SK discovery

Earnings Release

1Q 2024

Disclaimer

The financial information in this document are consolidated earnings results based on K-IFRS.

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.

We make a better world with a new view.

Beyond the Limits Discover, Connect, Create

"SK discovery seeks to achieve outstanding results by rightly performing tasks that are helpful to the world."

Financial Highlights

* FY23, Consolidated Basis

Asset	**Operating Profit**	**Operating Margin**
KRW 12,251bn	KRW 257bn	2.9%
Revenue	**Net Profit**	**ROE**
KRW 8,939bn	KRW 248bn	6.6%

Contents

Overview

After SK chemicals split into SK discovery(holding company) and SK chemicals (operating company), SK discovery was change-listed in January 2018

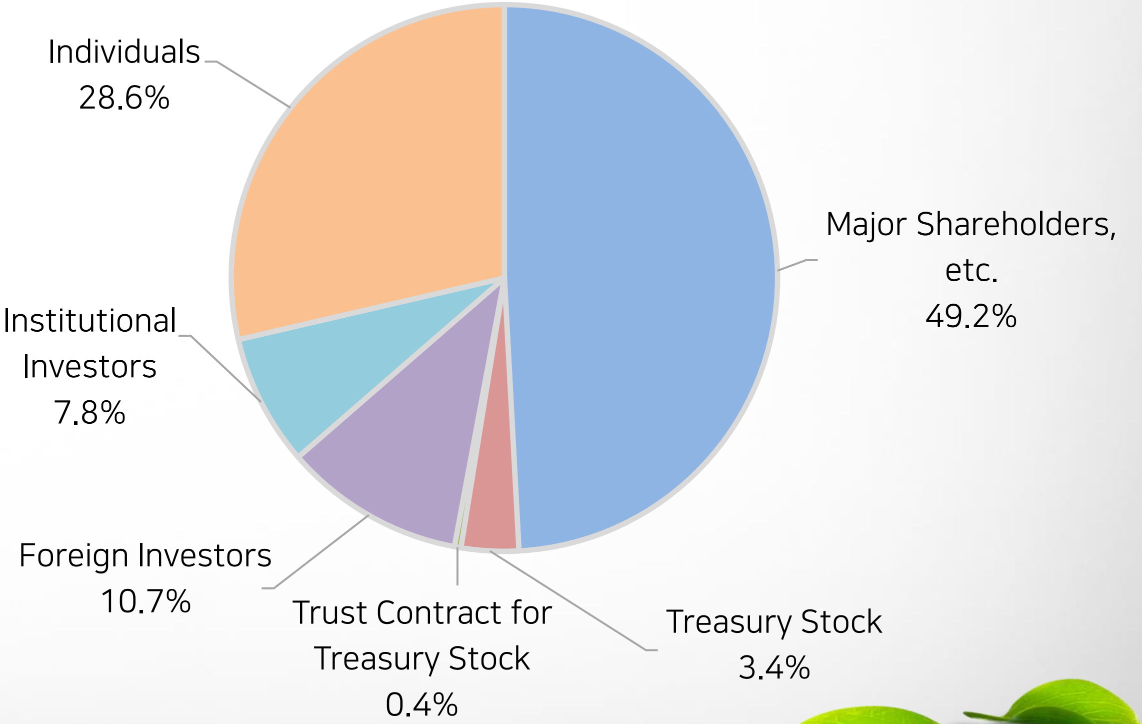
Overview

- Date of Establishment : July 1, 1969
- Date of IPO Listing : June 29, 1976
- Date of Modified Listing : January 5, 2018
- Industry : Activities of holding companies
- CEO : Chang-won Chey, Kwang-hyun Jeon
- Outstanding : 18,785,855 (Common shares)
- Market Cap : KRW 830bn
  (As of March 29, 2024, Common shares)

* SK chemicals was re-listed on January 5, 2018

Shareholder Structure

* As of March 31, 2024, Common shares only



History

SK chemicals spun off → Launched a holding company managing subsidiaries and enhancing business portfolio

SK chemicals Established — **1969**

SK gas Established — **1985**

SK D&D Established — **2004**

SK gas Transferred — **2010**

SK discovery Launched — **2017** modified-listing ('18.1)

SK bioscience Spun off/Listed — **'18~'21** Domestic Commercialization of SKY Covione, Covid-19 vaccine('23~)

SK eternix Spun off/Relisted — **2024** SK D&D Spun off →Modified-listed ('24.3)

SK chemicals

- <u>1969 Established Sunkyong Synthetic Fiber Co., Ltd.</u>
- <u>1976 Listed on KOSPI</u>
- 1987 Acquired Samshin Pharmaceutical
- 2000 Established Huvis
- 2001 Acquired Dongshin Pharmaceutical
- 2012 Established L House(Andong)
- 2015 Established SK plasma(plasma derivatives)
- <u>2017 Launched SK discovery, a holding company</u>
- 2018 Spun off the vaccine business sector, SK bioscience
- 2021 SK bioscience was listed on KOSPI

SK gas

- <u>1985 Established Yugong Gas</u>
- <u>1997 Listed on KOSPI</u>
- 2007 Established SKGI(a Singapore company)
- <u>2010 SK chemicals acquired a stake in SK Gas</u>
- 2014 Established SK advanced
- 2014 Entered into coal-fired power plant business through Gosung Green Power
- 2018 Obtained approval for Dangjin Eco-Power's business transition
- 2019 Acquired ownership of Korea Energy Terminal
- 2022 Began construction for UGPS
- 2022 Established LotteSKEneroot, a hydrogen JV

SK D&D

- <u>2004 Established Aperon</u>
- 2008 Participated in real estate development business
- 2009 Started commercial generation of Solar Power
- <u>2014 SK gas acquired a stake in SK D&D</u>
- 2014 Started commercial operation of Gasiri Wind power Plant(Jeju-do)
- <u>2015 Listed on KOSPI</u>
- 2018 Hahn & Co. acquired a stake in SK D&D
- 2021 Entered the fuel cell business
- 2022 Established a physical divestiture of D&D Living Solutions
- 2024 Spun off the renewable energy business

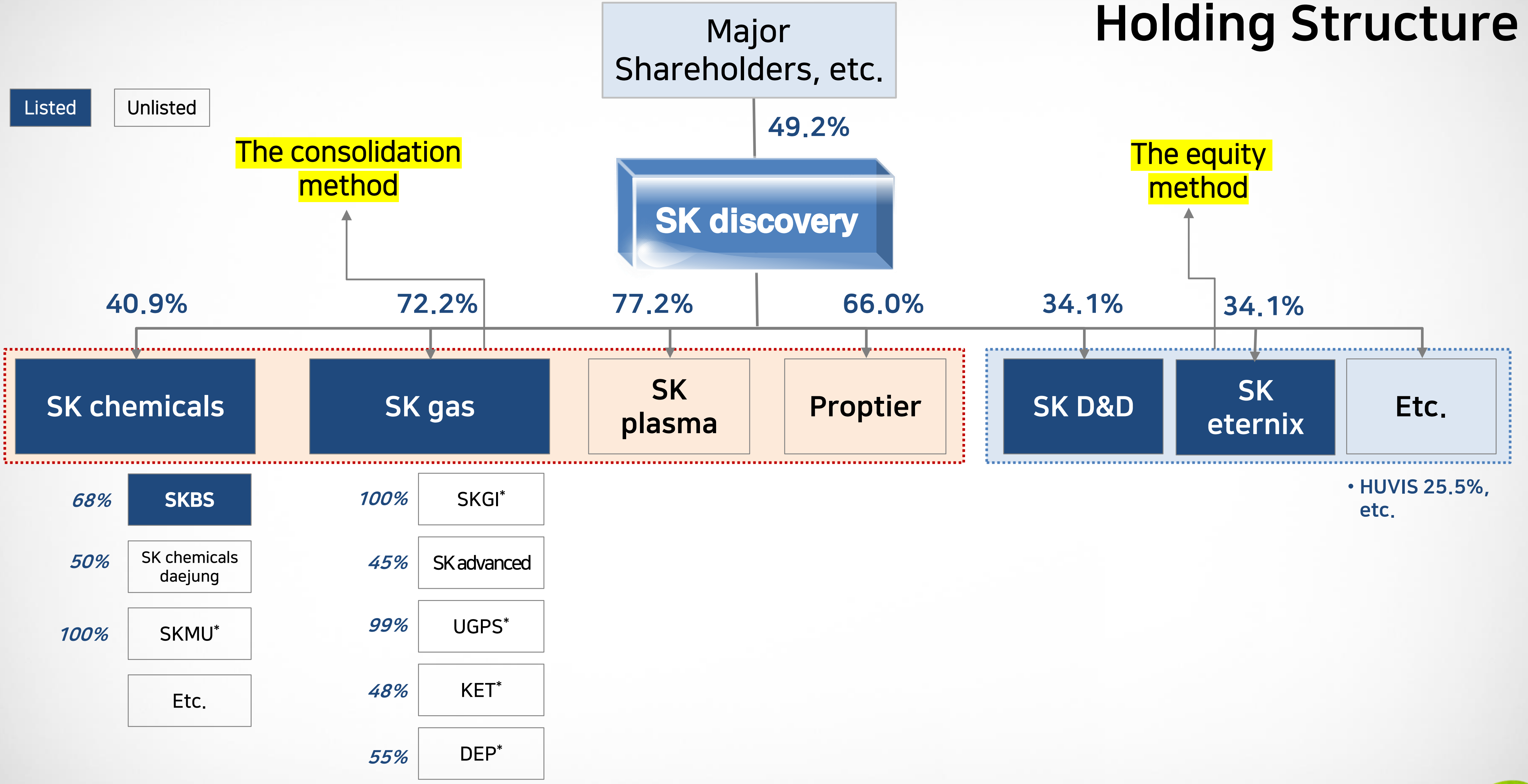
Affiliated Companies

(Unit: KRW bn)

	Business	Market Cap As of Mar. 29, 2024, Common Shares	Financial Results(FY23) Revenue/Profit Before Tax(Consolidated)
SK discovery	Holding Company	830	8,939 / 351
SK chemicals	Green Chemicals + Life Science	1,075	1,749 / 52
SK gas	LPG	1,394	6,992 / 438
SK bioscience	Vaccine	4,710	370 / 7
SK plasma	Plasma Derivatives	(Unlisted)	173 / △4
SK D&D	Real Estate Development	208	480 / 134
SK eternix	Renewable Energy	328	

* '23년 말 분할 전 수치임

Holding Structure



※ As of March 31, 2024, Common shares only

* SKMU : SK multiutility, SKGI : SK gas international(Singapore), UGPS : Ulsan Gas Power Station, KET : Korea Energy Terminal, DEP : Dangjin Eco-Power

Financial_Consolidated Basis

Income Statement

(Unit: KRW bn)	FY21	FY22	FY23
Revenue	6,614	8,717	8,939
Operating Profit	74	362	257
Operating Margin(%)	*1.1*	*4.2*	*2.9*
Net Profit	272	534	248
Net Profit Attributable to Equity Holders of the Parent	213	427	191

Balance Sheet

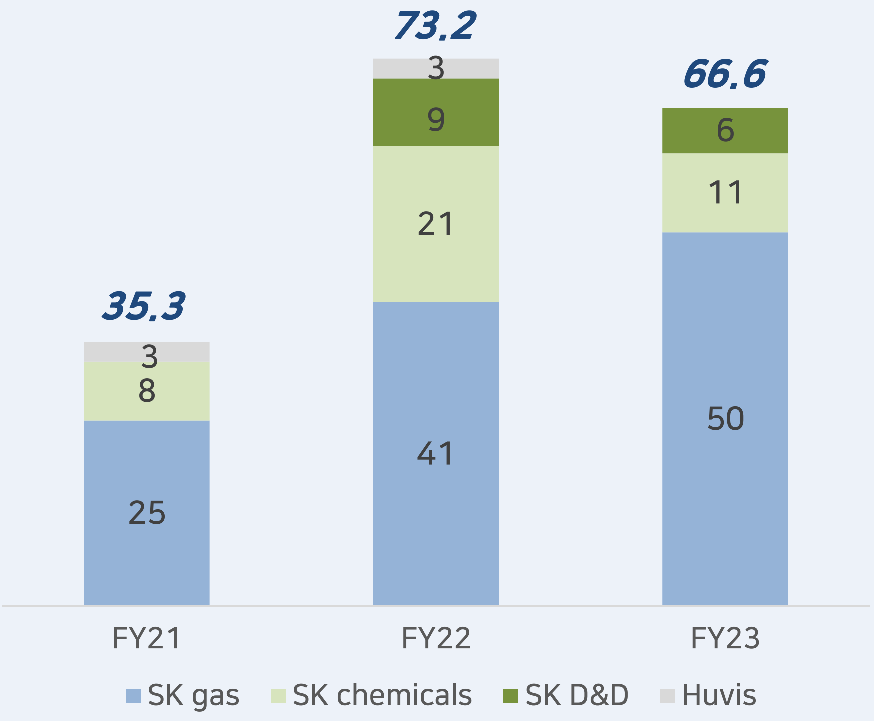
(Unit: KRW bn)	FY21	FY22	FY23
Total Assets	6,882	11,780	12,251
Total Liabilities	3,813	5,827	6,181
Total Equity	3,069	5,953	6,070
ROE Attributable to Equity Holders of the Parent(%)	*9.8*	*16.3*	*6.6*
Debt to Equity Ratio(%)	*124*	*98*	*102*

Financial_Separate Basis

(Unit: KRW bn)		FY21	FY22	FY23
Income Statement	Revenue	35	73	67
	Operating Profit	22	54	47
	Operating Margin(%)	*62.5*	*73.2*	*70.5*
	Net Profit	39	163	42
Balance Sheet	Total Assets	1,562	1,663	1,752
	Total Liabilities	605	583	674
	Total Equity	956	1,080	1,079
	Debt to Equity Ratio(%)	*63*	*54*	*62*

Dividend Income

※SK discovery's separate revenue is entirely from dividend income

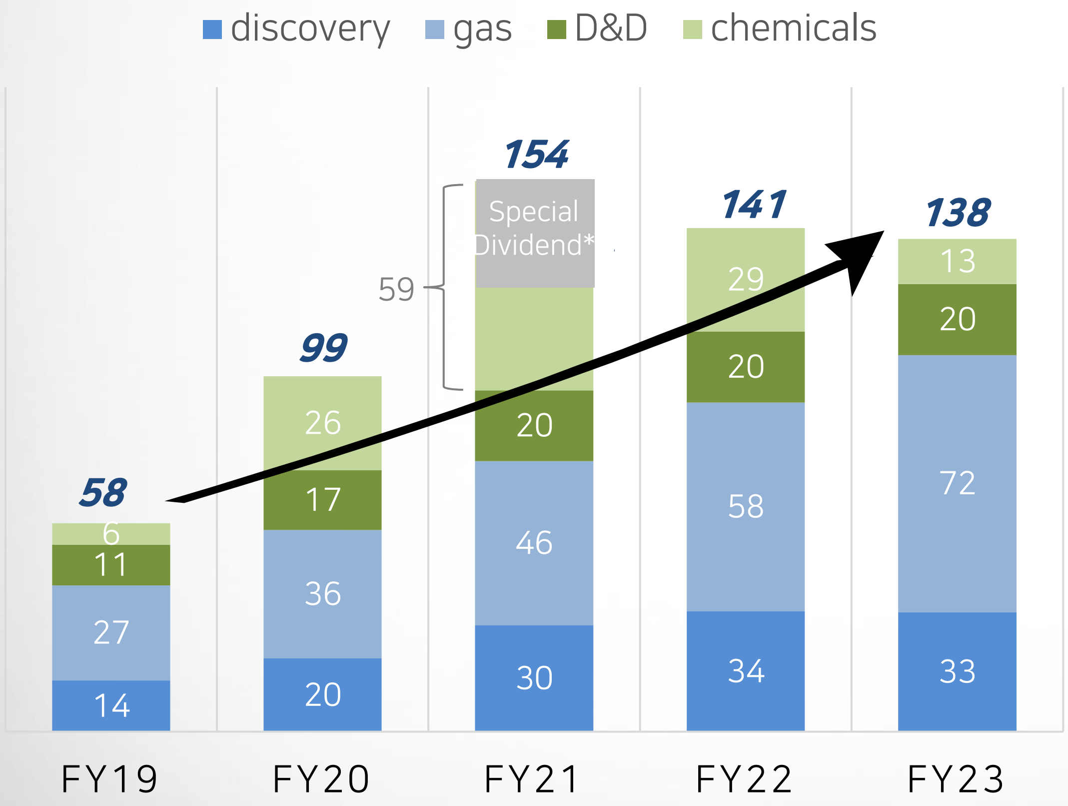


* CASH IN Basis

Shareholder Return

SK discovery paid interim dividends, commenced a share buy-back program and established a new dividend procedure: 'determine the dividend amount first, then set the record date later'

Total Dividends



* A special dividend of SK chemicals in FY21

DPS & Dividend Yield

(Common shares, Unit: KRW)	FY19	FY20	FY21	FY22	FY23
discovery	700 (2.8%)	1,000 (1.5%)	1,500 (3.2%)	1,700 (5.3%)	1,700 (4.3%)
chemicals	450 (0.7%)	2,000 (0.5%)	3,000* (2.0%)	1,500 (1.9%)	650 (1.0%)
gas	3,000 (3.4%)	4,000 (3.8%)	5,100 (3.8%)	6,500 (5.2%)	8,000 (5.3%)
D&D	600 (2.1%)	600 (1.4%)	800 (2.6%)	800 (3.5%)	800 (3.1%)

※ Have paid interim dividends since 2022

Acquisition & Cancellation of Treasury Stock		
	Plan	▪ Announced to acquire & cancel KRW 60bn worth treasury stocks for FY23~25 (7% of issued stocks**) -Aims to enhance shareholder value by increasing shareholder returns
	Status	▪ Acquired and canceled KRW 10bn worth treasury stock ('24.3)

**Common Shares, Mar. 29, 2024 Closing price KRW 44,200 basis

Contents

SK discovery

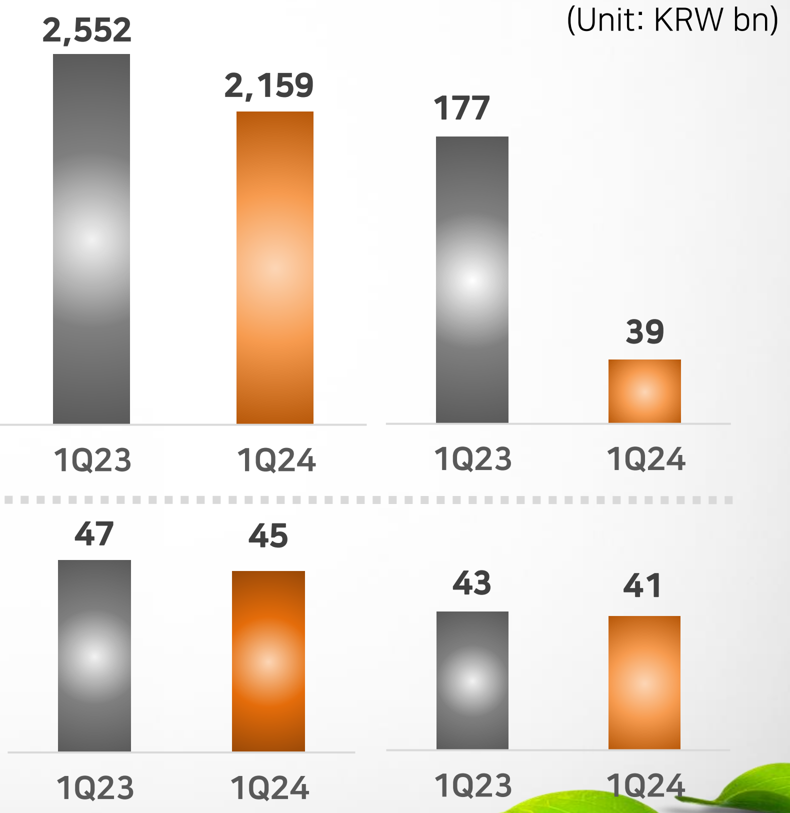
Consolidated sales and profits decreased compared to the same period last year due to fluctuations in the sales and accounting profits of SK gas

Separate profit, the substantial source of operation, remains at a similar level to the same period last year

Performance

(Unit: KRW bn)		1Q23	4Q23	1Q24	YoY	QoQ
Conso-lidated	Revenue	2,552	2,120	2,159	-15.4%	+1.8%
	Operating Profit	177	-51	39	-77.7%	Turned to Profit
	Operating Margin(%)	*6.9*	*Loss*	*1.8*	*-5.1%p*	-
	Net Profit	119	-21	-22	Turned to Loss	Loss continued
Separate	Revenue	47	0	45	-5.6%	-
	Operating Profit	43	-7	41	-3.4%	Turned to Profit
	Net Profit	35	3	33	-4.1%	+919.9%

Revenue Operating Profit



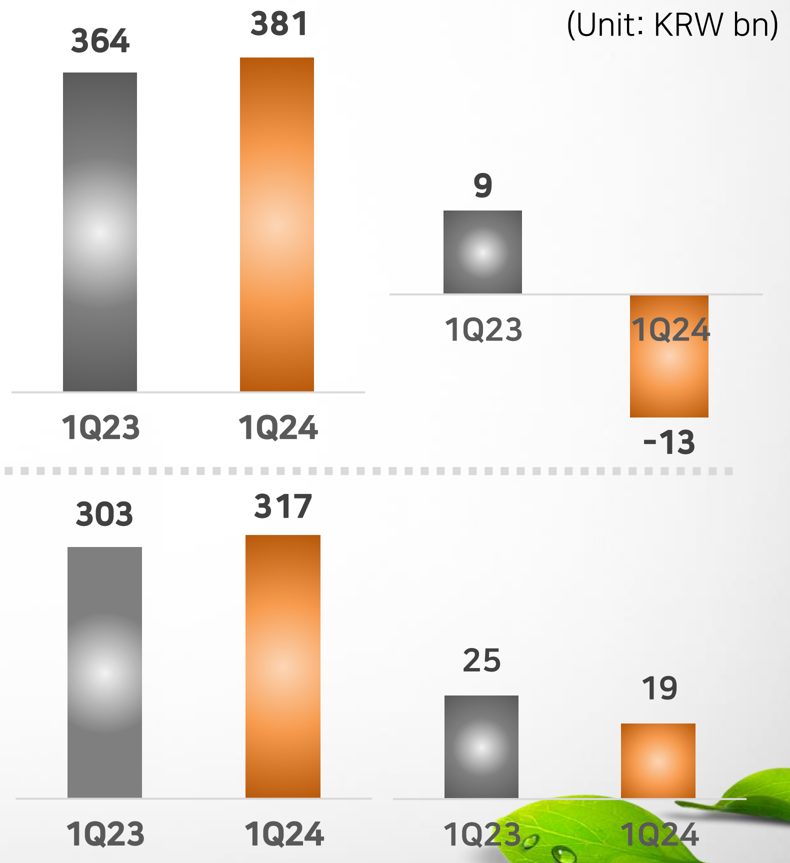
SK chemicals

Compared to the same period last year, consolidated revenue expanded due to strong performance in the Copolyester business as well as the influence of a consolidated subsidiary; however, consolidated profit decreased due to the decline in separate profits and the loss in a consolidated subsidiary

Performance

(Unit: KRW bn)		1Q23	4Q23	1Q24	YoY	QoQ
Conso-lidated	Revenue	364	432	381	+4.5%	-11.7%
	Operating Profit	9	5	-13	Turned to Loss	Turned to Loss
	Operating Margin(%)	*2.4*	*1.2*	*Loss*	-	-
	Net Profit	11	-11	-8	Turned to Loss	Loss Continued
Separate	Revenue	303	323	317	+4.8%	-1.8%
	Operating Profit	25	16	19	-27.0%	+13.5%
	Operating Margin(%)	8.4	5.1	5.9	-2.5%p	+0.8%p
	Net Profit	16	7	9	-42.9%	+38.2%

Revenue　　Operating Profit



SK bioscience

Novavax vaccine distribution & strong flu/zoster vaccine sales

Revenue reduced compared to the same period last year due to the absence of SKY Covione sales

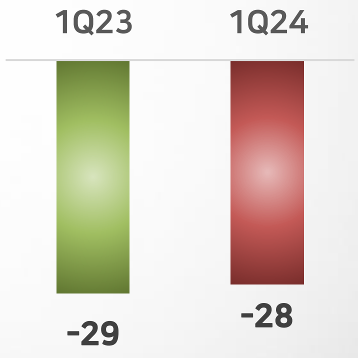
Performance_Consolidated Basis

(Unit: KRW bn)	1Q23	4Q23	1Q24	YoY	QoQ
Revenue	21	91	22	+8.1%	-75.4%
Operating Profit	-29	-8	-28	Loss Continued	Loss Continued
Operating Margin(%)	*Loss*	*Loss*	*Loss*	-	-
Net Profit	-14	4	-13	Loss Continued	Turned to Loss

Revenue

Operating Profit

(Unit: KRW bn)



SK gas

Although profits significantly decreased compared to the same period last year due to changes in the valuation of derivatives used for risk management, excluding these accounting valuation losses, the actual operational performance was at a satisfactory level

Performance_Consolidated Basis

(Unit: KRW bn)	1Q23	4Q23	1Q24	YoY	QoQ
Revenue	2,150	1,628	1,726	-19.7%	+6.0%
Operating Profit	208	-29	75	-64.1%	Turned to Profit
Operating Margin(%)	*9.7*	*Loss*	*4.3*	-5.3%p	-
Net Profit	156	33	20	-87.0%	-37.6%

1st LNG terminal completes test operations

New Shareholder Return Policy

From dividends of FY24, the pay-out will be 25% or more of consolidated net profit attributable to equity holders of the parent & additional shareholder returns based on non-current profit will be considered as well (disclosed on Sep.13, 2023)

SK plasma

Compared to the same period last year, revenue increased and operating profit turned to surplus

Since the 2nd quarter of 2023, the operating profit surplus has been maintained for 4 consecutive quarters

Performance_Consolidated Basis

(Unit: KRW bn)	1Q23	4Q23	1Q24	YoY	QoQ
Revenue	31	53	44	+42.1%	-17.1%
Operating Profit	-2	5	0.3	Turned to Profit	-94.3%
Operating Margin(%)	*Loss*	*9.2*	*0.6*	-	*-8.6%p*
Net Profit	-4	3	-3	Loss Continued	Turned to Loss

Main Products

Product	Component	Indication
SK Albumin	Albumin	Transporation of various nutrients, detoxification, etc.
AT-III	AT-III	Prevention of blood clot formation
Liv-Gamma	IVIG	Combination therapy with antibiotics in infectious disease
Tetabulin SN	TIG	Treatment of tetanus infection

SK D&D / SK eternix

SK D&D : SK D&D completed its split-off into two entities(SK D&D and SK eternix) in March 2024

SK eternix : 1Q revenue includes only the revenue earned during March
the operation of Gunwi Pungbaek and other power sources generated stable revenue

SK D&D Consolidated Basis

(Unit: KRW bn)	1Q23	4Q23 (before split-off)	1Q24	YoY	QoQ
Revenue	48	83	51	+5.7%	-39.2%
Operating Profit	5	-10	-1	Turned to Loss	Loss Continued
Operating Margin(%)	*11.5*	*Loss*	*Loss*	-	-
Net Profit	3	-40	2	-35.8%	Turned to Profit

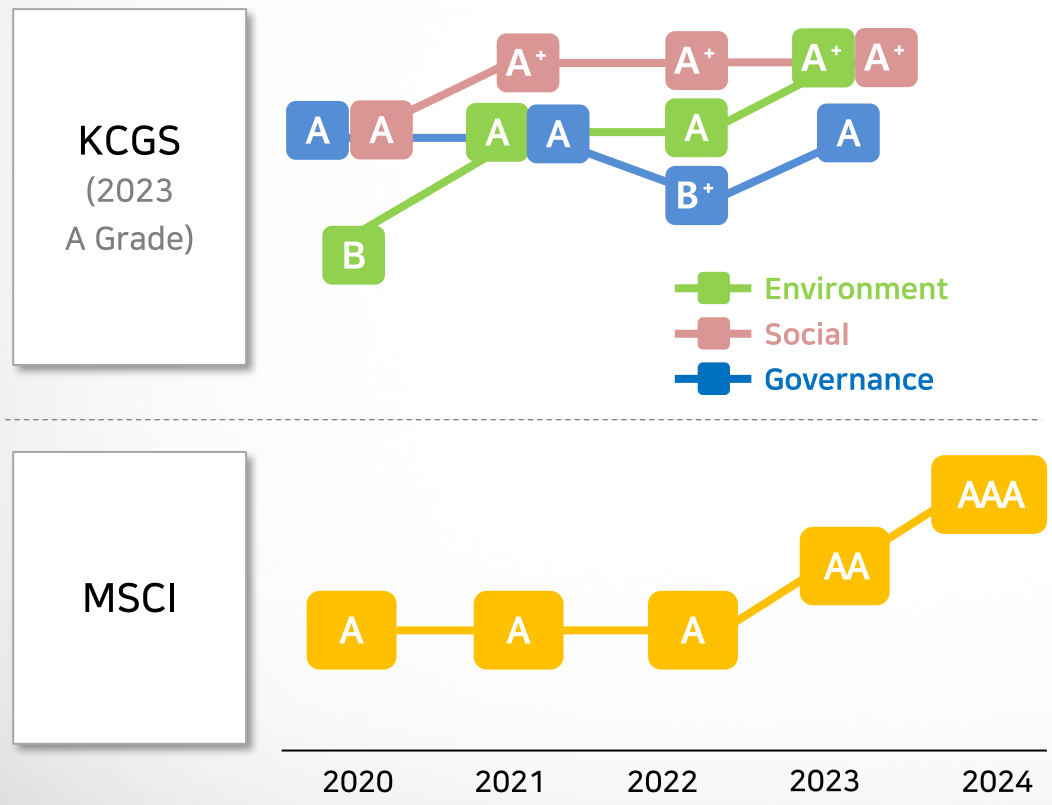
SK eternix Consolidated Basis

(Unit: KRW bn)	1Q24
Revenue	5
Operating Profit	0.4
Operating Margin(%)	*8.7*
Net Profit	-1

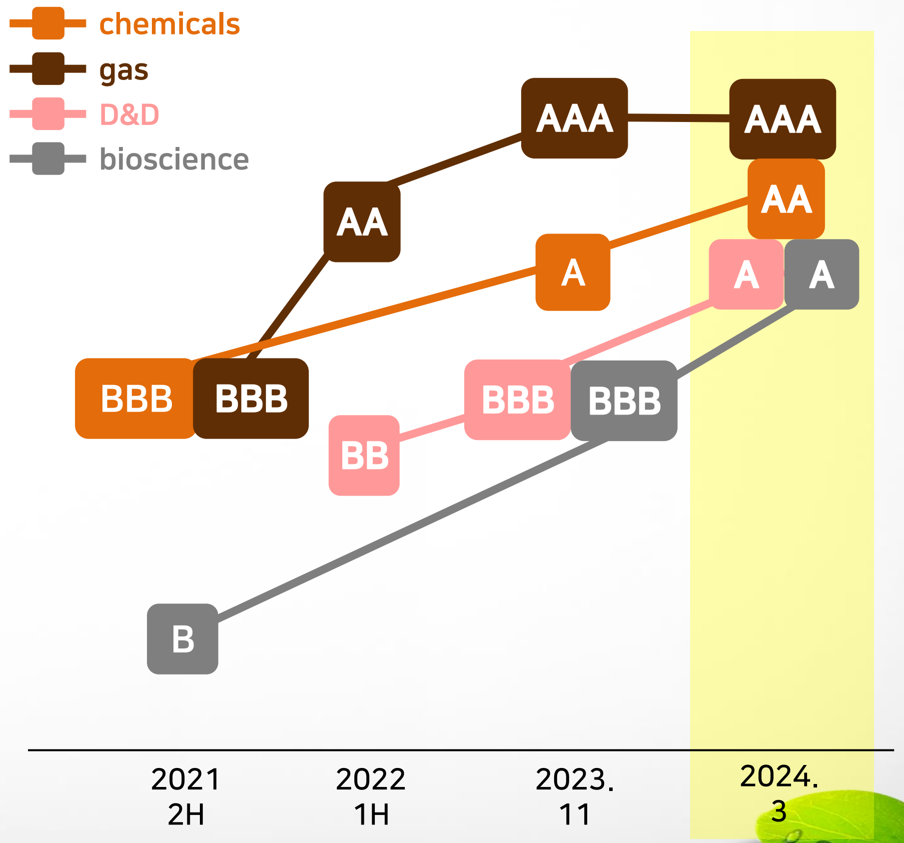
구분	사업	영업수익
Wind Power	Gunwi Pungbaek	80 KRW mn
	Uiseong Hwanghaksan	'26 (Planned)
	Jeju Gasiri	1.1 KRW bn
	Uljin O&M	0.2 KRW bn
Fuel cell	Under construction	Planned
Solar Power	Suncheon, Shintaegwang	60 KRW mn
ESS	Peak-shaving operation	2.6 KRW bn

Through coordination between affiliates, ESG ratings have improved rapidly
In March 2024, SK discovery achieved the highest rating of AAA in the MSCI evaluation

Assessment Results for SK discovery*



MSCI Results for Other Affiliates*



* As of the 1st quarter 2024
※ SK discovery ESG Website (SK discovery ESG)

SK Discovery_Consolidated Basis

Income Statement

(Unit: KRW bn)

구분	FY21	FY22	FY23	1Q24
Revenue	6,614	8,717	8,939	2,159
Cost of Revenue	6,236	7,885	7,823	1,920
Gross profit from Revenue	379	832	1,116	238
Operating profit	74	362	257	39
Operating margin(%)	*1.1*	*4.2*	*2.9*	*1.8*
Other non-operating profit	290	177	94	-54
Profit before income tax	365	539	351	-14
Income tax expense	92	5	103	8
Consolidated net profit	272	534	248	-22
Net profit margin(%)	*4.1*	*6.1*	*2.8*	*Loss*
Net profit attributable to equity holders of the parent	213	427	191	-10

Balance Sheet

(Unit: KRW bn)

구분	FY21	FY22	FY23	1Q24
Current assets	2,802	5,326	5,012	5,373
(Cash and cash equivalents)	189	838	1,016	1,143
Non-current assets	4,080	6,454	7,238	7,559
Total assets	6,882	11,780	12,251	12,932
Current liabilities	1,977	3,283	2,830	3,389
(Short-term borrowings)	1,244	1,645	1,320	1,397
Non-current liabilities	1,835	2,544	3,351	3,533
(Long-term loans)	42	117	827	1,155
Total liabilities	3,813	5,827	6,181	6,923
Equity attributable to equity holders of the parent	2,413	2,819	2,942	2,908
(Capital stock)	112	112	112	112
(Other capital items)	-211	-157	-194	-183
(Retained earnings)	2,512	2,865	3,024	2,979
Non-controlling interest	656	3,134	3,128	3,102
Total equity	3,069	5,953	6,070	6,009

SK Discovery_Separate Basis

Income Statement

(Unit: KRW bn)

구분	FY21	FY22	FY23	1Q24
Revenue	35	73	67	45
Cost of revenue	13	20	20	3
Operating profit	22	54	47	41
Operating margin(%)	*62.5*	*73.2*	*70.5*	*92.5*
Other non-operating profit	32	134	4	-7
Profit before income tax	54	187	51	34
Income tax expense	16	25	9	1
Net profit	39	163	42	33
Net profit margin(%)	*109.5*	*222.2*	*63.1*	*74.7*

Balance Sheet

(Unit: KRW bn)

구분	FY21	FY22	FY23	1Q24
Current assets	185	47	99	225
(Cash and cash equivalents)	10	7	91	142
Non-current assets	1,376	1,616	1,654	1,657
Total assets	1,562	1,663	1,752	1,883
Current liabilities	455	394	364	425
(Short-term borrowings)	448	290	320	320
Non-current liabilities	151	190	310	372
(Long-term loans)	0	0	0	0
Total liabilities	605	583	674	797
Capital stock	112	112	112	112
Other capital items	-610	-612	-621	-613
Retained earnings	1,455	1,580	1,588	1,587
Total equity	956	1,080	1,079	1,086

Reference Link _ IR Contents of Subsidiaries

SK chemicals	https://www.skchemicals.com/ir/public_list.aspx
SK gas	https://skgas.co.kr/Investment/publicly_IR2_list.html
SK bioscience	https://www.skbioscience.com/kr/ir/stock_03
SK D&D	https://www.skdnd.com/invest/irsearch.do
SK eternix	https://www.sketernix.com/invest/irsearchList.do
SK plasma	https://www.skplasma.com/kr

THANK YOU

SK discovery