

SK chemicals
2024 2Q 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)

The performance data for Q2 2024 included in this material has been prepared for the convenience of investors and has not yet been reviewed by an external auditor. Therefore, some of the content may change during the accounting review process.

Additionally, please note that the future outlook included in this material is based on the current business environment and the company's management strategy and may change due to future changes in the business environment and strategy adjustments.



1

Earnings Release

Company Highlight
Performance Summary

2Q24 Company Highlight

2Q24 Consolidated	Revenue 414bn KRW (+11.5% YoY, +8.6% QoQ) Operating Profit 9bn KRW (Tuned to profit YoY, QoQ)	
2Q24 Separate	Revenue 345bn KRW (+11.6% YoY, +8.7% QoQ) Operating Profit 31bn KRW (+58.9% YoY, +68.0% QoQ)	
Business Divisions	Green Chemicals	Copolyester & CHDM/DMT Promoting the establishment of optimized facilities for the full-scale expansion of high-value portfolios
		Recycle and other business Continuously expanding cases of CR-PET application (MOU for the development and packaging of traditional liquor using CR-PET)
	Life Science	Pharma Continued stable sales of products (distribution and manufactured products)
		SK bioscience Acquisition Agreement of IDT BIOLOGIKA Shares / Expanding Sales of Shingles and Varicella Vaccines in the First Half and Commencing Full-Scale Distribution of Sanofi Vaccines

Performance Summary

Consolidated

Revenue 414bn KRW (+11.5% YoY, +8.6% QoQ)

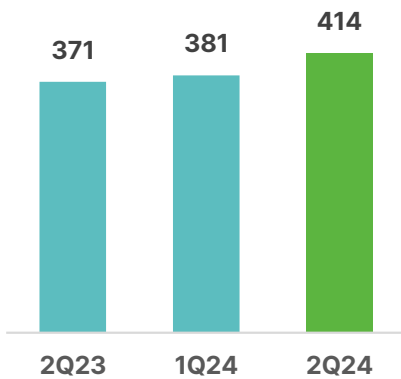
Expansion in Scale Driven by Strong Performance in Separate Divisions

Operating Profit 9bn KRW (Turned to profit YoY, QoQ)

Turned to Profit Due to Reduced Losses in Consolidated Subsidiaries and Strong Performance in the Copolyester Division

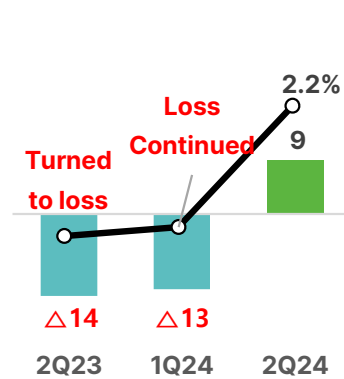
Revenue

(Unit: billion KRW)



Operating Profit and Margin

(Unit: billion KRW)



Separate

Revenue 345bn KRW (+11.6% YoY, +8.7% QoQ)

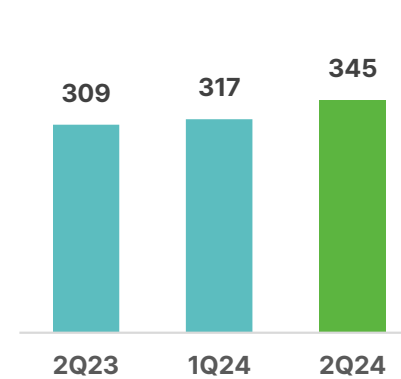
Expansion in Scale Due to Strong Performance in the Core Copolyester Business Despite the Reduction in Scale of the Pharma Business

Operating Profit 31bn KRW (+58.9% YoY, +68.0% QoQ)

Expansion in Profit Size Due to Strong Performance in the Copolyester Business

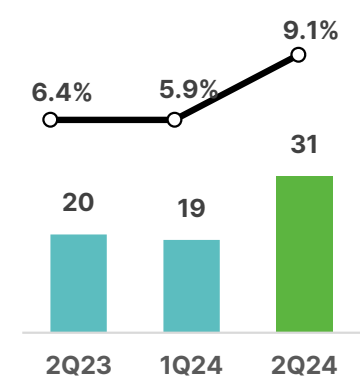
Revenue

(Unit: billion KRW)



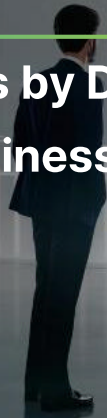
Operating Profit and Margin

(Unit: billion KRW)



2 Performance

Performance Trends by Division
Performance by Business Unit



Performance Trends by Division

(Unit: billion KRW)

Division		2022					2023					2024	
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q
Revenue	Copolyester & CHDM/DMT	202	234	207	208	851	201	212	199	198	809	222	250
	Functional Materials	25	23	18	16	81	23	21	18	16	77	17	18
	Other	3	8	4	7	21	4	4	4	5	17	5	5
	Pharma	77	77	80	80	314	86	86	98	106	376	86	81
	Total	306	342	308	310	1,266	314	323	319	325	1,280	330	354
Operating Profit	Copolyester & CHDM/DMT	23	33	26	33	115	33	31	17	18	99	21	37
	Functional Materials	2	(1)	(1)	(2)	(2)	(0)	(1)	(0)	(1)	(2)	(0.3)	(0.6)
	Other	(11)	(13)	(9)	(5)	(37)	(7)	(8)	(4)	(8)	(27)	(7)	(12)
	Pharma	9	8	10	7	34	7	5	12	8	32	4	4
	Total	24	27	26	33	109	32	27	24	17	101	18	29

* Including performance of America/Europe sales subsidiaries

Performance by Business Unit (1)

Green Chemicals – Copolyester & CHDM/DMT

2Q24 Performance

Revenue **250bn KRW** (+18.2% YoY, +12.6% QoQ)

Sales Growth Due to Continuous Applicability Development and Customer Expansion

Operating Profit **37bn KRW** (+20.2% YoY, +80.8% QoQ)

Profit Increase Due to Sales Growth and High-Value Product Sales Expansion

3Q24 Outlook

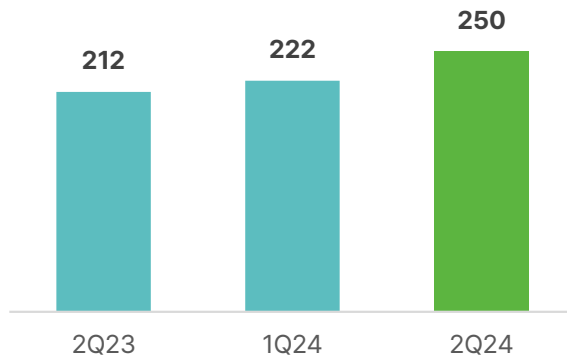
High-Value Portfolio Expansion

vs.

Continued Uncertainty in Freight Costs

Revenue

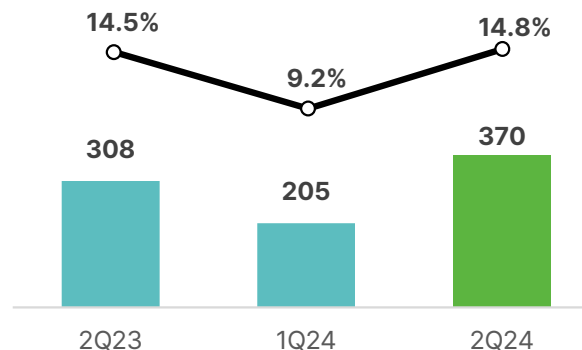
(Unit: billion KRW)



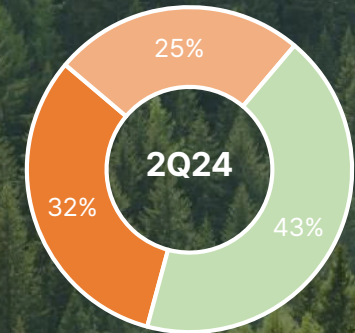
* Including performance of America/Europe copolyester sales subsidiaries

Operating Profit and Margin

(Unit: billion KRW)

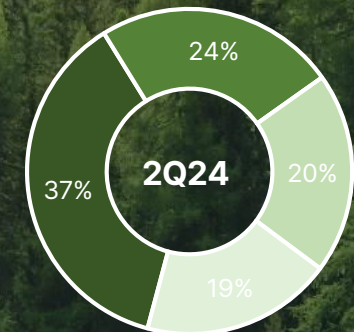


Sales Volume Proportion by Application



■ Cosmetics ■ HA/HHA ■ Sheets/film/etc

Sales Volume Proportion by Region



■ China ■ EU/America
■ Korea ■ Japan etc.

* Data above only refers to Copolyester sales

Performance by Business Unit (2)

Life Science - Pharma

2Q24 Performance

Revenue **81bn KRW** ($\Delta 6.7\%$ YoY, $\Delta 6.8\%$ QoQ)

Reduction in Scale Due to Decreased Sales

Operating Profit **4bn KRW** ($\Delta 25.0\%$ YoY, $\Delta 9.1\%$ QoQ)

Reduction in Profit Size Due to Sales Contraction and Price Reduction of Pharmaceuticals

3Q24 Outlook

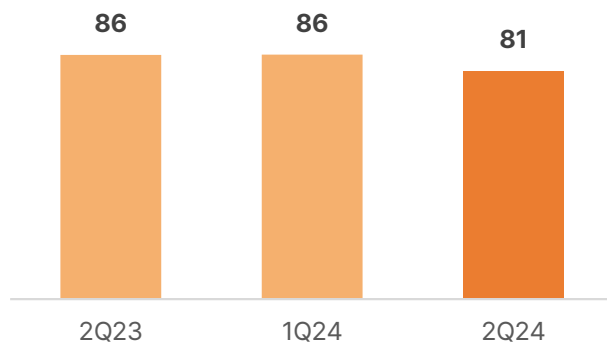
Recovery of Existing Product Sales and Launch of New Products

vs.

Continued Uncertainty of External Factors

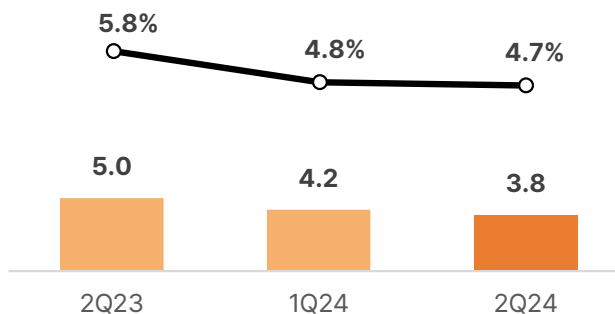
Revenue

(Unit: billion KRW)

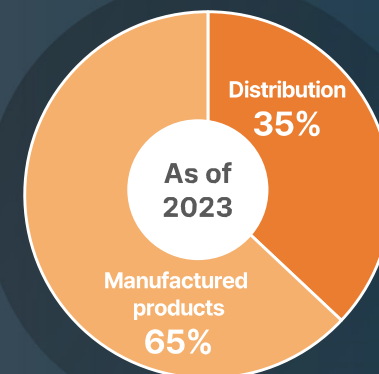


Operating Profit and Margin

(Unit: billion KRW)



Revenue Proportion



Main Products



Joins

Natural product based anti-arthritis treatment



Ginexin

blood circulation disorder treatment & Cognitive enhancer



Rivastigmine patch

Anti-dementia treatment patch



Performance by Business Unit (3)

Life Science - SK bioscience

2Q24 Performance

Revenue **27bn KRW** (+1.1% YoY, +20.2% QoQ)

Sales Increase Due to Expansion of Overseas Markets for Varicella Vaccine

Operating Profit **△20bn KRW** (Continued loss YoY, QoQ)

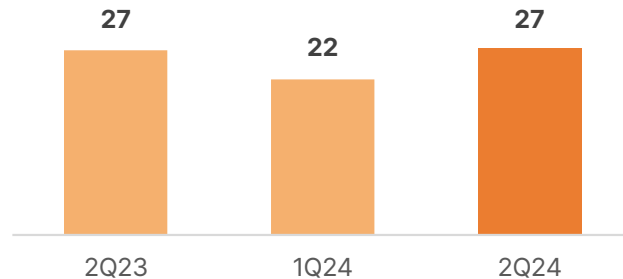
Reduction in Losses Due to Sales Increase and Decrease in R&D Expenses

3Q24 Outlook

Expansion of Supply for Flu Vaccine and Novavax Covid-19 Vaccine

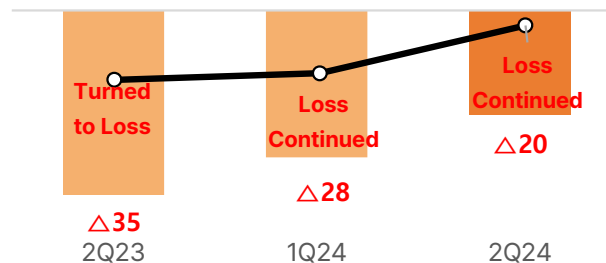
Revenue

(Unit: billion KRW)



Operating Profit and Margin

(Unit: billion KRW)



Overview

- **Acquisition Agreement of IDT BIOLOGIKA**
 - Expecting continuous upward sales growth through entry into new markets and expansion of areas
- **Continued Growth of SKYZoster in the First Half and Expansion of SKYVaricella Exports, Full-Scale Sales of SKYCellflu in the Second Half**
 - SKYCellflu: Increase in national vaccination supply volume for the 2024-202
 - SKYZoster: Continued demand for shingles vaccination
 - SKYVaricella: Expansion of sales through PAHO (Pan American Health Organization)
 - SKYTyphoid: Expansion into global markets with WHO PQ
- **Commencement of Distribution for 5 Major Sanofi Vaccines, Scheduled Supply of Novavax COVID-19 Vaccine in the Second Half**
- **PCV21: Completion of IND Approval for Phase 3 Clinical Trials in Australia in the First Half, Expected IND Approval for Phase 3 Clinical Trials in the U.S. and Globally in the Second Half**

3 Appendix



Financial Statements

Key Financial Information

Governance and Shareholders

Shareholder Returns

Financial Statements (Consolidated)

Balance Sheet

(Unit: billion KRW)

Items	2023	2Q24
Current assets	2,204	2,420
- Current account	1,828	2,002
- Inventory	377	418
Non-current assets	1,954	2,227
- Investment in affiliated companies and joint ventures	10	10
- Tangible property	1,602	1,819
- Intangible property	54	51
- Other Non-current assets	288	346
Total assets	4,159	4,646
Current liabilities	830	1,005
Non-current liabilities	653	911
Total liabilities	1,483	1,915
Equity attributable to the parent company	2,119	2,164
- Capital stock	99	99
- Consolidated capital surplus	1,212	1,212
- Consolidated other components of equity	△22	△21
- Accumulated other comprehensive income	△37	8
- Consolidated earned surplus	867	865
Non-controlling interest	557	568
Total equity	2,676	2,731
Total liabilities and equity	4,159	4,647

Income Statement

(Unit: billion KRW)

Items	2Q23	3Q23	4Q23	1Q24	2Q24
Revenue	371	581	432	381	414
- Cost of Revenue	282	396	332	296	299
- Gross profit from Revenue	90	185	100	85	115
- Revenue and administrative expenses	104	102	95	97	106
Operating profits	△14	83	5	△13	9
- Other non-operating income	2	3	2	5	6
- Other non-operating expense	13	0.8	23	8	7
- Financial income	22	22	21	21	20
- Financial expense	22	30	14	16	20
- Share of profits	△0.4	△0.4	△2	0	△0.4
Earnings before interest and taxes	△25	77	△11	△11	8
- Income tax expense	△9	15	0.1	△3	3
Consolidated net income	△16	63	△11	△8	5
- Equity attributable to the parent company	△11	47	△12	△4	9
- Non-controlling interest	△5	16	1	△4	△4

Financial Statements (Separate)

Balance Sheet

(Unit: billion KRW)

Items	2023	2Q24
Current assets	673	901
- Current account	441	670
- Inventory	232	231
Non-current assets	1,283	1,295
- Investment in affiliated companies and joint ventures	444	444
- Tangible property	693	709
- Intangible property	30	29
- Other Non-current assets	115	113
Total assets	1,956	2,197
Current liabilities	653	805
Non-current liabilities	179	238
Total liabilities	832	1,043
Capital	99	99
Capital surplus	158	158
Other components of equity	△13	△13
Earned surplus	880	910
Total equity	1,124	1,154
Total liabilities and equity	1,956	2,197

Income Statement

(Unit: billion KRW)

Items	2Q23	3Q23	4Q23	1Q24	2Q24
Revenue*	309	298	323	317	345
- Cost of Revenue	239	226	254	246	257
- Gross profit from Revenue	70	71	68	71	88
- Revenue and administrative expenses	51	48	52	53	57
Operating profits*	20	24	16	19	31
- Other non-operating income	2	2	17	2	10
- Other non-operating expense	10	4	25	7	4
- Financial income	7	7	10	11	12
- Financial expense	13	11	12	12	16
Earnings before interest and taxes*	5	18	7	13	33
- Income tax expense	0.7	4	△0.1	3	8
Net income	5	14	7	9	26

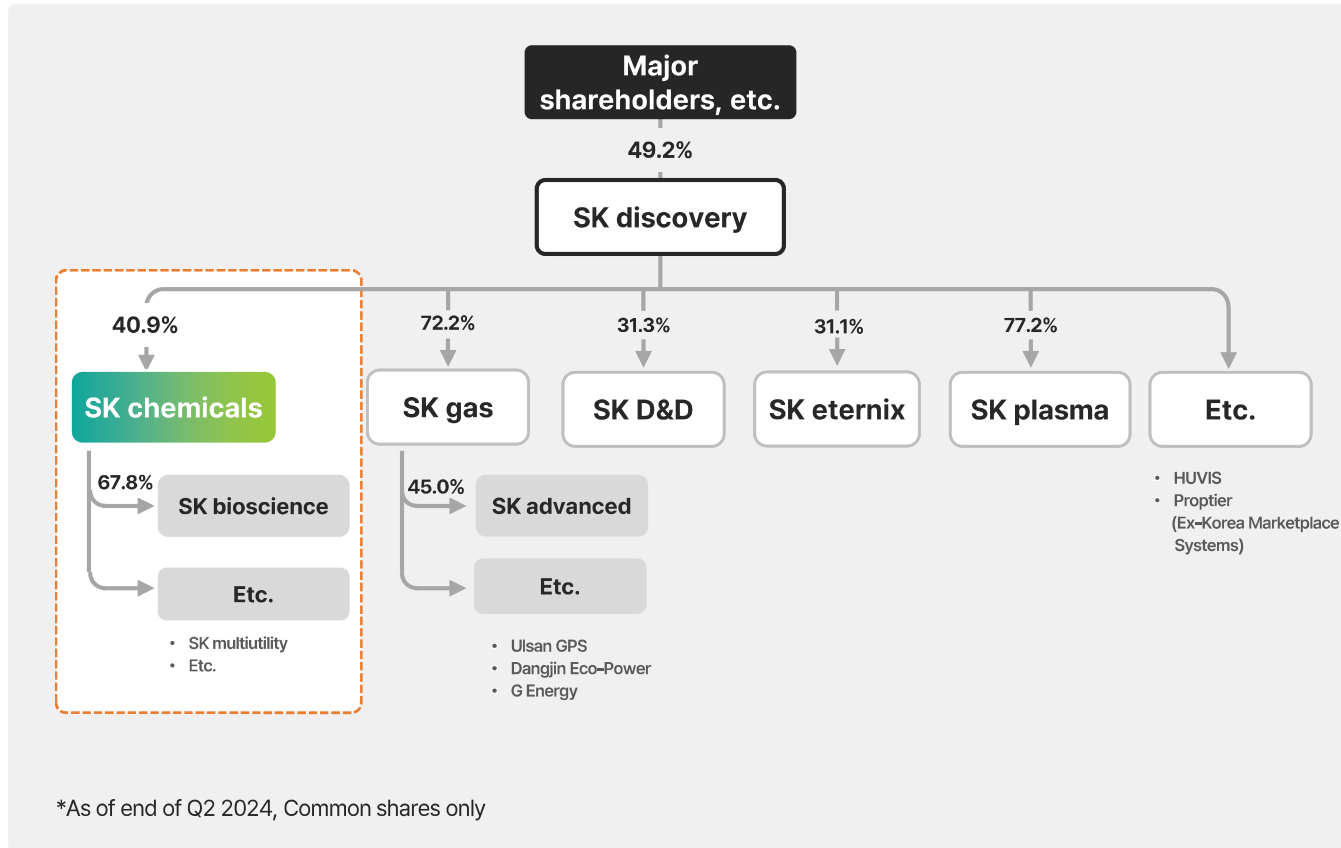
Key Financial Information (Separate)

(Unit: billion KRW)

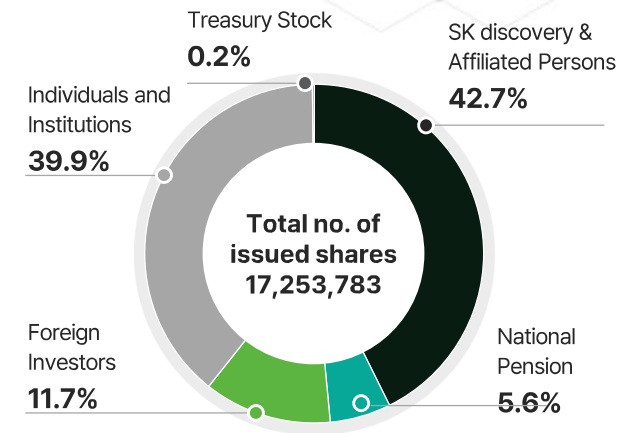
	2022					2023					2024	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q
Cash and Cash Equivalents	106	114	109	119	119	326	222	215	245	245	250	407
Net Debt	129	295	296	317	317	387	412	393	360	360	423	414
CAPEX	15	28	16	25	84	81	24	23	31	159	21	22
Debt Ratio	67%	62%	65%	62%	62%	83%	72%	70%	74%	74%	76%	90%
Current Ratio	141%	119%	120%	121%	121%	129%	134%	126%	103%	103%	92%	112%
EBITDA	40	36	48	39	163	39	34	38	31	141	33	46
EBITDA (%)	13%	11%	16%	13%	13%	13%	10%	12%	9%	11%	10%	13%
ROE	2%	1%	2%	1%	-	1%	1%	1%	1%	-	1%	2%

Governance and Shareholders

Governance



Shareholder Composition

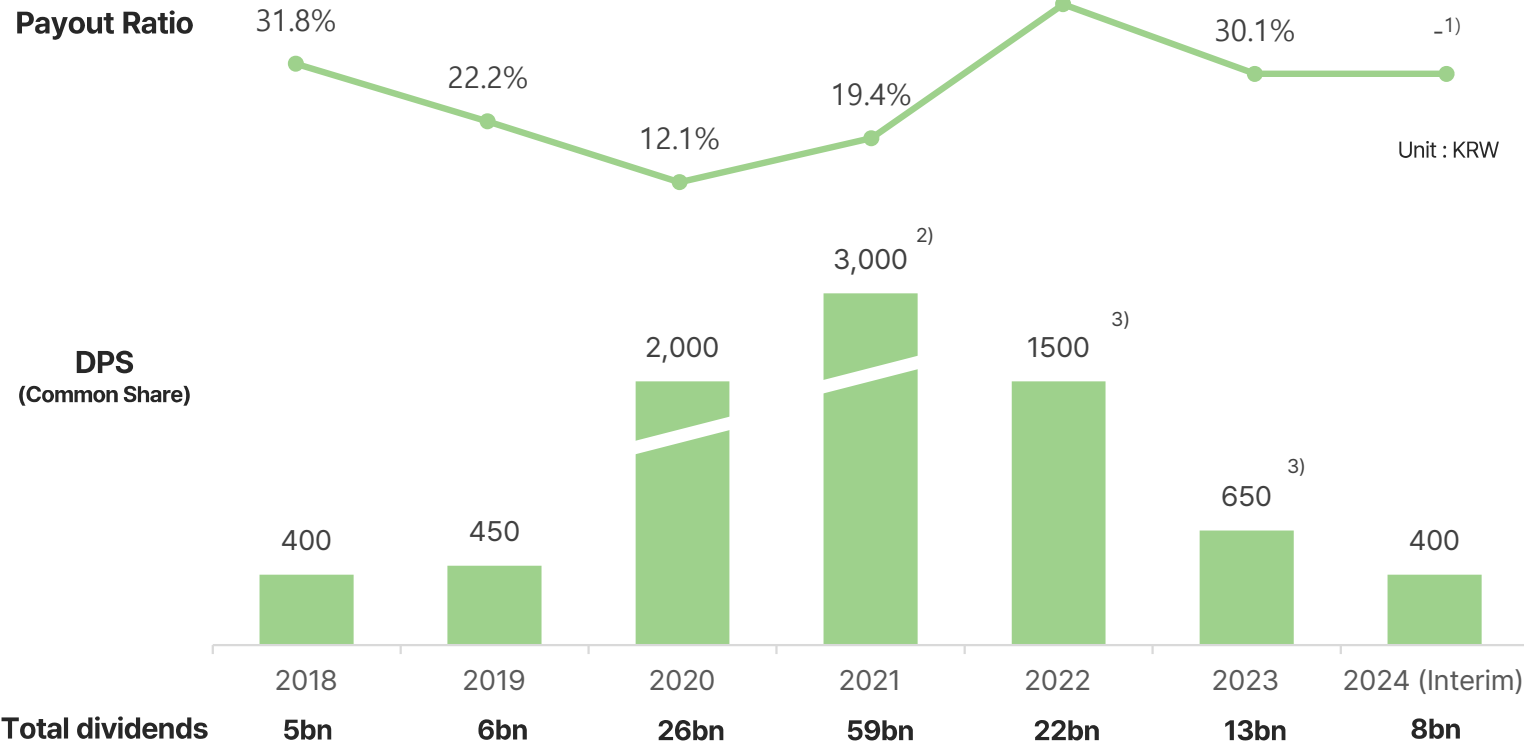


Shareholders Category	No. Shares
SK discovery & Affiliated Persons	7,361,072
National Pension	962,005
Foreign Investors	2,015,687
Individuals and Institutions	6,884,162
Treasury Stock	30,857
Total no. of issued shares	17,253,783

*As of end of Q2 2024, Common shares only

Shareholder Returns

Dividend



- 1) The payout ratio for the interim dividend has not been separately stated due to undecided annual profitability
 2) The amount includes special dividends, with a dividend of 4,500 KRW per share based on the pre-bonus issue in 2021
 3) Includes interim dividends (interim dividends implemented from 2022)

Others

Jun 2017 Retirement of Stock¹⁾

Oct 2021 Announced dividend policy²⁾

Nov 2021 50% capital increase without consideration

Mar 2022 Announced Buy-back of Stock (50 Bn KRW)

Oct 2022 Retirement of Stock (50 Bn KRW)³⁾

- 1) Retired 1,939,120 common shares (7.9% of the total issued shares)
 2) Total dividend amount determined at a payout ratio of approximately 30% (based on separate net income excluding non-recurring gains and losses)
 3) Retired 389,489 common shares

4 Business Introduction

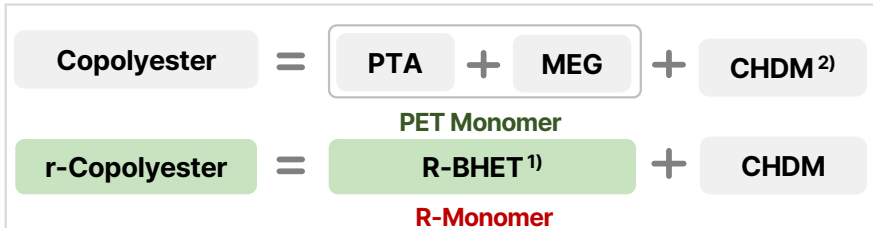
A person in a dark suit stands in a futuristic, dark space. The floor is highly reflective, showing the person's silhouette. In the background, numerous vertical white lines of varying heights create a sense of depth and scale. A large, thick, green abstract shape, resembling a stylized 'L' or a network node, is positioned in the upper right. Faint, wispy white lines drift through the air, adding to the ethereal atmosphere.

Green Chemicals
Life Science
Global Network

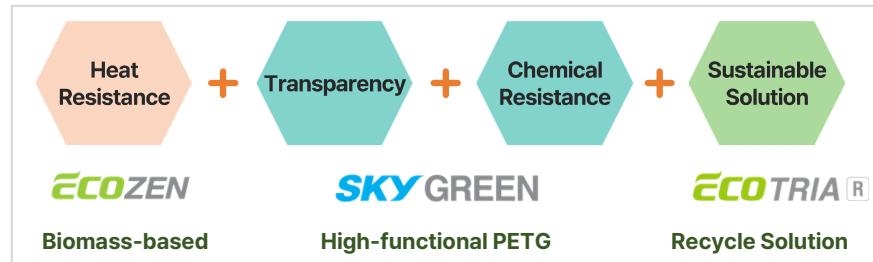
Business Introduction Green Chemicals - Copolyester

Business Introduction

- Functional PETG replaces PC, PMMA, PVC
- Production Process



- Key Products and Applicability



Core Strategy

- Virgin : Stable profit through high-value goods/portfolio improvement
- Recycle : Establishing entry barriers through market preemption and property standardization

Core Tasks and Strategy

Preempting CR Copolyester Market

- Expanding Recycle sales by cooperating with Global B/O
- Early customer commitments through MOUs, etc.

High-Value Portfolio Expansion

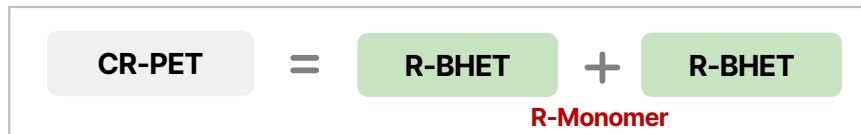
- Targeting High-Value Markets Based on Quality Competency
 - Expanding sales in high-value end-markets (cosmetics/HHG/HA)
 - Leading standardization by securing cosmetics B/O
 - Expanding sales opportunities through the development of new applications, replacing other materials
- Expanding Strategic Products/Markets Based on Optimized Facilities
 - Shortening the expansion period of heat-resistant copolyester through early establishment³⁾ of dedicated facilities
 - Accelerating M/S expansion through property enhancement and application expansion

1) R-BHET : Recycled bis-(2-hydroxyethyl) terephthalate 2) CHDM : Cyclohexanedimethanol 3) Investment in Modifying Existing Facilities

Business Introduction **Green Chemicals - Recycle**

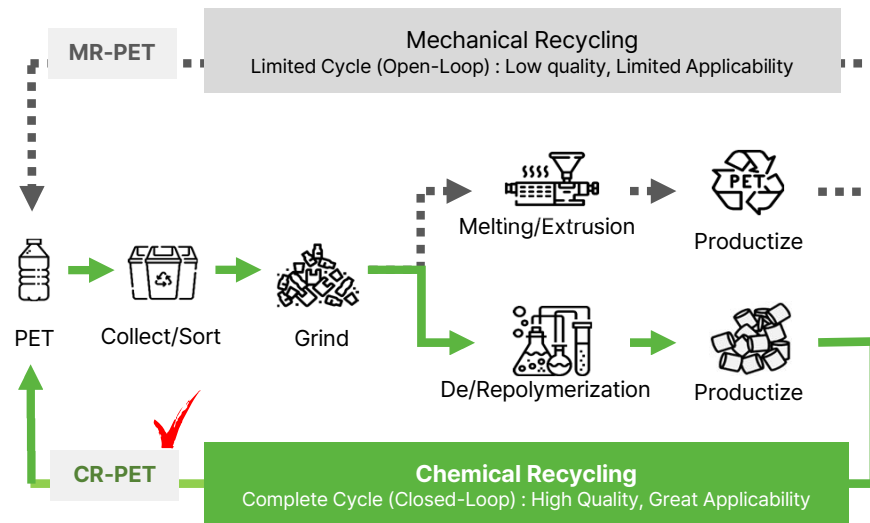
Business Introduction

Production Process



Mechanical Recycling vs. Chemical Recycling Comparison

Choosing a Chemical Recycling Method that Enables Closed Loop and Sustainability Implementation



Core Strategy

- Securing competency as the 1st to commercialize CR-PET in the industry in 2023
- Leading the CR-PET market through enhanced quality and cost competency

Core Tasks and Strategy

Vertical Integration of Raw Material Supply: Strengthening Competitiveness through Feedstock Innovation

- Completion of internalizing key recycled raw materials (R-BHET) through the establishment of SK Shantou
- Expansion of the W-PET value chain through extended partnerships

Stabilization of SK Shantou Process and Advancement of HTR Technology

- Securing price and quality competitiveness of recycled products and expanding R-BHET production capacity
- Improvement of purification process (completed Q2 2024) → Normalization of washing process → HTR Conversion

Securing Cost Competitiveness at the Level of MR-PET

- 30% reduction in production costs: Alleviating customer price resistance and promoting market development

Strategic Expansion of CR-PET Sales

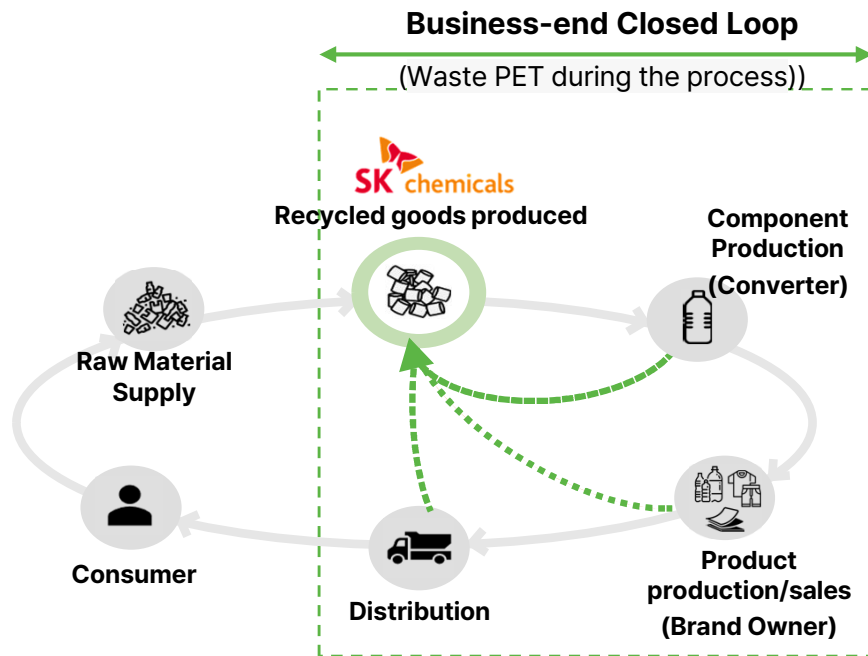
- Securing opportunities in the high-value CR-PET market and mass market based on cost competitiveness

Business Introduction Green Chemicals - Circular

Business Introduction

- Providing a Closed Loop Solution for Recycling Waste PET Generated During Customers' Production Processes

Circular Solution



Core Strategy

- Due strengthened recycling regulation, the recycling market is expected to form across various industries



EEE
WEEE¹⁾

- Obligated to **recover and recycle 55-80% of production volume**
- Need to establish a **closed loop for consumables generated during the process**



Automotive
ELV²⁾

- Obligation to use **easily disassembled designs and recyclable/reusable materials, with 25% of materials from end-of-life vehicles by 2030**
- **Need to establish a closed loop** for waste obtained from end-of-life vehicles



Fashion
ESPR³⁾

- Obligation for manufacturers to comply with **eco-design** considering environmental impact and disclose fuel usage during the manufacturing process
- Need to establish a closed loop, **prohibiting the disposal of unsold inventory** by 2030

... and many other industry needs

1) Waste of Electrical & Electronic Equipment: EU directive on the manufacture/use/disposal of electrical/electronic equipment

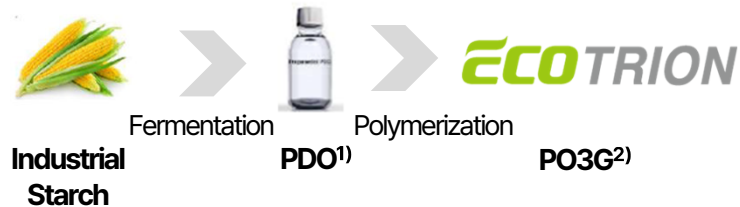
2) End of Life Vehicles Regulation: EU regulation on the recycling/reuse of end-of-life vehicles

3) Eco-design for Sustainable Products Regulation: EU regulation for eco-design of sustainable products

Business Introduction Green Chemicals – Other Business

BIO Materials

- 100% Eco-Friendly⁴⁾ BIO Material Based on Industrial Starch, High-Performance Bio-Polyol Applicable to Polyurethane Uses That Are Difficult to Recycle
- Targeting eco-friendly needs by increasing applicability and cost competitiveness



High elastic recovery, wear resistance, high flexibility

Lower CO² Emissions Compared to PTMEG⁵⁾

Commercialized in February 2022
Annual Capacity of 5,000 Tons

Key Markets and Commercialization Examples



Spandex



Synthetic Leather



Bio-PU



Black Yak shoe insoles

Functional Materials

- Polyester-based adhesives and coatings (BON) and TPEE(PEL)
- Expansion of eco-friendly needs in various areas: Increased demand for chemical resistance and conversion to recycled products

Product Introduction and Applicability

SKY BON

SKY PEL

- Polyester-based adhesives and coatings
- Can Coating, Pre-coated metal, Hotmelt, Industrial adhesives, etc.

- TPEE³⁾
- Cable Jacket, Industrial tubes, Duct Mesh Chair Monofilament, etc.



1) PDO : Propanediol 2) PO3G : Poly Oxytrimethylene Glycol 3) TPEE: thermoplastic polyester elastomer 4) Eco-friendly refers to products made from biomass
5) Using Bio-Derived Raw Materials that Reduce Greenhouse Gas Emissions by Approximately 40% Compared to Conventional Petrochemical-Based PTMEG

Business Introduction Life Science - Pharma

Business Introduction

- Competitive product portfolio in botanical and synthetic drug market
- Business expansion based on marketing strengths

Main Products

Ginexin-F



ginkgo leaf blood circulation and cognitive function enhancer

Joins



Natural arthritis treatment

Trast



Patch-type arthritis treatment

Mvix S



World's first film-type erectile dysfunction treatment

Rivastigmine Patch



Patch-type dementia treatment

Core Strategy

Continuous business expansion through securing growth drivers based on competency

Mid-term Key Tasks

Strengthening marketing alliance competitiveness

Natural pharmaceutical Product value-up

Expanding Global C(D)MO

Securing R&D growth drivers

Implementation Strategy

Strengthening strategic partnership and operation optimization

Diversifying raw material sourcing and expanding sales

Securing Potential through Expansion of Approved Countries Discovering New CMO

Expanding to new pipelines and accelerating open Innovation



Exploring New Biz Model

Global Network

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



Ulsan Plant



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

Construction Sept 1989 PTA / DMT Plant completion
Jan 2001 CHDM / PETG Plant completion
Feb 2022 PO3G Plant completion

Products Copolyester resin, DMT etc.

Production Capacity 450K tons Annually ^{1) 2)}

Cheongju Plant (S HOUSE)



Certification K GMP/ EU GMP(Solid tablets, patches)

Construction July 2009 Cheongju plant acquisition
July 2012 Production building completion
Mar 2014 Patch building reconstruction

Products Solid tablets and patches

Production Capacity 760 mil. solid tablets, 66 mil. patch pouches annually

SK Shantou



Certification 2019 r-BHET , CR-PET Plant takeover (Shuye)
Mar 2023 Acquisition of Tangible Assets (Shuye)

Construction r-BHET , CR-PET etc.

Production Capacity r-BHET : 70K tons / CR-PET 50K tons Annually

Andong Plant (L HOUSE)



Certification MFDS & EU GMP Certification

Construction Dec 2012 Construction Completed

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

Production Capacity Approximately 500 mil. doses annually based on finished products

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

2) PETG, CHDM, DMT total capacity