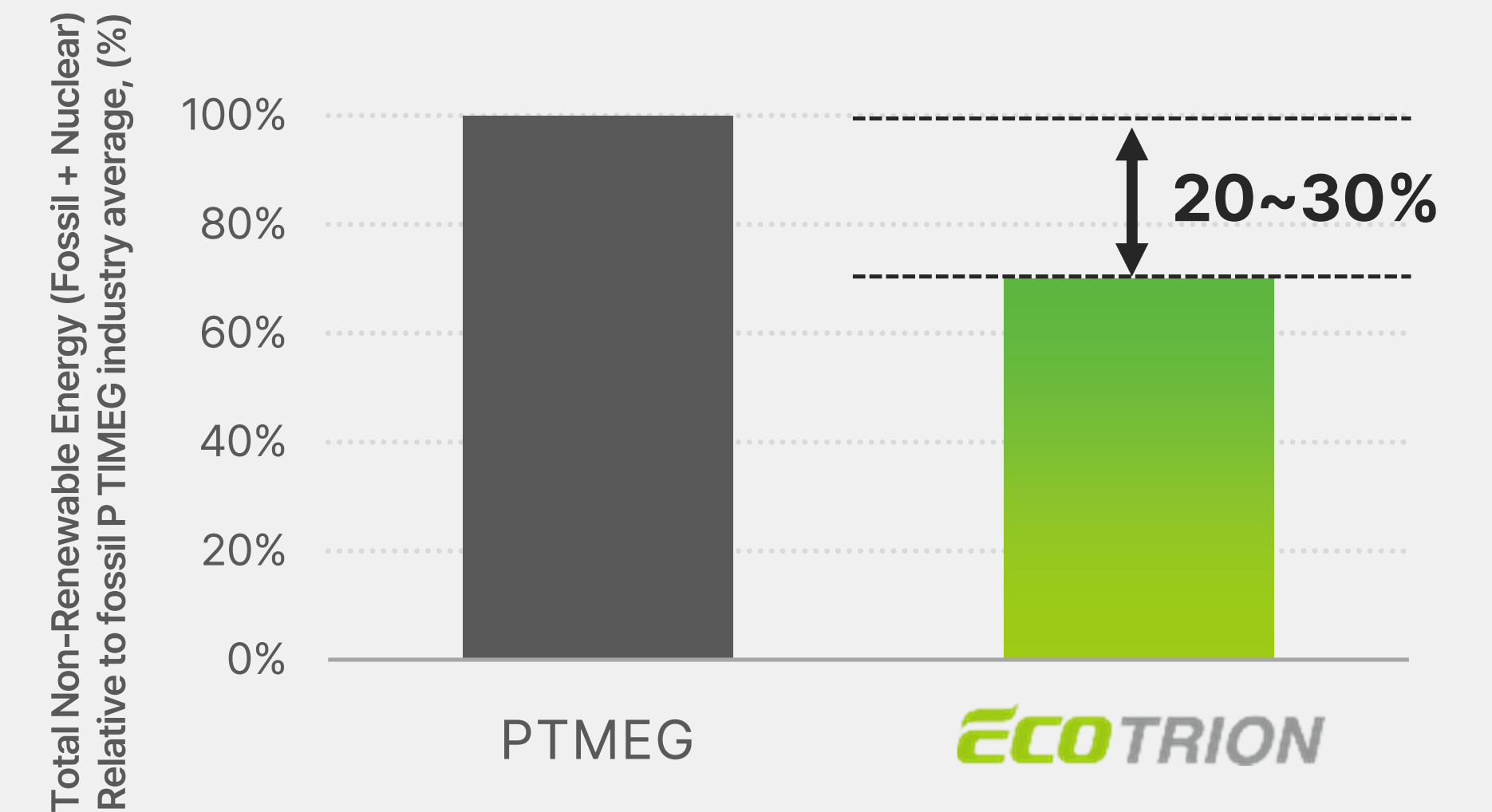
Elastomer, 3D Printing, Spandex, etc.

Progress

Commercial plant started (Mar 2022)

PO3G eco friendly features

Up to 30% reduction of greenhouse emissions compared to existing Polytetramethylene Ether Glycol (PTMEG)



Reference : DuPont™ Cerenol® -A New Family of Sustainable and Environmentally Friendly Materials, 2008, Washington DC

2

Business Status and Strategies

2-3. Life Science



Life Science - Pharma

Main Products

Ginexin-F



No.1 Ginkgo extract circulatory enhancer

Joins



Korea's no.1 herbal medicinal products for arthritis

Trast



World no.1 patch formulation for arthritis

Mvix S



World's 1st film type impotency treatment

Rivastigmine Patch



Patch type Alzheimer treatment

Strengths and Growth Strategy

Top class marketing and partnerships in Korea



New drug development through open innovation

- Reduce development costs · time and uncertainties
- Commencement of L/O from 2023



Establishment of a new drug search platform utilizing AI

- Expand new pipelines and minimization of failure costs
- Secure analysis capacity level on par with established AI companies



Introduction of external projects and venture investments

- Build high-prospect venture capital investment pipelines, and search for new business fields
- Generate investment profits and develop introduction pipelines

Life Science - SK bioscience

Business Status

The SKBS pipeline includes various projects based on continuous R&D investments, targeting the global market with promising blockbuster pipelines

		Pre-Clinical	Phase 1	Phase 2	Phase 3	Registration
<ul style="list-style-type: none"> ● COVID/Endemic ● Premium (potential) ● Routine Vaccines 						
SKYcovione(COVID-19)	CEPI BILL & MELINDA GATES foundation					✓ Korea: BLA Approval (MFDS) Global: EMA/MHRA-CMA & WHO EUL applied
COVID-19+Flu Combo		✓				
Pan-Sarbecovirus	CEPI INSTITUTE FOR Protein Design UNIVERSITY of WASHINGTON	✓				
Nasal Spray	INSTITUTE FOR Protein Design UNIVERSITY of WASHINGTON BILL & MELINDA GATES foundation iavi	✓				
Next-gen Pneumococcal	sanofi			✓ US		
RSV		✓				
Cancer/Obesity Vaccine, etc.		✓				
SKYCellflu(Quadrivalent)						✓
SKYZoster						✓
SKYVaricella						✓
TCV	International Vaccine Institute BILL & MELINDA GATES foundation					✓ BLA Approval (submitted for export)
HPV 4/10 valent	Sunflower THERAPEUTICS			✓ Phase 1/2		
Rotavirus Pentavalent			✓			
Hepatitis A/ Zoster(Recombinant)		✓				
Others		Securing new routine vaccines through partnership and inorganic investment				

Strategy

SKBS 3.0

MISSION

We Promote Human Health, from Prevention to Cure

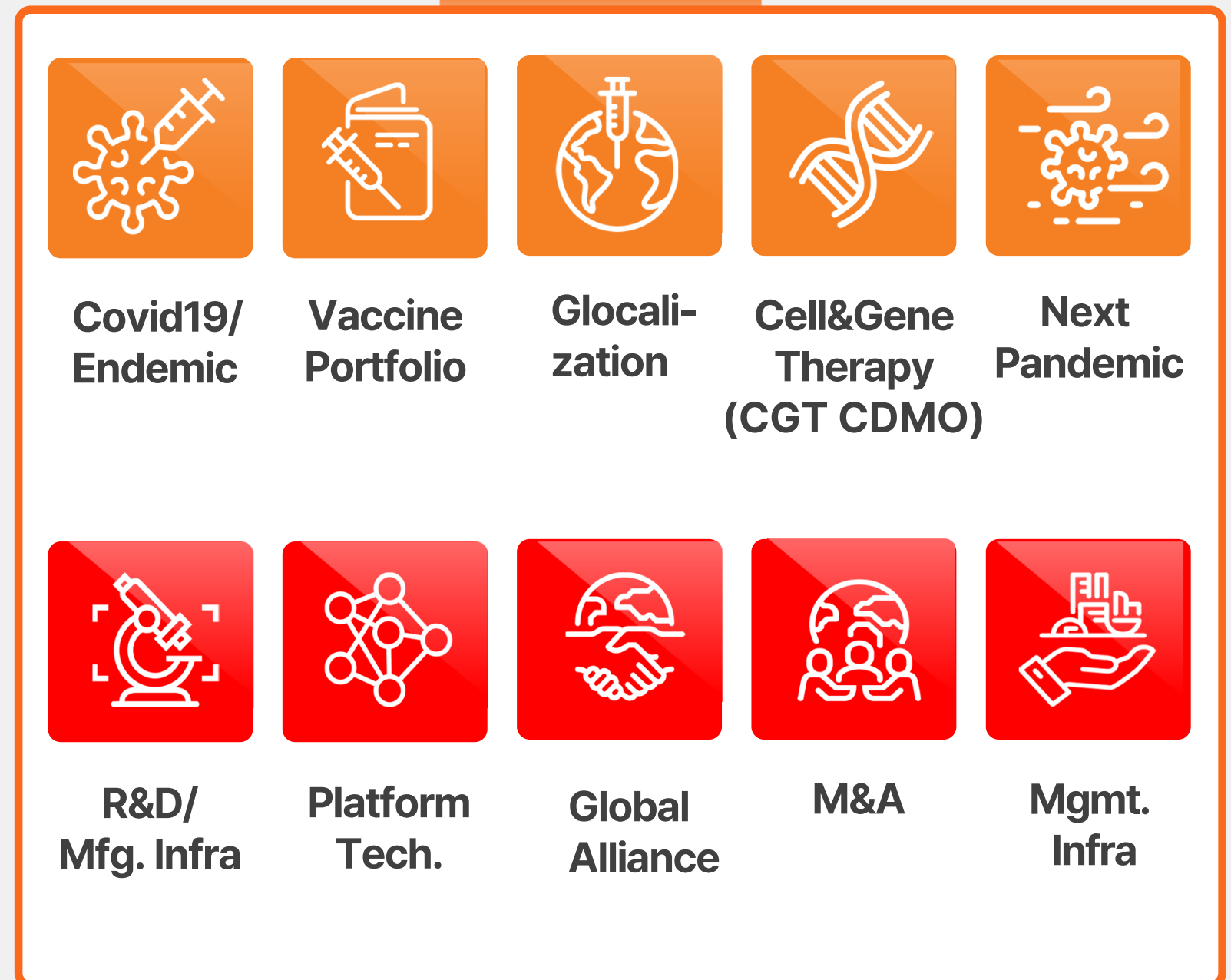
VISION

Global Innovative Partner of Vaccine and Biotech

WHAT

+

HOW



Partnership

