SK chemicals 2024 1Q Earnings Release









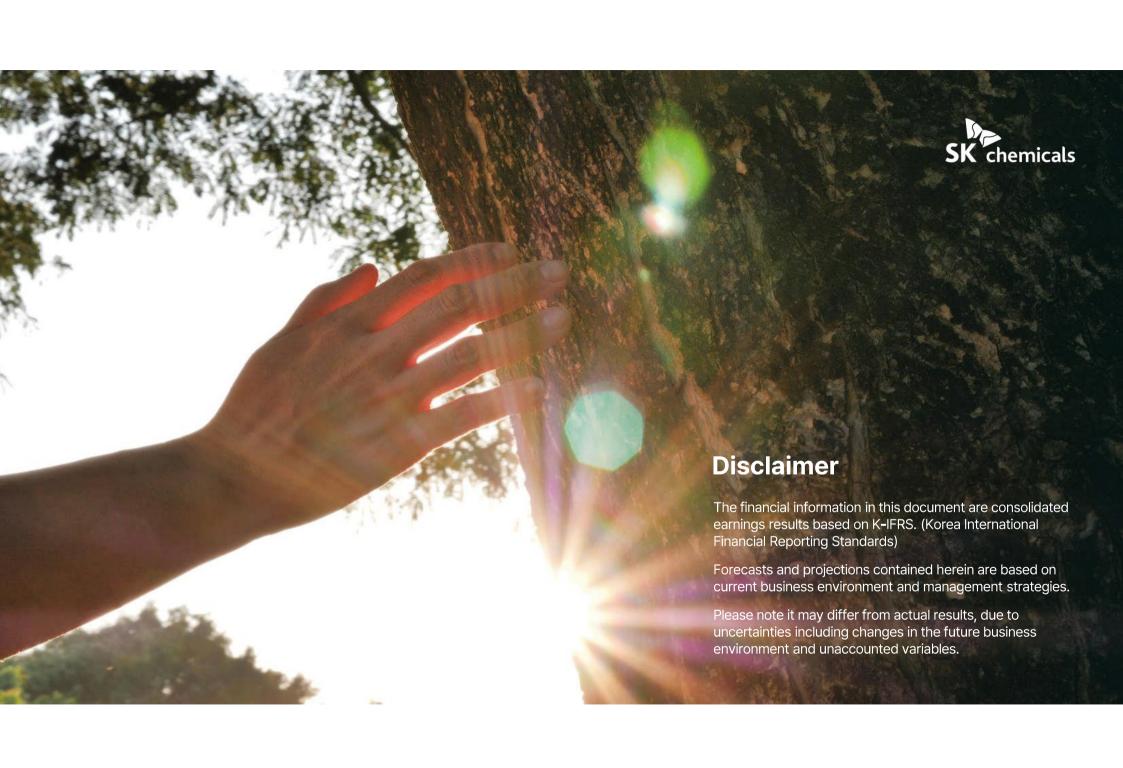


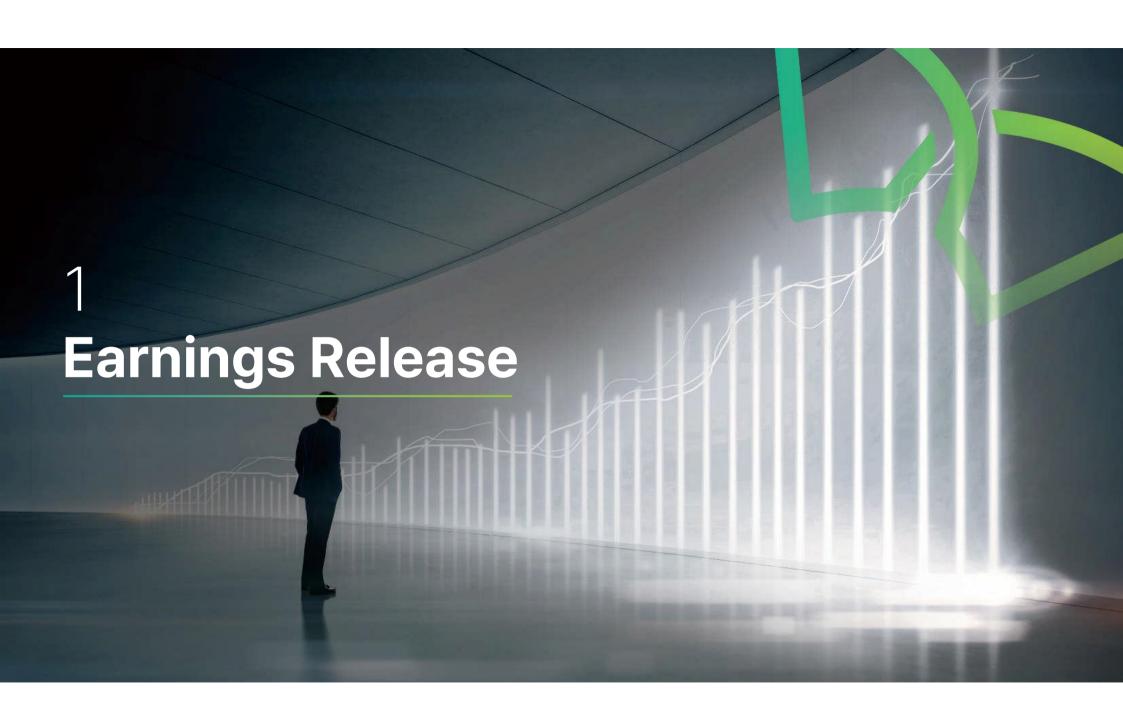




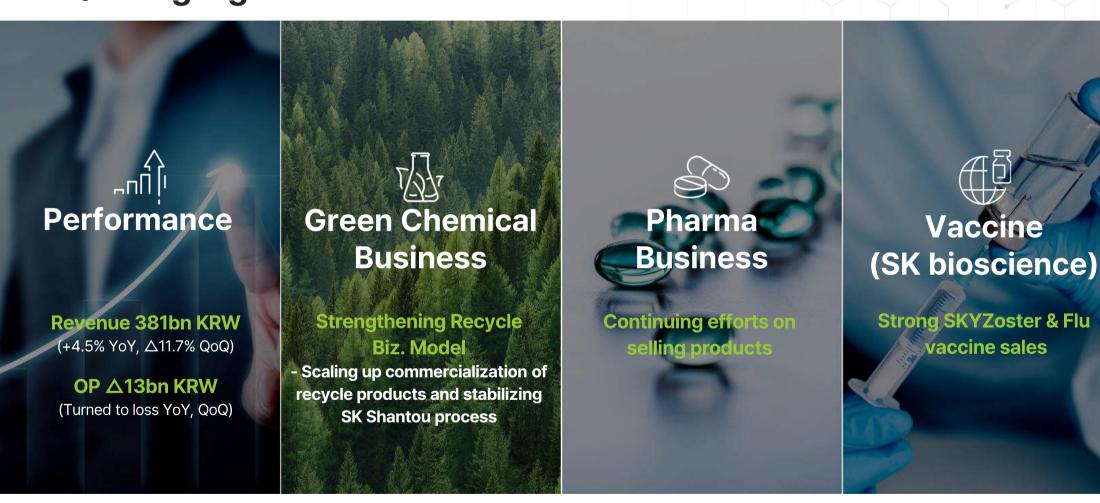
We care for the future.

Healthcare, Earthcare





1Q24 Highlight



1Q24 Performance Review

Consolidated

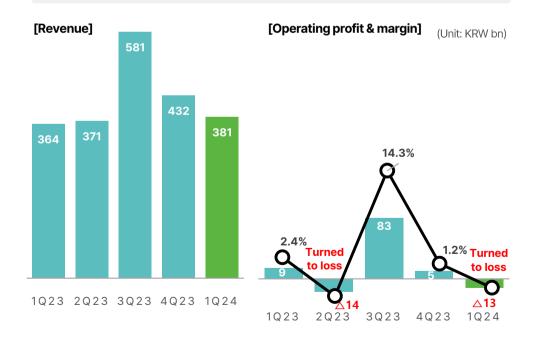
Revenue 381bn KRW (+4.5% YoY, △11.7% QoQ)

Revenue increased due to the impact of revenue

hike from own business and consolidated subsidiaries

Operating profit △13bn KRW (Turned to loss YoY, QoQ)

Profit of own business declined and consolidated subsidiary's profit loss persisted



Seperate

Revenue 317bn KRW (+4.8% YoY, △1.8% QoQ)

Revenue increased due to strong performance of

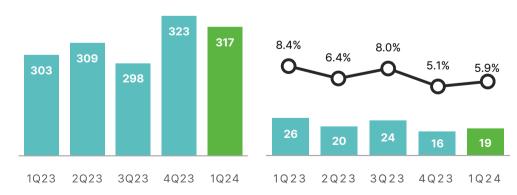
Copolyester business, the main business

Operating profit 19bn KRW (△27.0% YoY, +13.5% QoQ)

Profit declined due to cost increase in Copolyester and

Pharma business

[Revenue] [Operating profit & margin] (Unit: KRW bn)

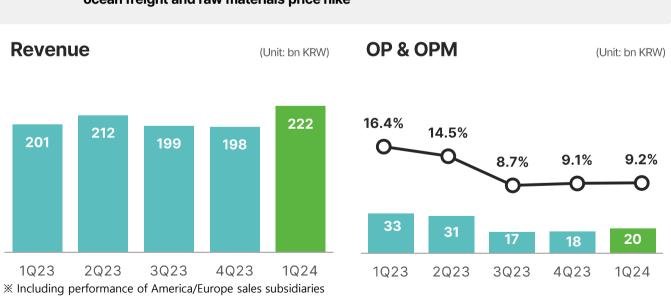


Performance Review by Division (1)

Green Chemicals – Copolyester & Petrochem

Performance and Outlook

'24.1Q Performance		'24.2Q Outlook	
Revenue	222bn KRW (+10.8% YoY, +12.3% QoQ)		
	Revenue increased due to sales growth followed by clients' eased inventory destocking	Improvement of high-value	Uncertainty VS. (geopolitical risk)
Operating profit	20bn KRW (△37.7% YoY, +14.1% QoQ) Profit and profitability decreased due to ocean freight and raw materials price hike	portfolio	continues

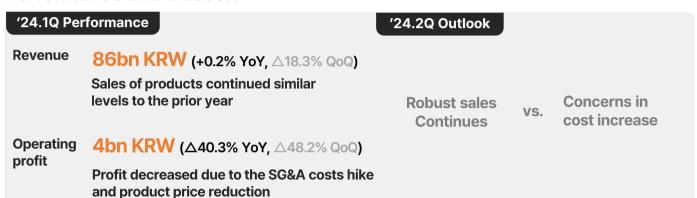


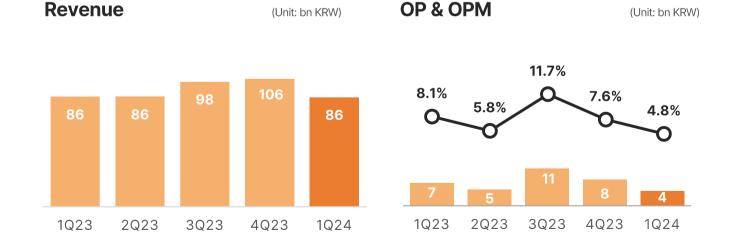


Performance Review by Division (2)

Life Science - Pharma

Performance and Outlook





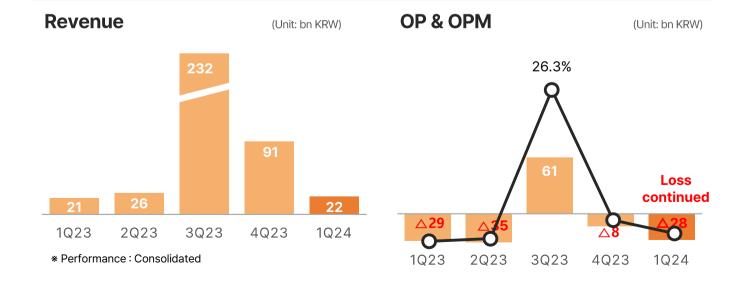


Performance Review by Division (3)

Life Science - SK bioscience

Performance and Outlook

"24.1Q Performance" "24.2Q Outlook" Revenue 22 bn KRW (+8.1% YoY, △75.4% QoQ) Revenue increased due to flu vaccine exports to Thailand and strong domestic sales of SKYZoster Expanding typhoid/varicella vaccine internationally and enlarging sales of flu vaccine Operating profit △28 bn KRW (Loss continued YoY, QoQ) R&D expenses increased, but loss narrowed slightly due to revenue hike



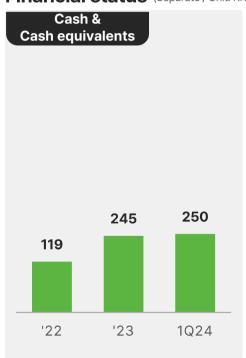
Overview

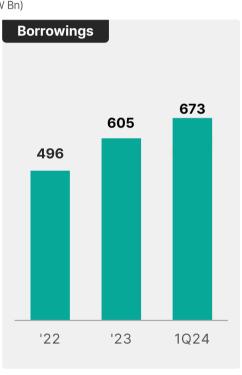
- Distribution Contract for 5 Sanofi Vaccines
 - Domestic Market Size for 5 Vaccines: 25.9B KRW
 - Additional vaccine distribution by maintaining partnership with Sanofi
- Domestic supply of Novavax Covid-19 Vaccine continues
 - Domestic distribution since 2023 and exclusive lincense effective until 2029
 - Scheduled to supply for government in the 2nd half of 2024
 - Offers option beyond mRNA vaccines as the only synthetic antigen vaccine among COVID-19 vaccines
- No. 1 Zoster vaccine in Korea,
 Flu vaccine entering the southern hemisphere,
 Typhoid vaccine WHO PQ

g

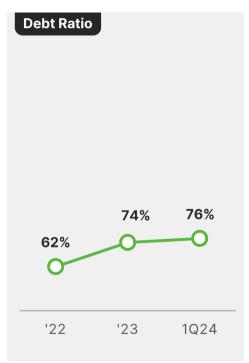
Financial Highlights

Financial status (Separate / Unit: KRW Bn)





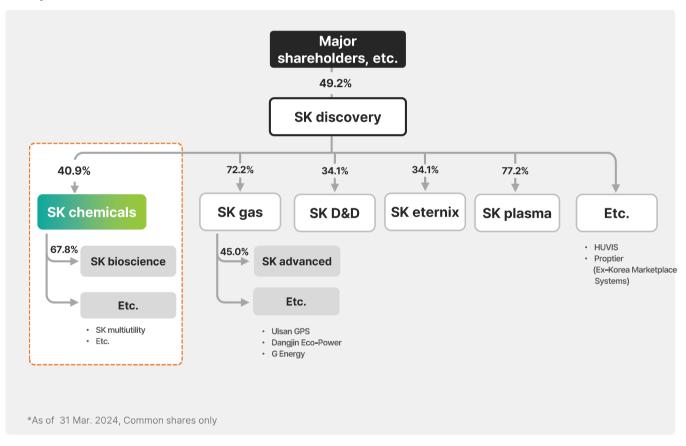
Financial Ratio (Separate)



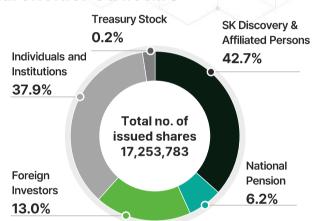


Governance and Shareholders

Corporate Governance



Shareholder Structure

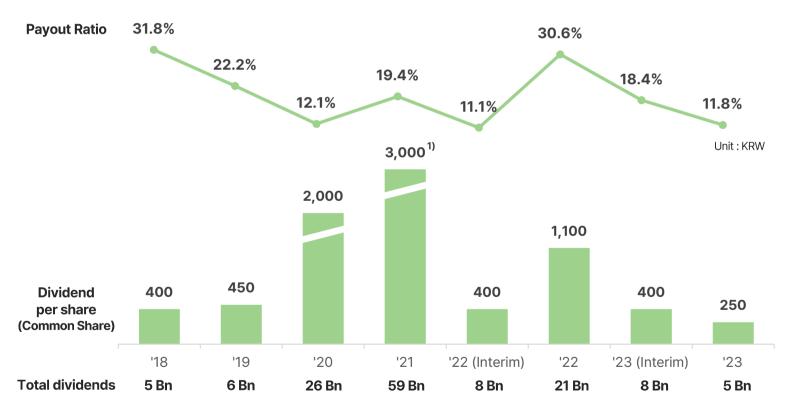


Shareholders Category	No. Shares
SK Discovery & Affiliated Persons	7,361,072
National Pension	1,061,677
Foreign Investors	2,241,210
Individuals and Institutions	6,558,967
Treasury Stock	30,857
Total no. of issued shares	17,253,783

*As of 31 Mar. 2024, Common shares only

Shareholder returns

Dividend



¹⁾ Considering the capital increase without compensation, the dividend per share was 4,500 KRW (including extra dividend) in 2021

Others

- '17.6 Retirement of Stock¹⁾
- **'21. 10** Announced dividend policy²⁾
- **'21. 11** 50% capital increase without consideration
- **'22.3** Announced Buy-back of Stock (50 Bn KRW)
- **'22. 10** Retirement of Stock (50 Bn KRW)³⁾
- 1) 1,939,120 shares of common stock
- 2) Determining the total amount of dividends at the 30% dividend payout level
- (Separate net income excluding non-recurring income)
- 3) Retired 389,489 common shares

Global Network



SK Shantou



Construction	'19 r-BHET, CR-PET Plant takeover (Shuye)		
Status	'23 Mar. Acquisition of Tangible Assets (Shuve)		

Production r-BHET, CR-PET etc. Items

Production r-BHET: 70,000 tons / CR-PET 50,000 tons annually Capacity

Ulsan Plant



Certifications ISO 14001(Environment) / ISO 45001 (Safety and

Health) / ISO 9001(Quality)

Construction '89 SEP. PTA / DMT Plant completion **Status**

'01 JAN. CHDM / PETG Plant completion

'22 Feb. PO3G Plant completion

Production Copolyester resin, DMT etc.

<u>Items</u> Production 450,000 tons annually 1)

Capacity

Cheongju Plant (S HOUSE)



K GMP/ EU GMP(solid tablets, patches)

Construction `09 JUL Cheongju plant takeover Status

`12 JUL Production building completion

`14 MAR Patch building reconstruction

Production Solid tablets and patches

Capacity

<u>Items</u> **Production**

760m solid tablets, 66m patch pouches annually

Andong Plant (L HOUSE)



Certifications MFDS & EU GMP Certifications

Construction '12 DEC Completion

Status

Production Flu vaccine, varicella/herpes zoster vaccine,

Items COVID vaccine (CMO/CDMO)

Production Approximately 500m dozes annually based on Capacity

finished products

Financial Statements (Consolidated)

Balance Sheet

(Unit : KRW Bn)

Items	′23	′24.1Q
Current assets	2,204	2,263
- Current account	1,828	, 1,882
- Inventory	377	381
Non-current assets	1,954	2,114
- Investment in affiliated companies and joint ventures	10	10
- Tangible property	1,602	1,755
- Intangible property	54	54
- Other Non-current assets	288	295
Total assets	4,159	4,377
Current liabilities	830	979
Non-current liabilities	653	732
Total liabilities	1,483	1,711
Equity attributable to the parent company	2,119	2,114
- Capital stock	98	98
- Consolidated capital surplus	1,212	1,212
- Consolidated other components of equity	Δ22	△22
- Accumulated other comprehensive income	△37	∆33
- Consolidated earned surplus	867	858
Non-controlling interest	557	553
Total equity	2,676	2,667
Total liabilities and equity	4,159	4,377

Income Statement

(Unit: KRW Bn)

'23.1Q	'23.2Q	'23.3Q	'23.4Q	'24.1Q
365	371	581	432	381
267	282	396	332	296
98	90	185	100	85
89	104	102	95	97
9	△14	83	5.1	∆13
5	2	3	2	5
8	13	0.8	23	8
59	28	22	21	21
54	28	30	14.2	16
△0.5	△0.4	△0.4	△1.5	0
10	△25	77	Δ11	∆11
Δ1	∆9	15	0.1	∆3
11	△16	63	Δ11	Δ8
16	△11	47	△12	△4
△4	△5	16	1	∆4
	365 267 98 89 9 5 8 59 54 △0.5 10 △1 11	365 371 267 282 98 90 89 104 9 △14 5 2 8 13 59 28 54 28 △0.5 △0.4 10 △25 △1 △9 11 △16 16 △11	365 371 581 267 282 396 98 90 185 89 104 102 9 Δ14 83 5 2 3 8 13 0.8 59 28 22 54 28 30 Δ0.5 Δ0.4 Δ0.4 10 Δ25 77 Δ1 Δ9 15 11 Δ16 63 16 Δ11 47	365 371 581 432 267 282 396 332 98 90 185 100 89 104 102 95 9 Δ14 83 5.1 5 2 3 2 8 13 0.8 23 59 28 22 21 54 28 30 14.2 Δ0.5 Δ0.4 Δ0.4 Δ1.5 10 Δ25 77 Δ11 Δ1 Δ9 15 0.1 11 Δ16 63 Δ11 16 Δ11 47 Δ12

Financial Statements (Seperate)

Balance sheet

(Unit: KRW Bn)

Items	′23	′24.1Q
Current assets	673	707
- Current account	441	489
- Inventory	232	218
Non-current assets	1,283	1,284
- Investment in affiliated companies and joint ventures	444	444
- Tangible property	693	700
- Intangible property	30	31
- Other Non-current assets	115	109
Total assets	1,956	1,990
Current liabilities	653	772
Non-current liabilities	179	90
Total liabilities	832	862
Capital	99	99
Capital surplus	158	158
Other components of equity	△13	△13
Earned surplus	880	884
Total equity	1,124	1,129
Total liabilities and equity	1,956	1,990

Income Statement

(Unit: KRW Bn)

Items	'23.1Q	'23.2Q	'23.3Q	'23.4Q	'24.1Q
Revenue*	303	309	298	323	317
- Cost of Revenue	228	239	226	254	246
- Gross profit from Revenue	75	71	72	69	71
 Revenue and administrative expenses 	49	51	48	52	53
Operating profits*	26	20	24	16	19
- Other non-operating income	3	2	2	17	2
- Other non-operating expense	3	10	4	25	7
- Financial income	16	7	7	10	11
- Financial expense	15	13	11	12	12
Earnings before interest and taxes*	26	5	18	7	13
- Income tax expense	10	1	4	△0.1	3
Net income	17	5	14	7	9



Recycle Biz. History



2019 Started R&D for Recycle Biz.



2021
Launched the
circular recycled product
for the first in the world
(ECOTRIA CR®)



2022
Established mass production system of circular recycled product(SKYPET CR®) for the first time in Korea



Business development through Commercialization Agreements with major Brand-owners



2023 (1Q)
Secured core raw material
for circular recycling
and manufacturing capacity



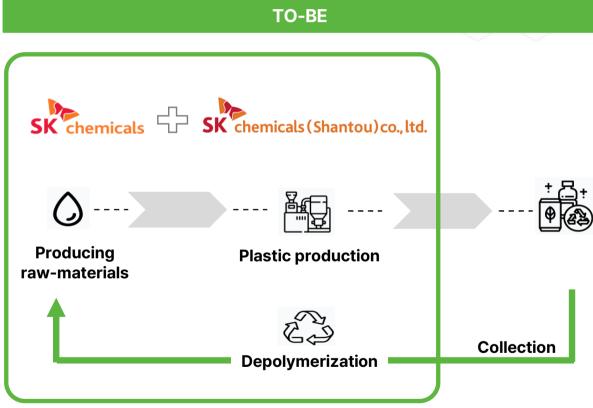
2022
Acquisition of 'Low Carbon' certification for chemical recycled Copolyester for the first in the world

^{* &#}x27;Circular Recycle' refers to 'Chemical Recycle' in this report

Competency (1): Internalization of core raw materials

Internalized core raw materials(r-BHET) by acquisition of Shuye's technology and facilities

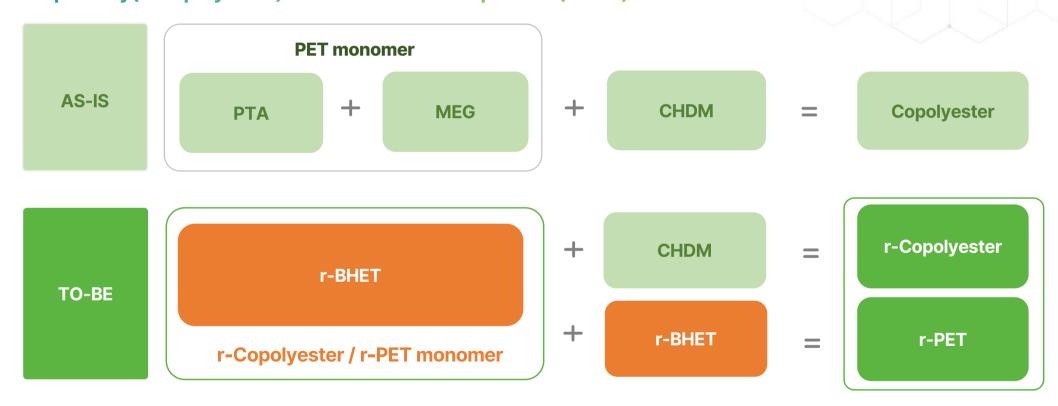




"Internalization of core raw-materials"

Competency (2): Expansion of biz. criteria

Secured potentially high-growth recycling value chain in which consisted of ①Specialty(r-Copolyester) and ②Mass market product(r-PET)



Competency (3): Securing Feedstock in advance

Securing sustainability of recycle business by stable w-PET supply



Strengthening recycle biz. competency (1)

Working on the 'Basic but Important Tasks' to strengthen biz. sustainability

Key Activities

Expectations

Certification / Regulation

- Acquisition of ISCC Plus certification
- Conducting tasks to respond regulations by major regions

- Securing a core-marketing competitiveness
- Removing barriers to entry into the recycling market

SK Shantou

- Processing PMI by adapting SK process after acquisition of Shuye's facilities & technology ('23.3)
- Securing Waste PET value chain (on-progress)
- Improved EG refinery process (2Q24)

- Manufacturing stabilization and optimizing processes
- Stable supply of Feedstock and gaining Economic Value
- Stabilization of process and achieve cost competitiveness

Customers

• Validation with major brand-owners on the progress

Lock-in customers through proactive MOU

Strengthening key factors through analysis & advancement

Raw-materials

Costleadership Advanced strategy

Financial outcome



"Sustainability & Competitiveness"

Strengthening recycle biz. competency (2)

Establish the foundation of Closed Loop system

Meaning of Waste PET Internalization

Completion of integrated BM, 'Feedstock – Monomer – Polymer' through Value Chain preemption

- ✓ Preemptive and Stable Supply of Feedstock
- ✓ Strengthen marketing capabilities for global brand owners
- ✓ Securing global expansion capabilities for Chemical Recycle business

Forwarding Plan

- ✓ Consider multiple options to build Waste PET Value Chain
- ✓ Sourcing low-cost raw materials within China
- ✓ Sourcing low-cost raw materials in SouthEast Asian countries (Malaysia, Vietnam, etc.)

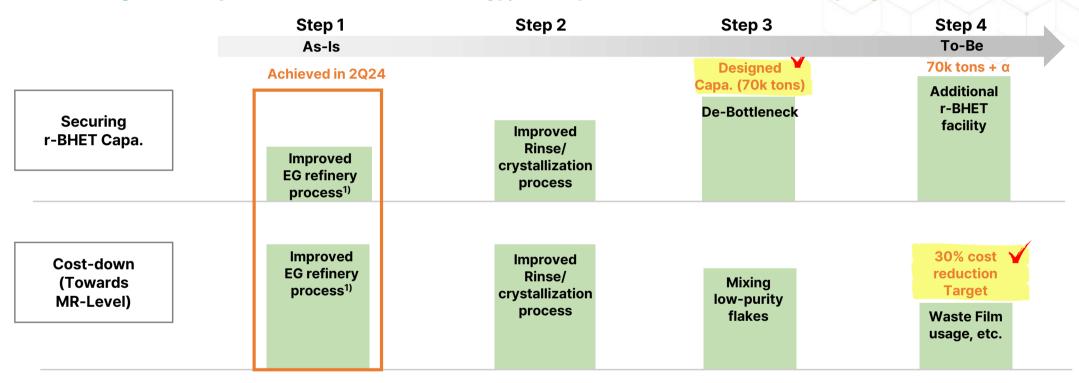
Expectations



"Establishment of SK Chemicals' own closed-loop recycling system, laying the foundation for future customized circular model business for various brand-owners"

Strengthening recycle biz. competency (3)

Securing biz. competitiveness (HTR Technology, etc.) by SK Shantou stabilization progress



"Securing Cost & Quality competitiveness"

"Reducing the impact of flake instability"

¹⁾ Reducing costs and increasing transparency with better EG recovery rates

²⁾ Securing greater transparency by minimizing impurities

Strengthening recycle biz. Achievement

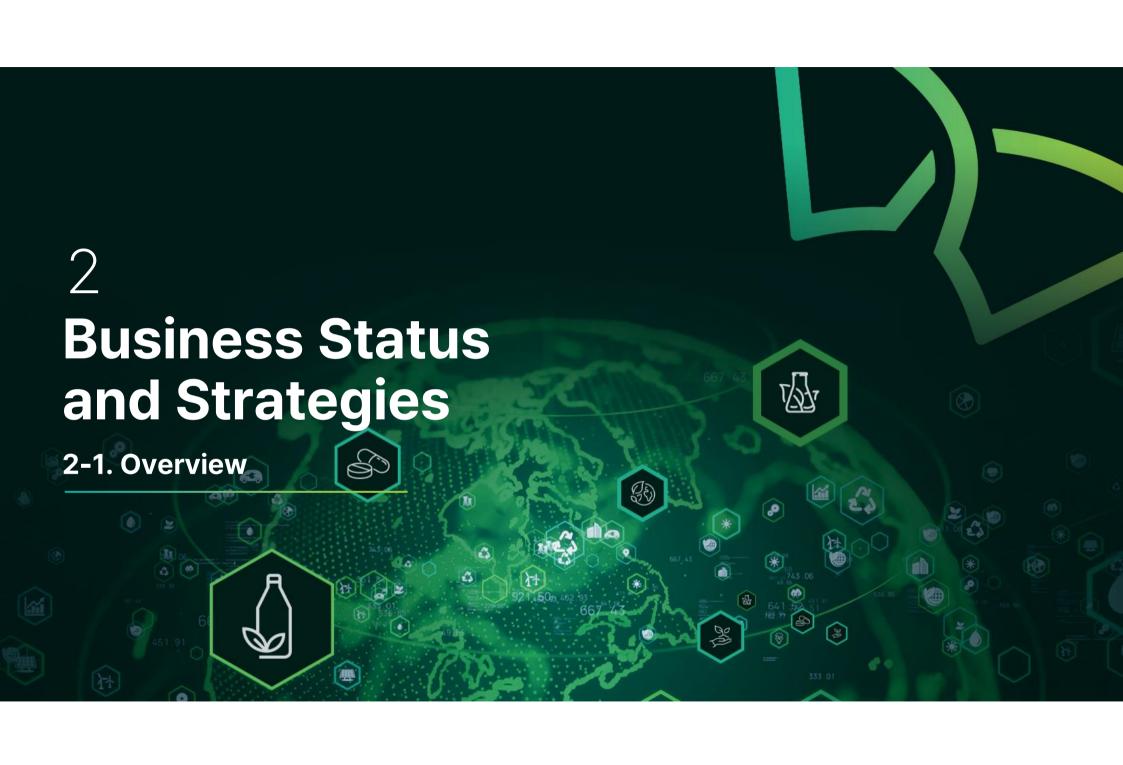
Gradually expanding market range by developing usage and clients

	Client	Usage	Discussion/ Commercialization
	Woosung Platech	Cosmetic package	'21.6
00 0	YONWOO ¹⁾	Cosmetic package	'23.3
CR-Copolyester (ECOTRIA CR)	COSMAX ¹⁾	Cosmetic package	'23.4
	KNK	Toothbrush	'23.4
	ESTEELAUDER ¹⁾	Cosmetic package	'23.10
	Pacur	Medical packaging	′24.2
	SAMDASOO	Water bottle	′22.1
	ART IMPACT- PROJECT 1907	Fiber	′23.3
CR-PET	OTTUGI	Source bottle	'23.6
(SKYPET CR)	SONOPRESS	LP	'23.10
	HYOSUNG ADVANCED MATERIALS / HANKOOKTIRE	Tirecord	′24.3

- ✓ With?: Successful joint development with Hyosung
 Advanced Materials and Hankook Tire & Technology after
 two years of collaboration
- ✓ What?: SK chemicals' recycled PET(SKYPET CR) is supplied to Hyosung Advanced Materials, the world's No.1 tire cord manufacturer, to be used in Hankook Tire's electric vehicle tire
- ✓ Why?: Noting that it can be recycled indefinitely and still
 maintain its high quality and safety, and that it can realize
 the same physical properties as petrochemical-based
 materials

^{*} validation with various brand-owners is underway

^{* &#}x27;1)' clients has signed an MOU



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

2020 —

2021

2022~

Commence business portfolio reorganization

Arrange core business focus foundation

Procure new growth momentum and enter growth phase

Green Materials

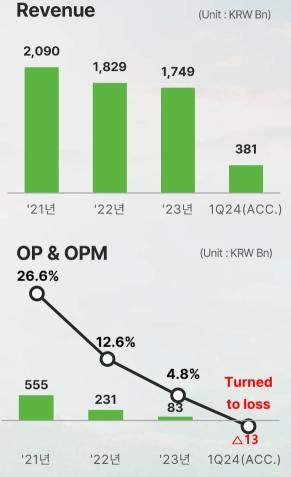
- · Bio energy business sold
- Drive green portfolio centered growth
- Initiate commercialization of world's 1st chemical recycling technologybased r-Copolyester (Jul 2021)
- : securing stable raw material, and inhouse production infrastructure and technical skill
- New copolyester plant (#4) commercial production started
- Limited business (PPS business) sold
- Spin-off Multi Utility business

- Regularize chemical recycle business
- Complete bio-materials technology development and start operating commercialized plant (Mar 2022)
- SK-Shantou establishment Mar.'23
- Continuing stabilizing SK-Shantou
- Expanding MOUs and developing usage of recycled materials

Life Science

 Covid-19 vaccine CMO/CDMO contracts

- SK bioscience listing on KOSPI
- Covid-19 vaccine phase 3 trial commenced
- Expanding new pipelines utilizing AI/DI technologies
- Fortifying existing portfolio and procuring new technologies
- Acquired SKY Covione approval (domestic/global)
- Supplying updated Novavax COVID vaccine



- * 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

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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.
 - · Strengthening Recycle portfolio
- 2 Expand into new Bio-material business
 - Development and commercialization of corn based PO3G technology
- 3 Drive 'Net Zero' with green energy usages
 - Value creation with LNG fuel transition
 - Drive carbon reduction in future by establishing hydrogen economy

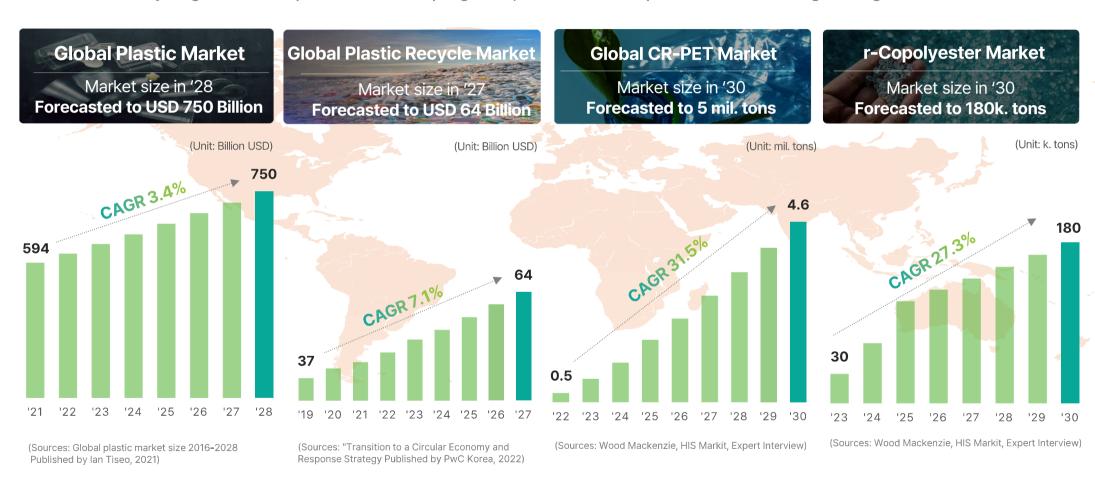
Life Science

- 1 Drive an execution strategy for the growth momentum
 - · Strengthening marketing alliance competitiveness
 - Securing core-product competitiveness
 - · Securing R&D growth engine
 - · Building partnership with major pharmaceuticals
- 2 Expansion into the vaccine business and related fields
 - Advancing strategy to increase portfolio attractiveness
 - Securing global infrastructure, including construction of Songdo R&D center and expansion of Andong L-House
 - Advancing Next-Pandemic project



Global Market Outlook

The circular recycling market is expected to show rapid growth, while traditional plastic market shows gradual growth



Copolyester Business

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



Household items

Global Regulations and Market Trends

Demands for recycled plastic products are expected to hike explosively as global regulation gets stricter

Global Regulations



- Mandated recyclable plastic usage in plastic packaging: 55% by 2022, 100% by 2030
- Mandated usage of Recycled PET(r-PET) for PET beverage bottles
 : 25% by 2025, 30% by 2030
- Setting targets for phased reductions in packaging waste (PPWR)
 :5% by 2030, 10% by 2035, 15% by2040
 - : Transposed into a directive -> regulation, applying to all Member States without any changes to national law

US



California: Mandates recycled content in PET bottles
 -15% by 2022, 50% by 2030

 Washington State: Mandates recycled content for plastic containers across food and household product
 15% by 2022, 25% by 2025, 50% by 2030

Japan



Establishing goals for recycling rates of plastic containers
 : 60% by 2030, 100% by 2035





- Enlarging 30% of the usage of recycled plastic materials by 2030
- Targeting to reduce 20% of waste plastic by '25

Brand owners' Commitments

Announces from Brand owners: "Transition to 50%~100% recyclable materials by 2030"



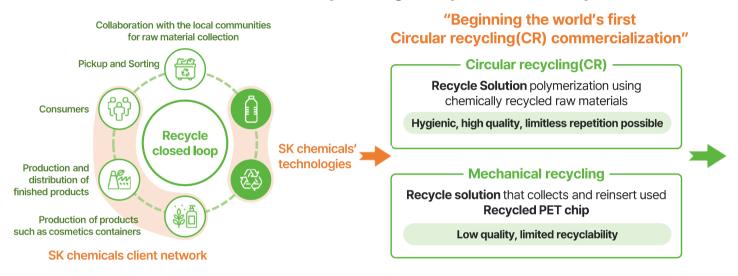
* Renewable & recycle content

(Sources: Branded-audit report (2022)& Homepages of each company

Recycled Copolyester

SK chemicals' sustainable packaging solutions

Establishment of circular economy through recycle closed loop



Achieving No.1 Recycle
Solution Povider

Recycled Copolyester production process



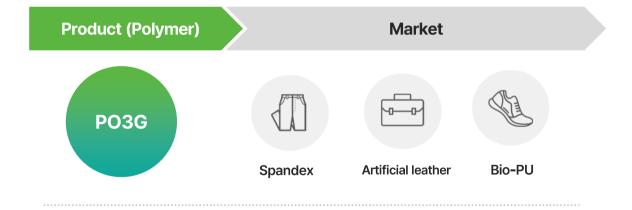
Strengths

- Stable raw material secured through self production of r-BHET and CHDM
- 2 Demonstrate Recycle technology by being the world's 1st to commercialize r-Copolyester
- 3 Securing cost competitiveness and process optimization by stabilizing SK Shantou

Bio-materials Business

Expansion into bio-material business such as PO3G





ECOTRION

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



Life Science - Pharma

Main Products





No.1 Gingko 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 strategic cooperation

- Open Innovation
- CMO · CDMO



Establishment of a new drug search platform utilizing Al

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

