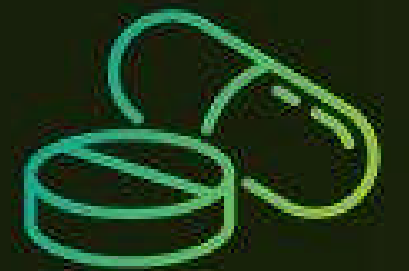


SK chemicals  
2023 2Q Earnings Release



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)

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

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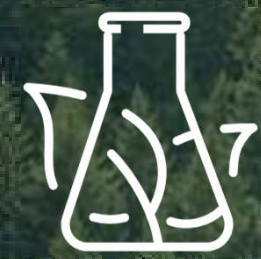
# 3Q22 Highlight



## Performance

**Revenue 371 bn KRW**  
( $\Delta 25.9\%$  YoY,  $+1.9\%$  QoQ)

**OP  $\Delta 14$  bn KRW**  
(Turned to loss)



## Copolyester

**Strengthening Biz.Model**  
based on core raw-  
materials of recycle biz.



## Pharma

**Established a global**  
partnership with  
AstraZeneca through signing  
supply contract of Sidapvia



## SK bioscience

**First-in-class pediatric**  
PCV20+ vaccine /  
Glocalization business in  
progress  
(MOU with Thailand GPO)



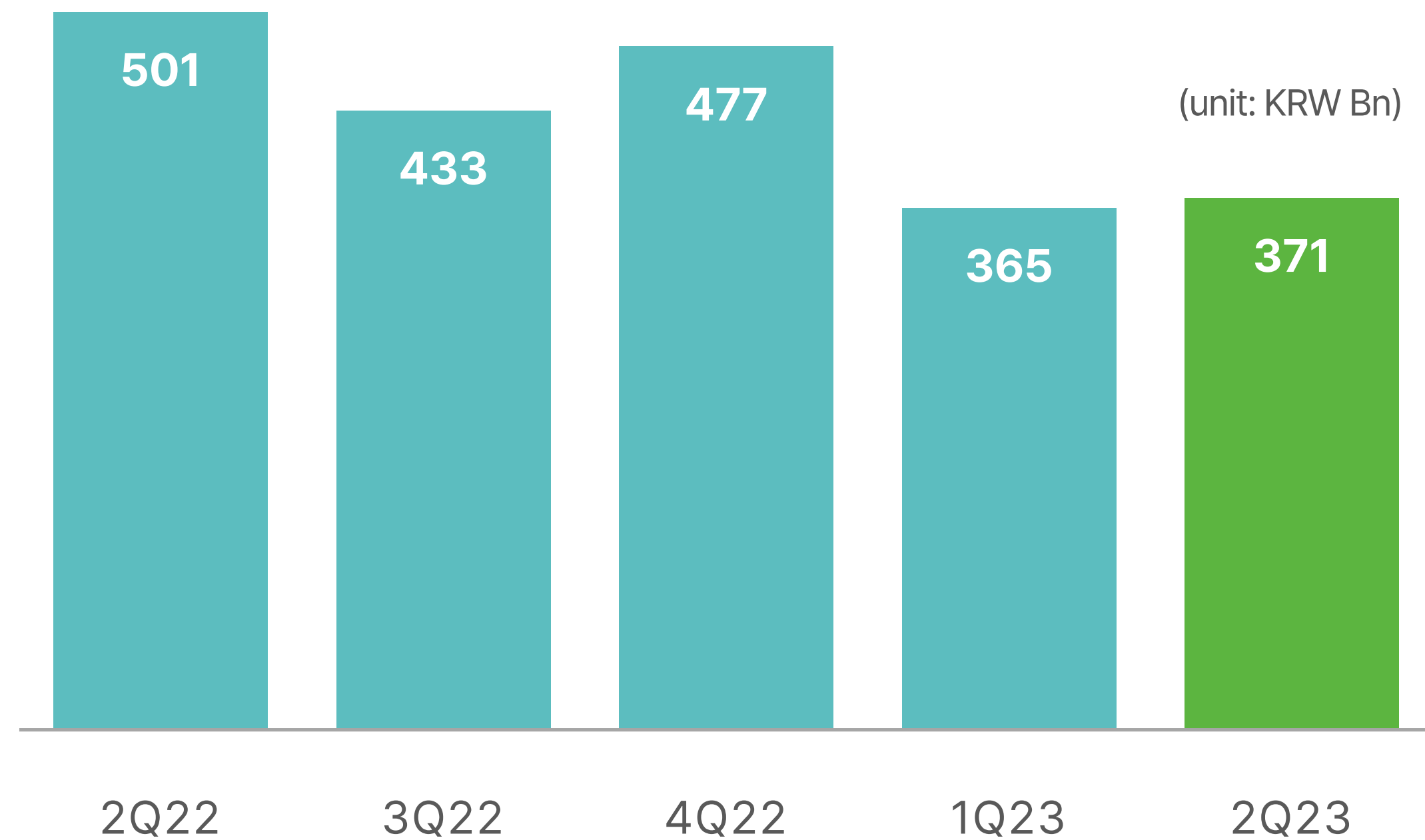
# 2Q23 Performance Review (Consolidated)

## Revenue

**371 Bn KRW**

( $\Delta 25.9\%$  YoY,  $+1.9\%$  QoQ)

The revenue declined due to the impact of own business and consolidated subsidiary's performance

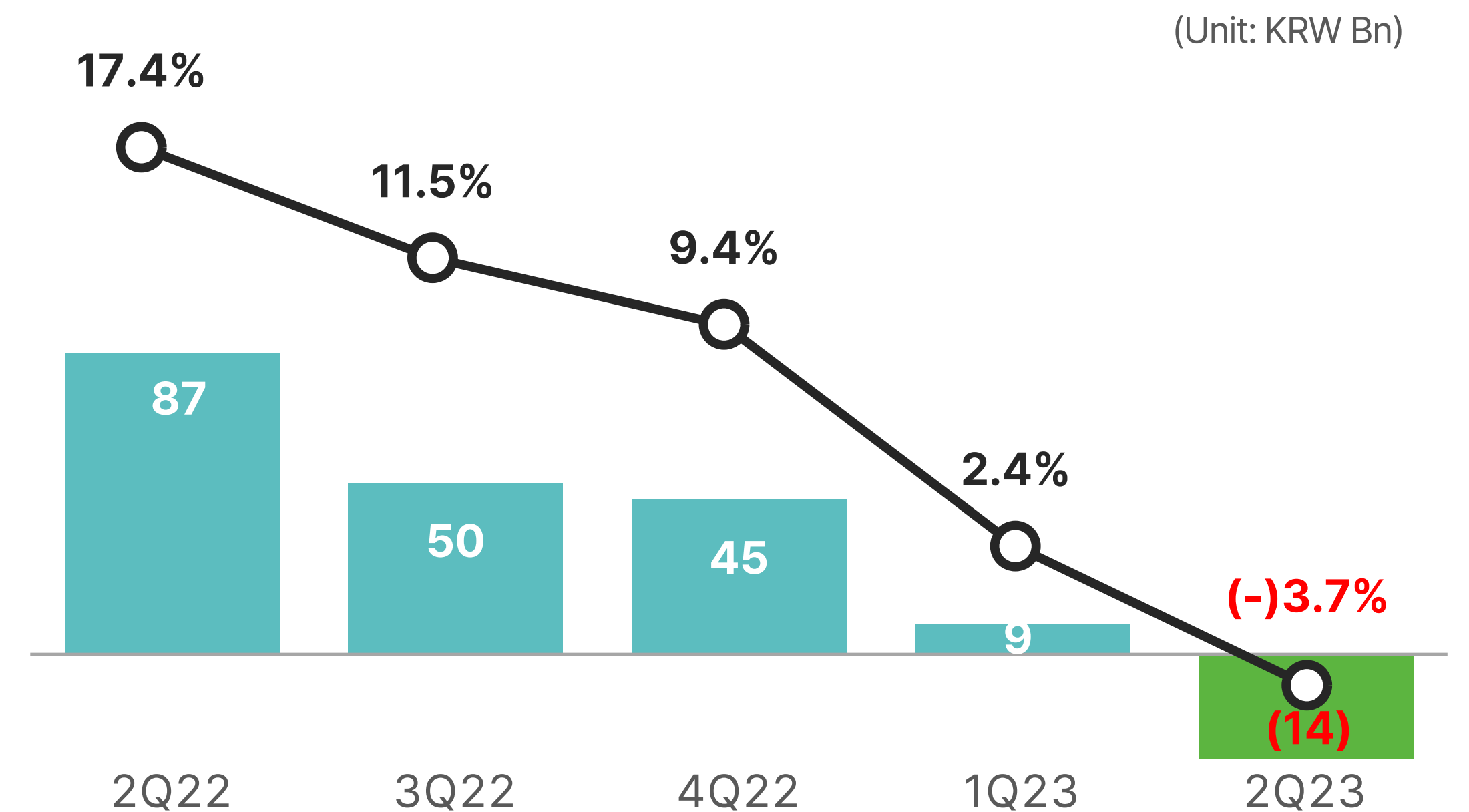


## Operating profit & margin

**$\Delta 14$  Bn KRW**

(Turned to loss)

Operating profit turned to loss due to the decline in revenue of own business and consolidated subsidiary's performance



# 2Q23 Performance Review (Separate)

## Revenue

**309 Bn KRW**

( $\Delta$ 5.1% YoY, +2.1% QoQ)

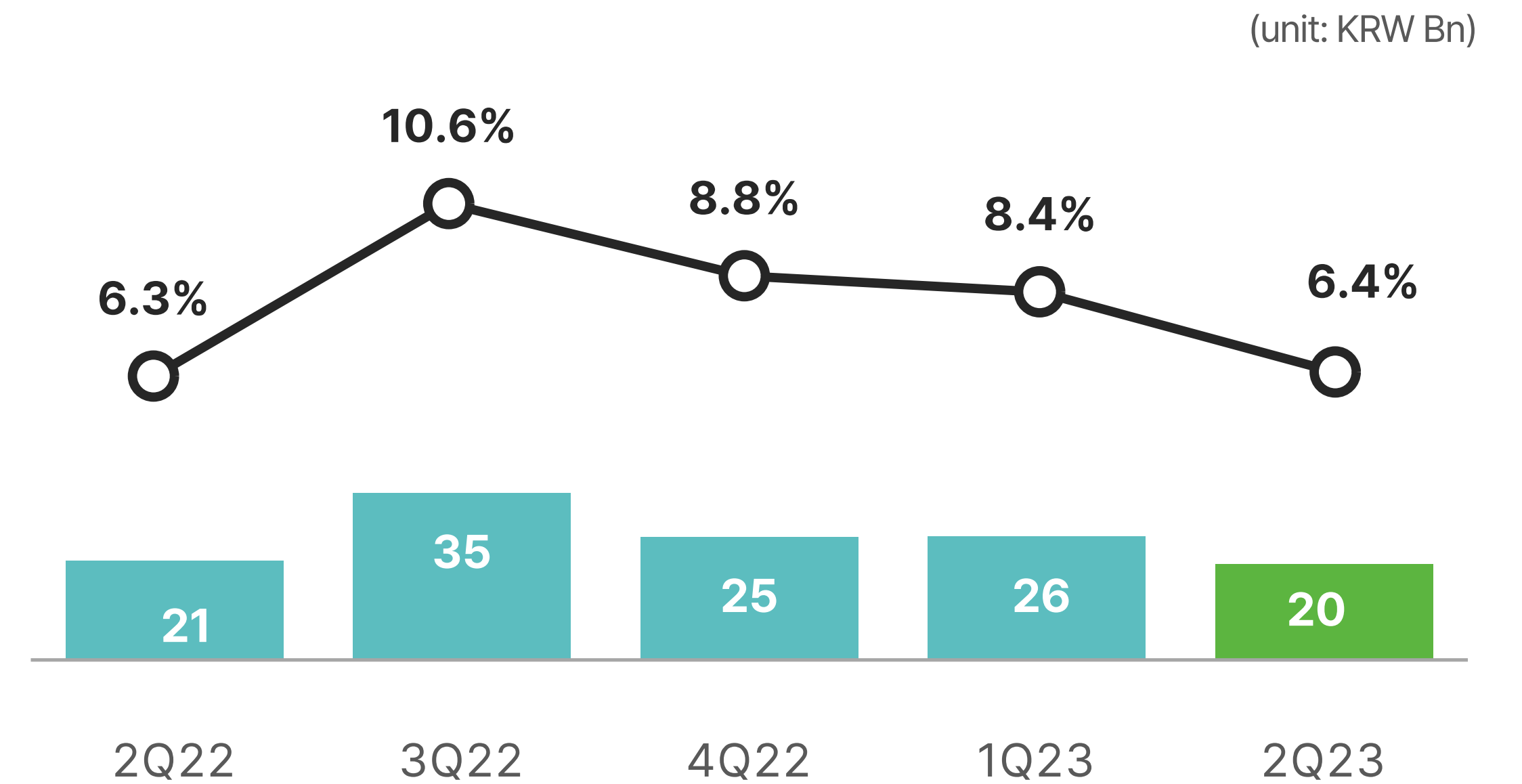
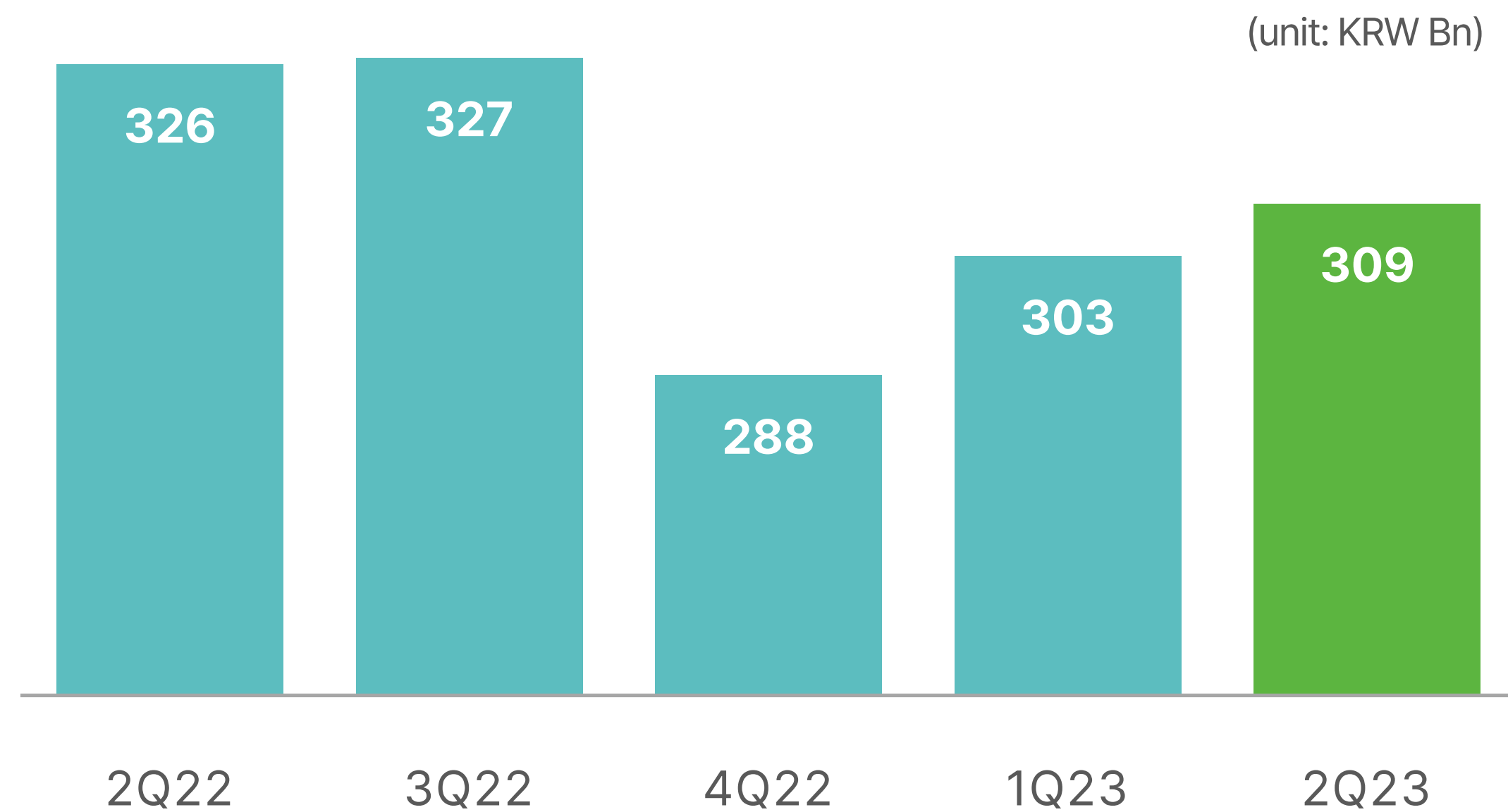
Despite of Copolyester volume decrease, revenue showed limited decline thanks to performance of Pharma business

## Operating profit & margin

**20 Bn KRW**

( $\Delta$ 4.1% YoY,  $\Delta$ 22.8% QoQ)

Despite the revenue decrease of Copolyester business and cost hike, profitability was secured by strategic operation  
(OPM 2Q22 6.3% vs. 2Q23 6.4%)





# Performance Review by Division

## Green Materials – Copolyester & Petrochem

### Performance and Outlook

#### '23.2Q Performance

Revenue **212 Bn KRW** ( $\Delta 9.7\%$  YoY,  $+5.6\%$  QoQ)

Revenue declined due to the lower volume followed by slowdown in the improvement of global consumer sentiment

Operating profit **31 Bn KRW** ( $\Delta 7.2\%$  YoY,  $\Delta 8.3\%$  QoQ)

Profit decreased due to lower sales volume and cost increase

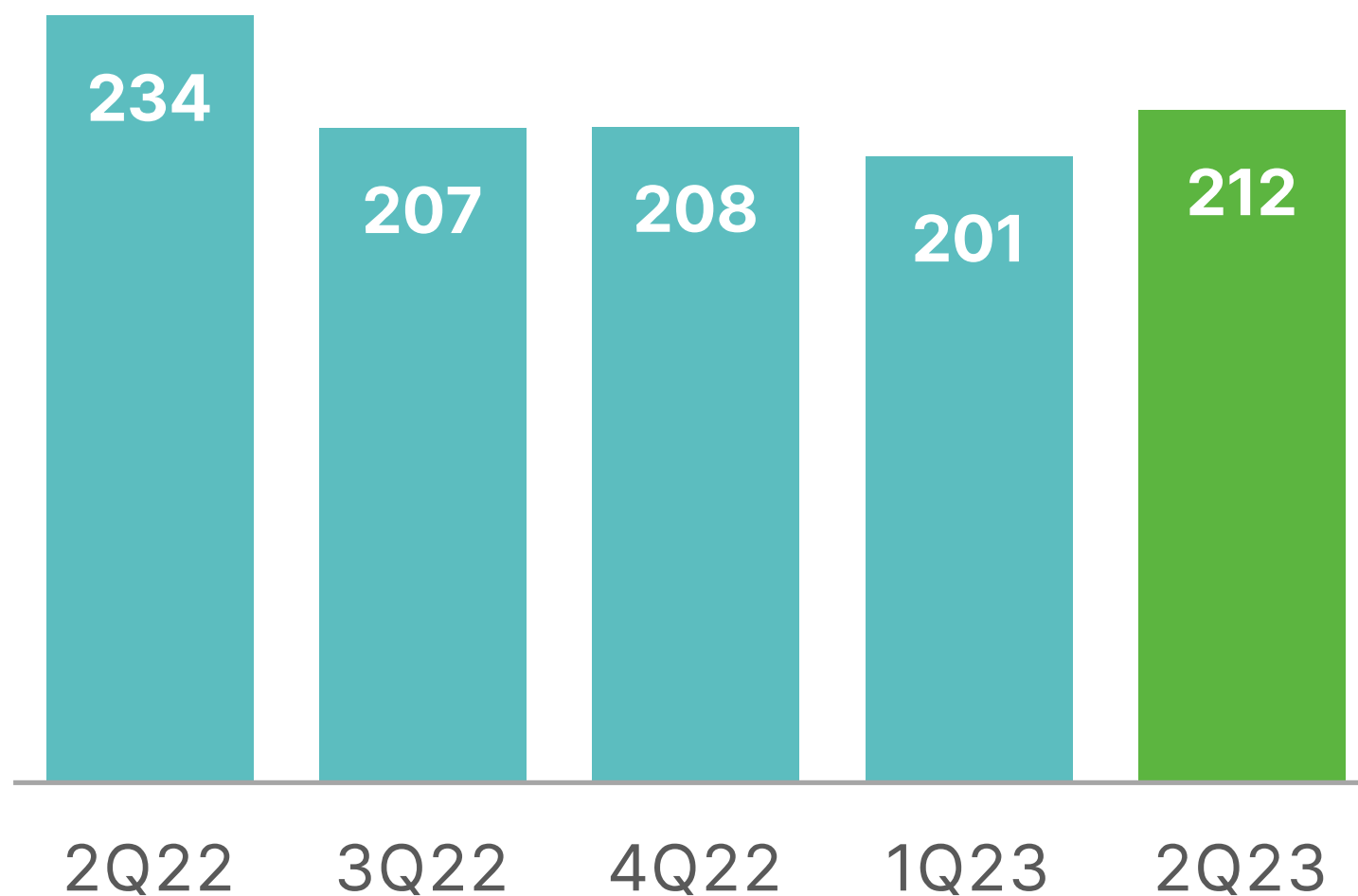
#### '23.3Q Outlook

Gradual recovery of global demand / Strengthening high-profitability portfolio

vs. Cost increase

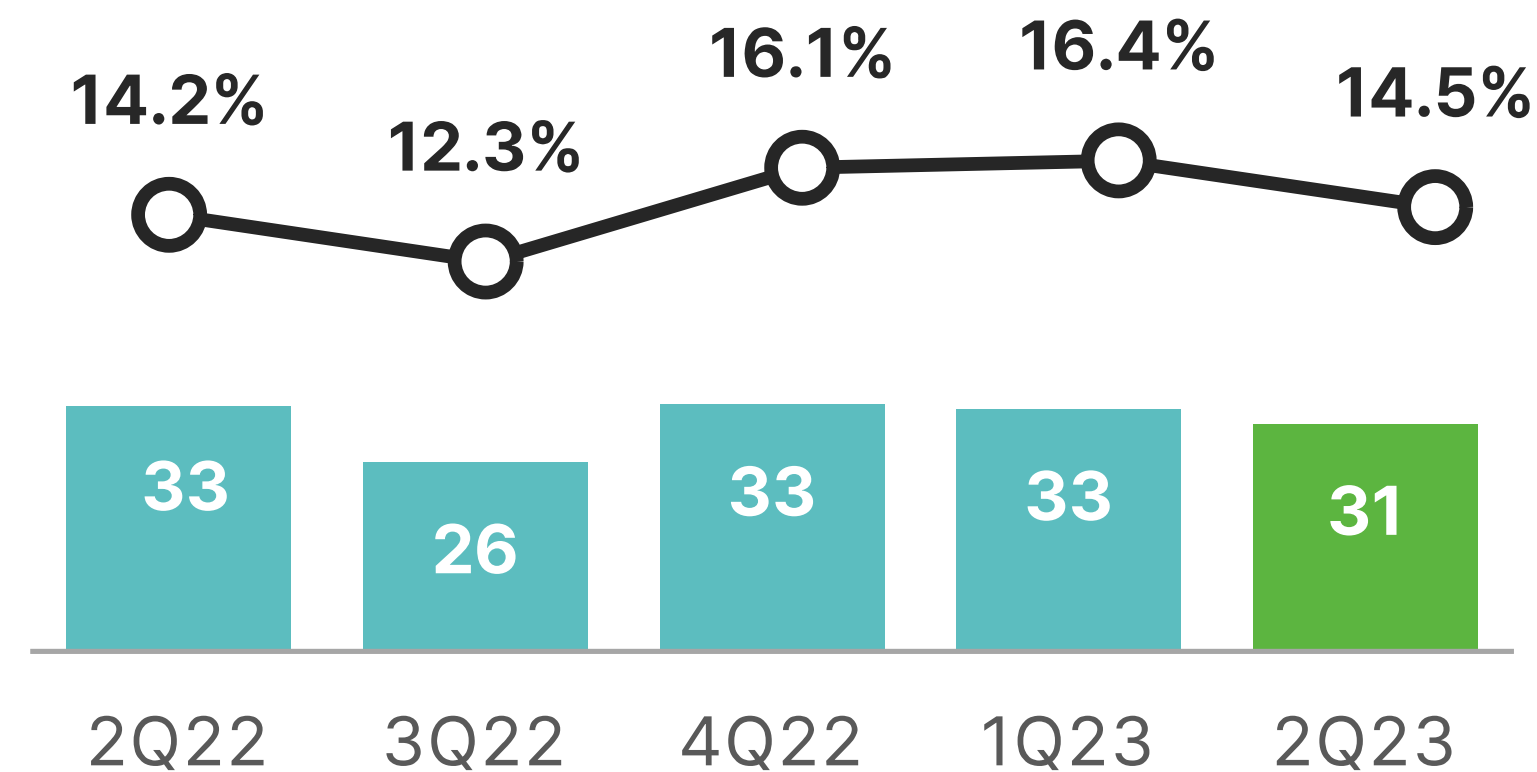
#### Revenue

(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

#### '23.2Q Performance

**Revenue** **86 Bn KRW** (+11.8% YoY, +0.1% QoQ)  
 Revenue growth by increased sales in M/A products

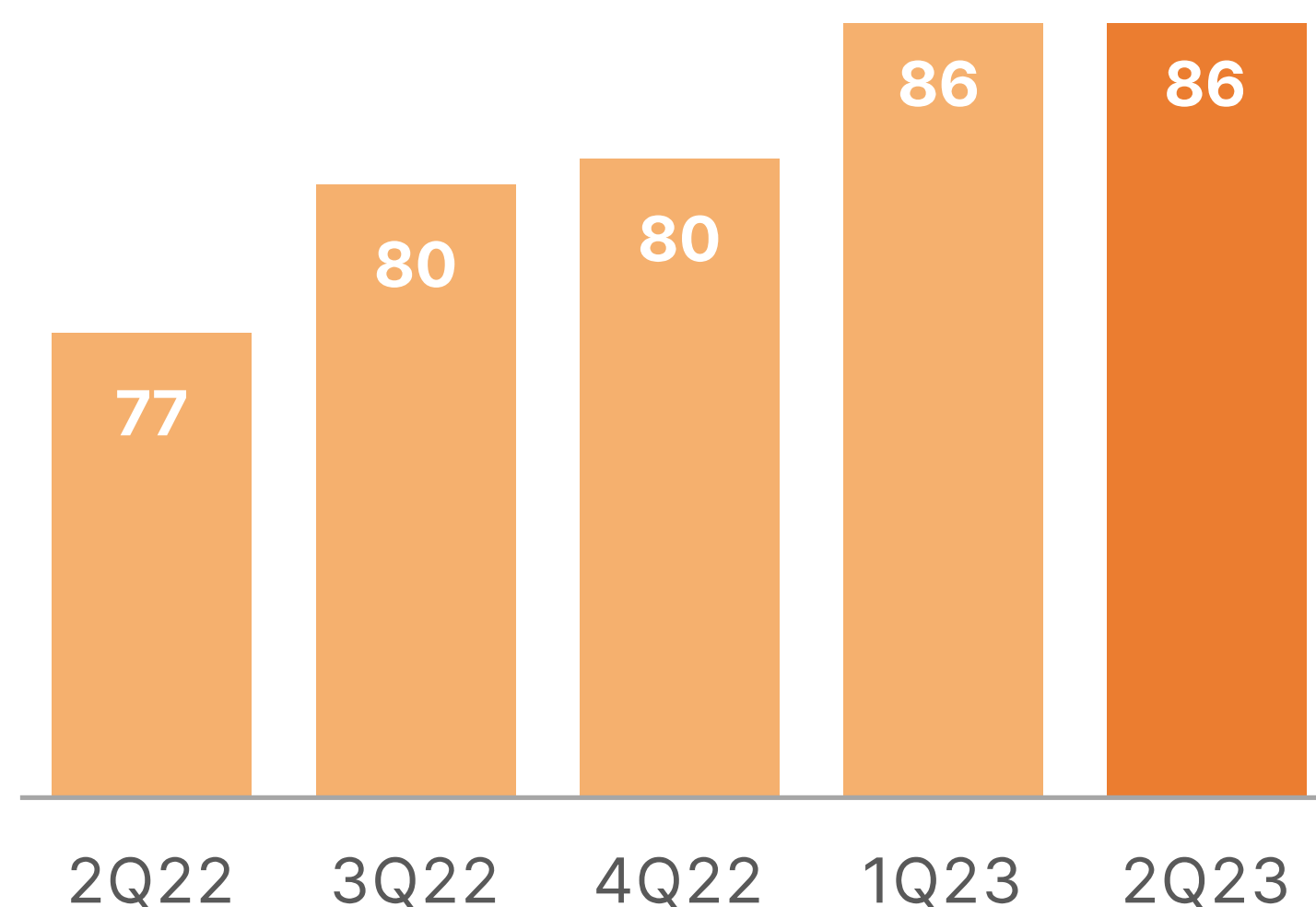
**Operating Profit** **5 Bn KRW** (Δ35.7% YoY, Δ27.6% QoQ)  
 Profit decreased due to increased portion of M/A products, SG&A cost hike and price reduction among some products

#### '23.3Q Outlook

Continuous robust sales vs. Cost increase

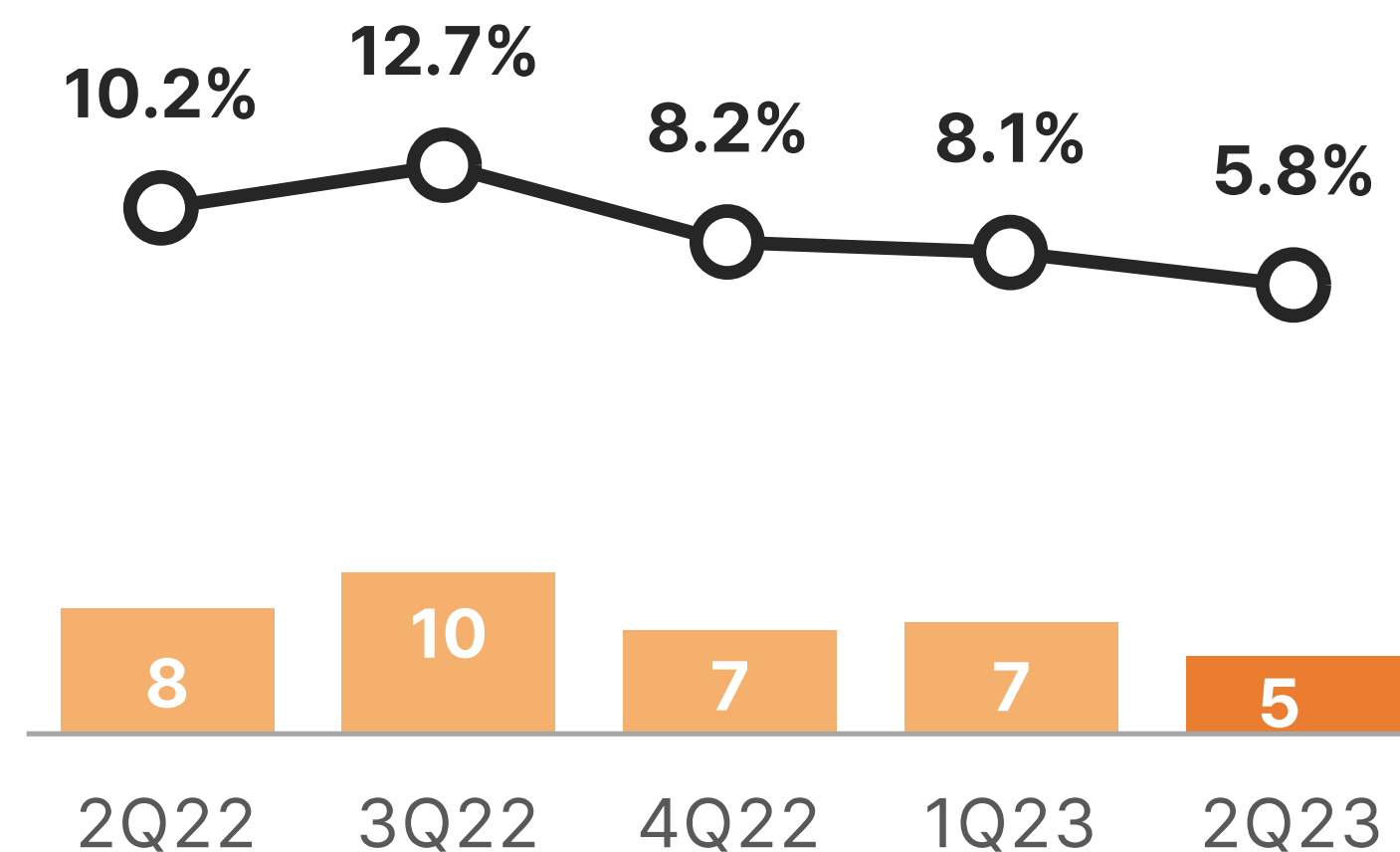
### Revenue

(Unit: KRW Bn)

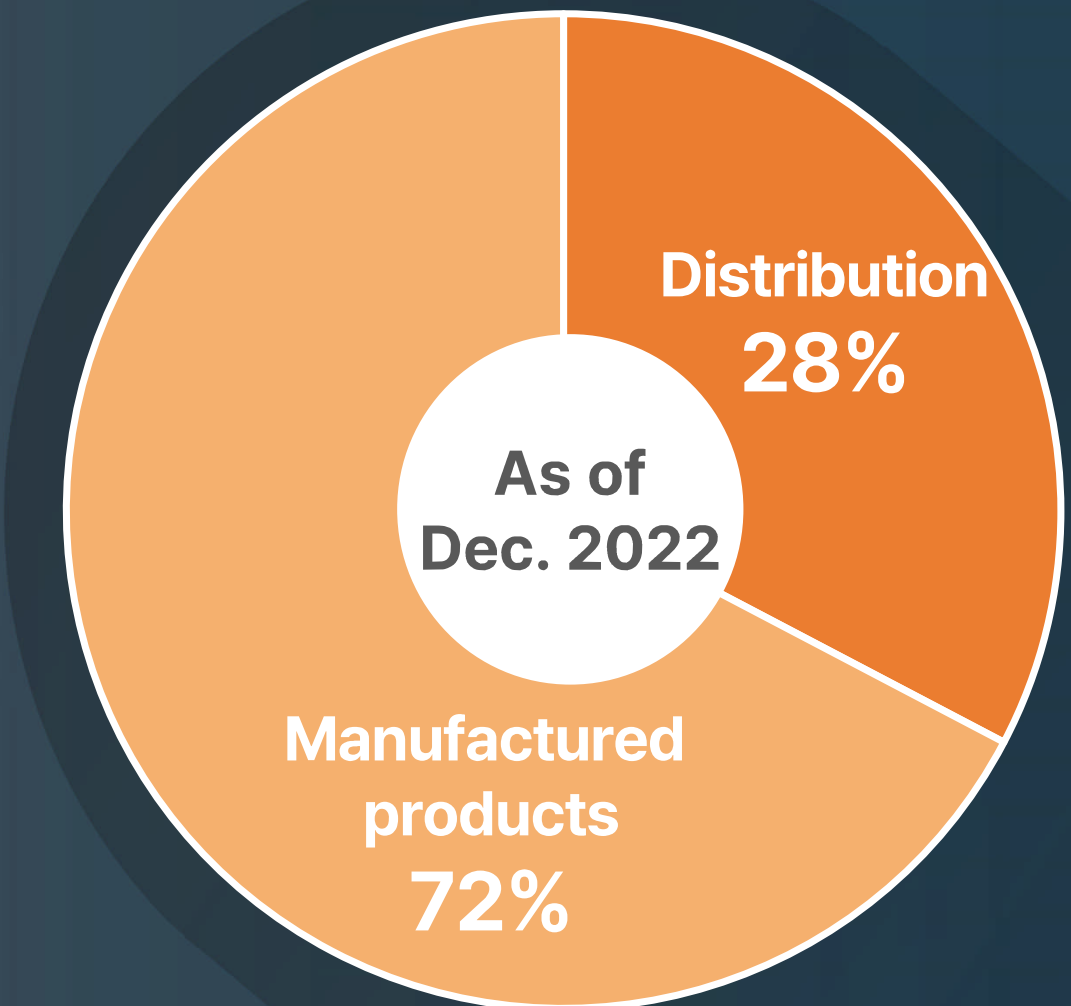


### OP & OPM

(Unit: KRW Bn)



## Sales Composition



## Main Products



### Joins

Natural product based anti-arthritic treatment



### Ginexin

blood circulation disorder treatment & Cognitive enhancer



### Rivastigmine patch

Anti-dementia treatment patch





# Performance Review by Division

Life Science - SK bioscience

## Performance and Outlook

### '23.2Q Performance

Revenue **27 Bn KRW** ( $\Delta 80.9\%$  YoY,  $+26.8\%$  QoQ)

Revenue decreased due to decline of Novavax related sales

Operating profit  **$\Delta 35$  Bn KRW** (Turned to loss)

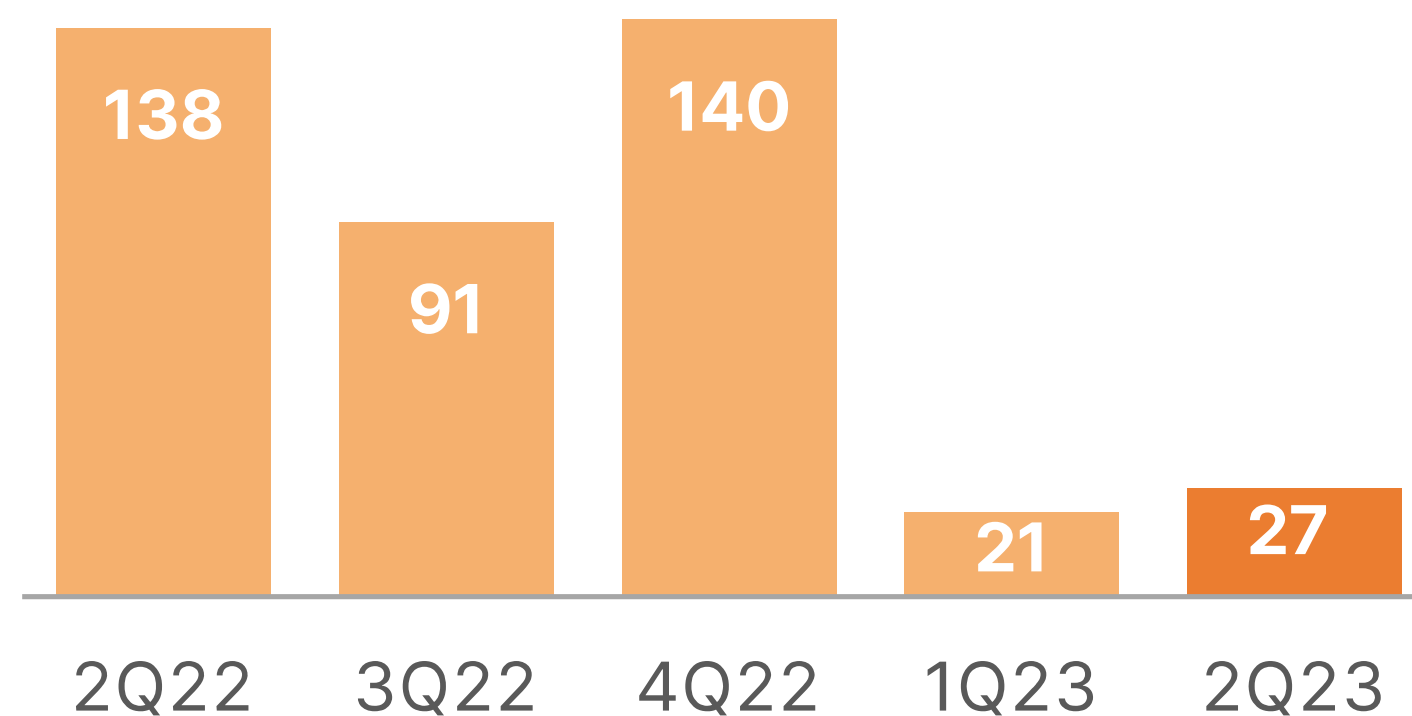
Profit decreased due to reduced Novavax revenue and R&D cost hike

### '23.3Q Outlook

Revenue expected to increase by expansion of sales of SKYVAX vaccine by returning to national mandatory vaccination business and continuing No.1 domestic M/S of SKYZoster

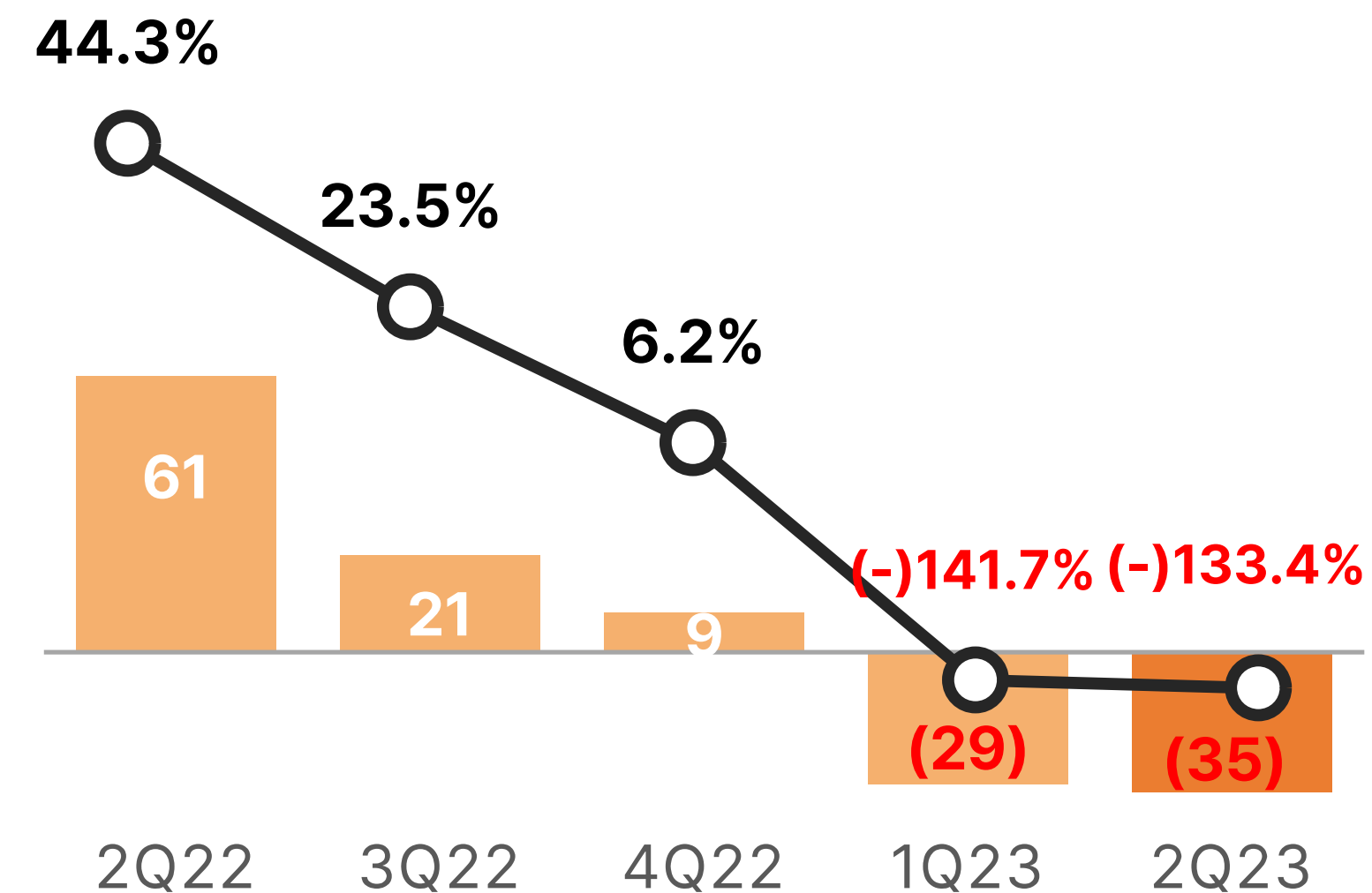
## Revenue

(Unit: KRW Bn)



## OP & OPM

(Unit: KRW Bn)

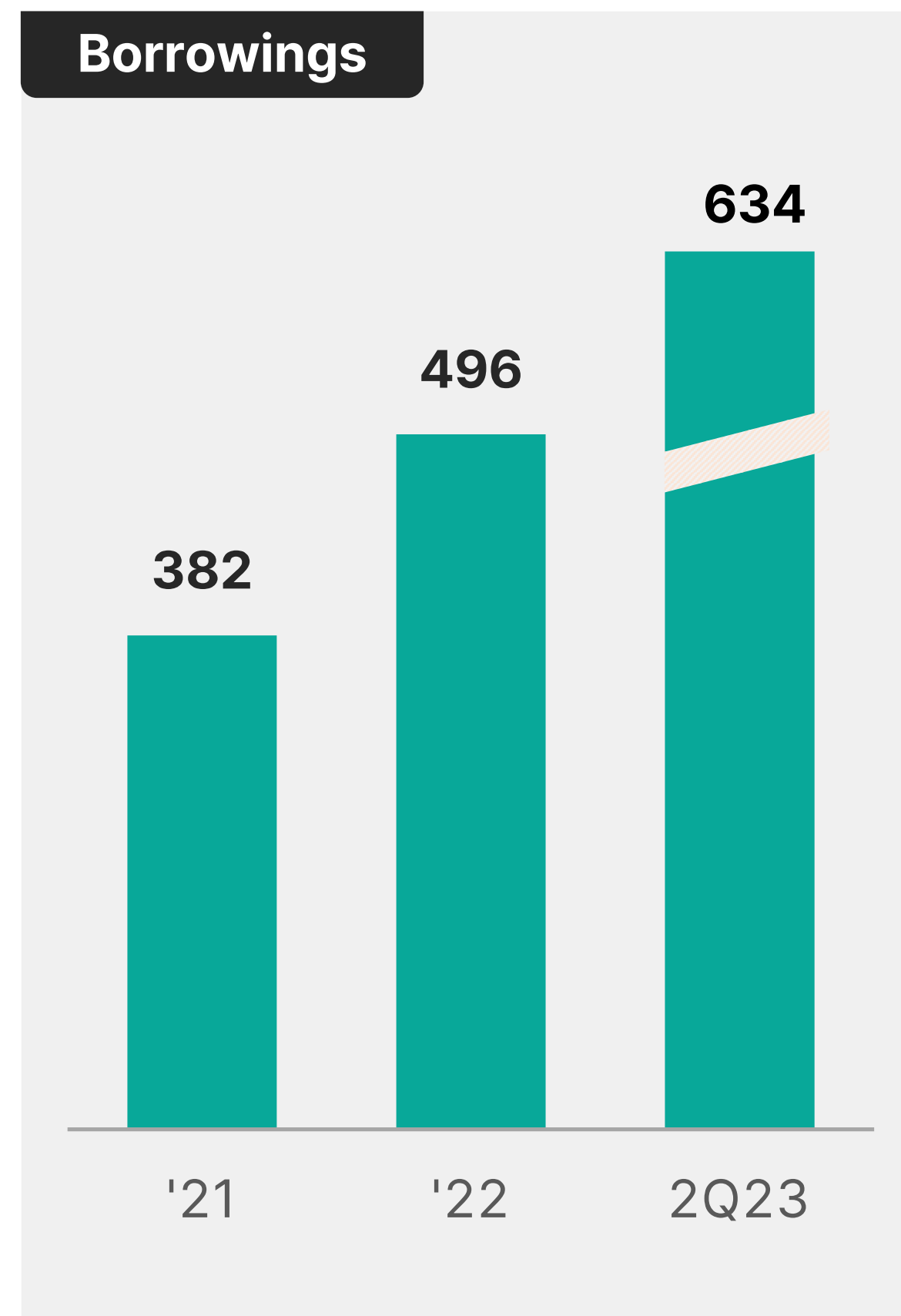
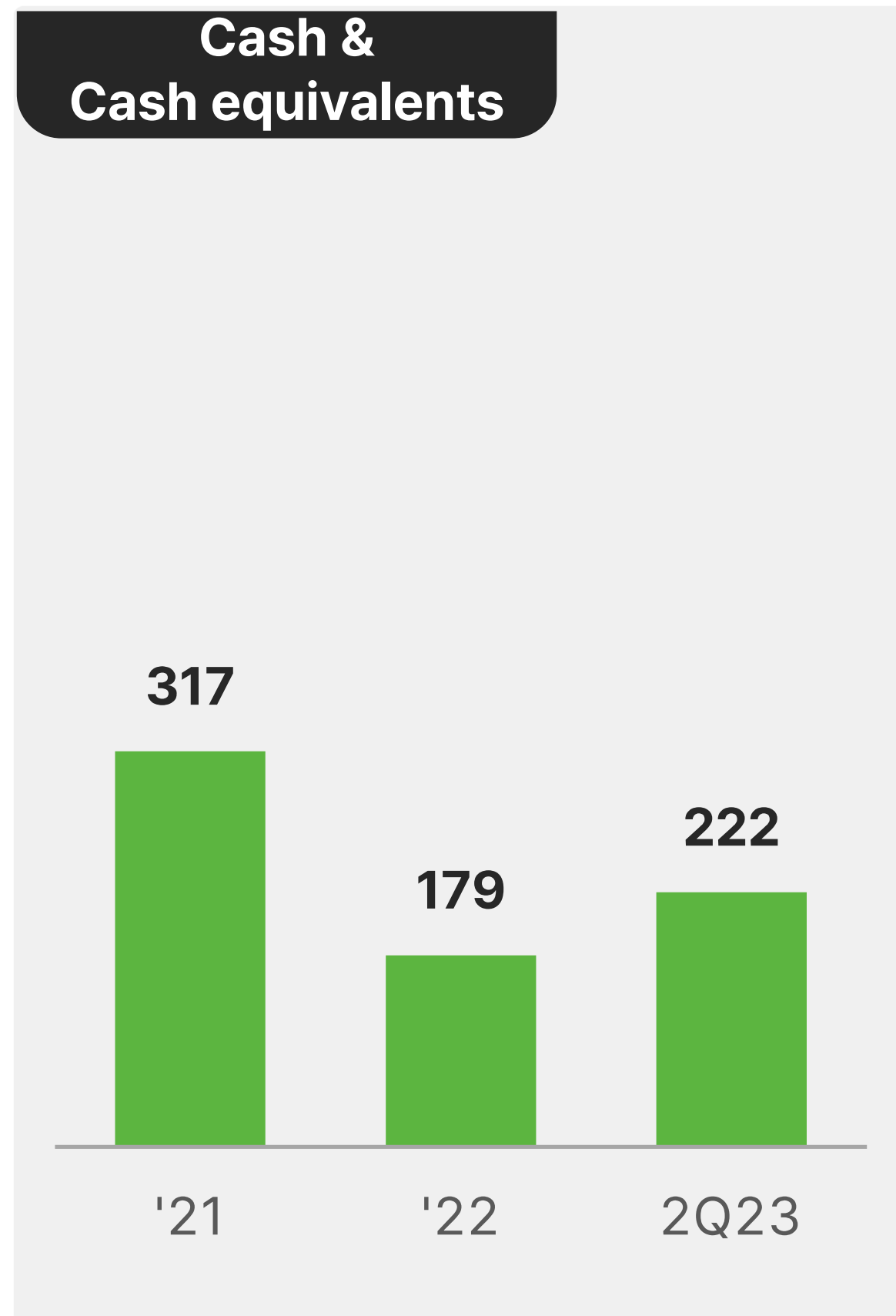


## 2Q23 Business Review

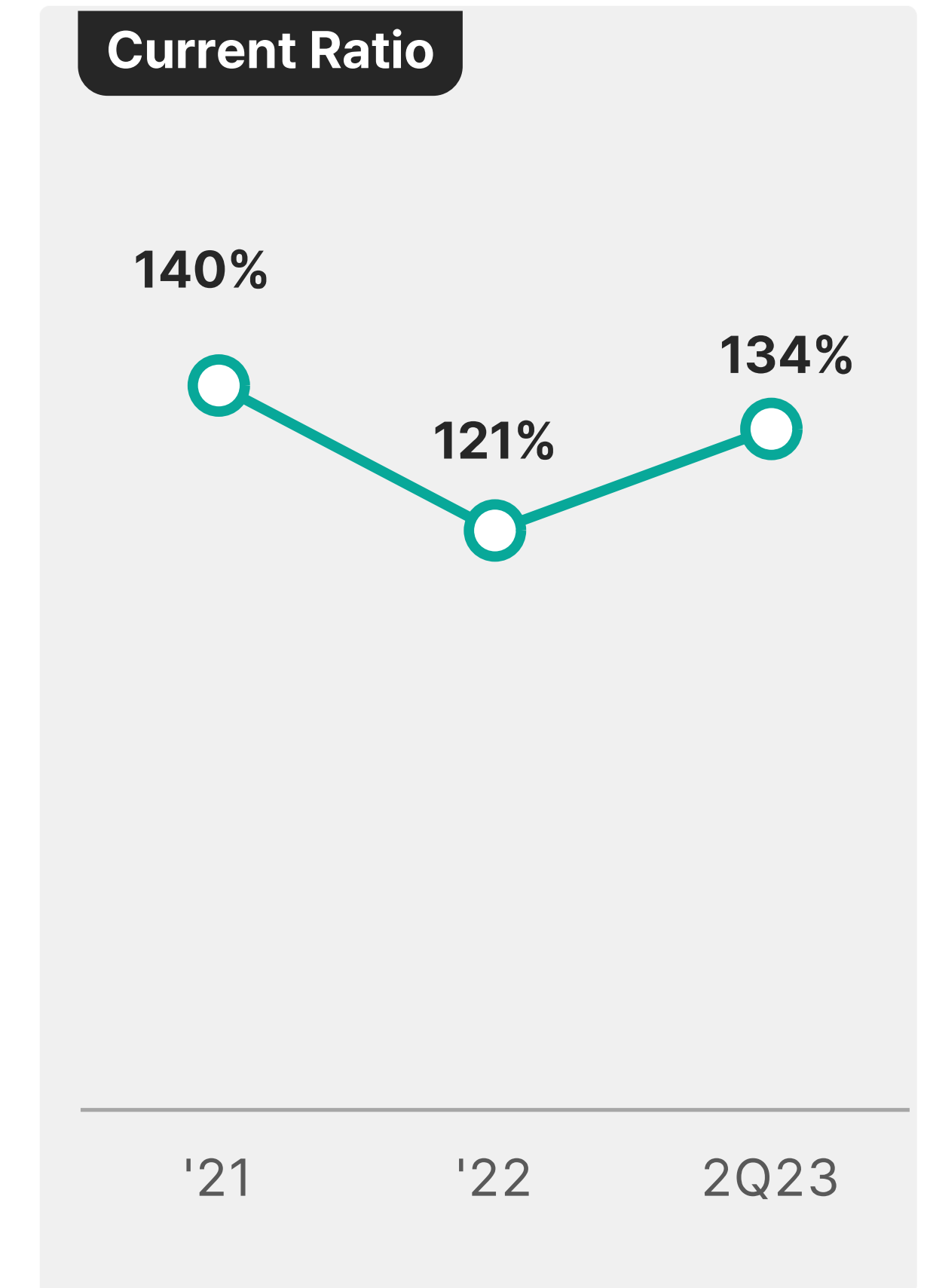
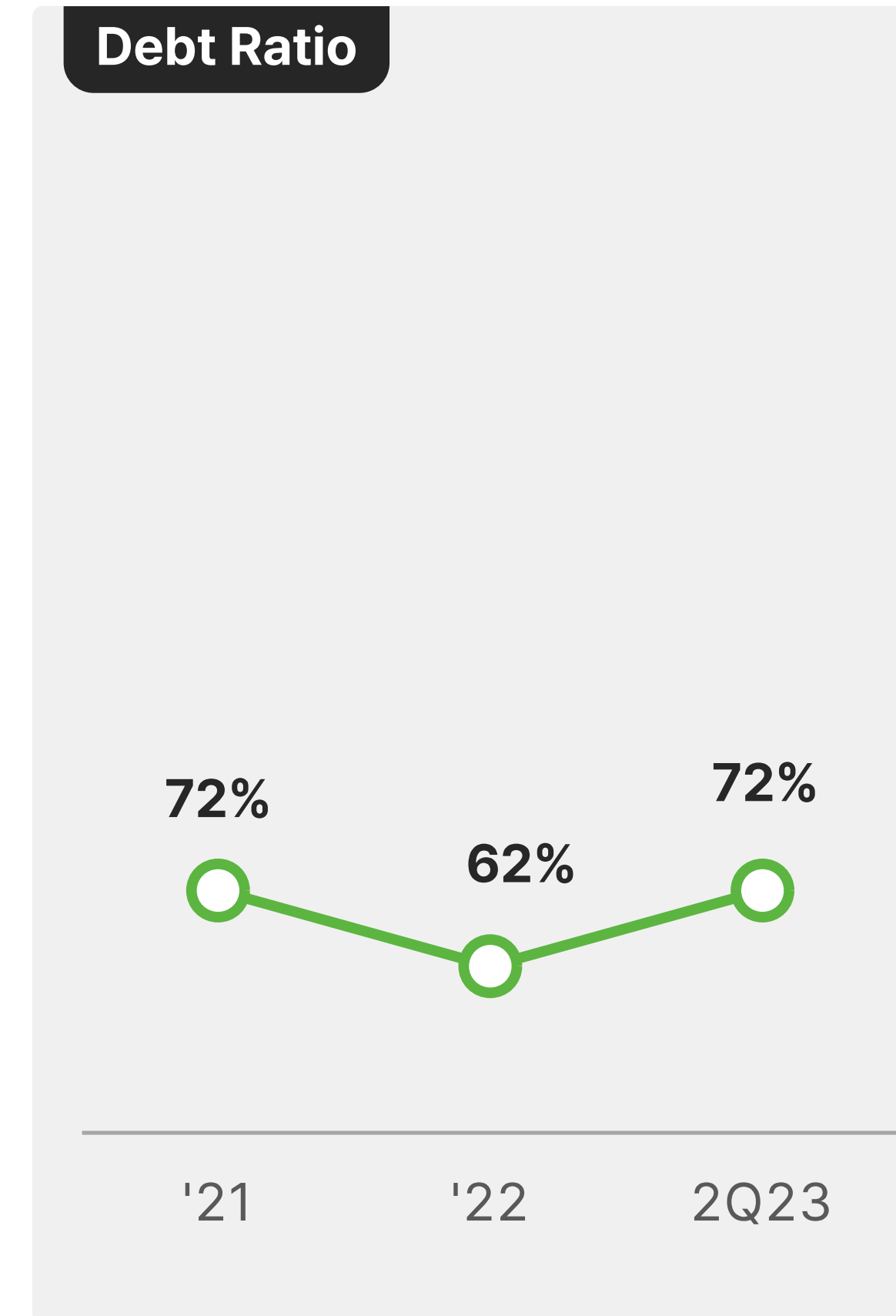
- **PCV21 Phase 2 Success**
  - First-in-class pediatric PCV20+ vaccine
  - Phase 3 in 1H '24, submission in '27
- **Thailand Glocalization**
  - MOU with Thailand GPO
  - Glocalization biz. In progress, expanding the footprint in ASEAN
- **NEW CDMO Contract**
  - CDMO with MSD for next-gen Ebola virus vaccine
  - Collaborate with Hillemann Institute & improve global vaccine access
- **SKYVAX**
  - 25.8B KRW flu vaccine supply contract for Korean NIP
  - SKYZoster kept domestic market lead with 43.7% M/S in 1Q23
  - SKYCovione obtained global approvals
    - MHRA(UK, '23.5) / WHO EUL('23.6)

# Financial Highlights

## Financial status (Separate / Unit: KRW Bn)



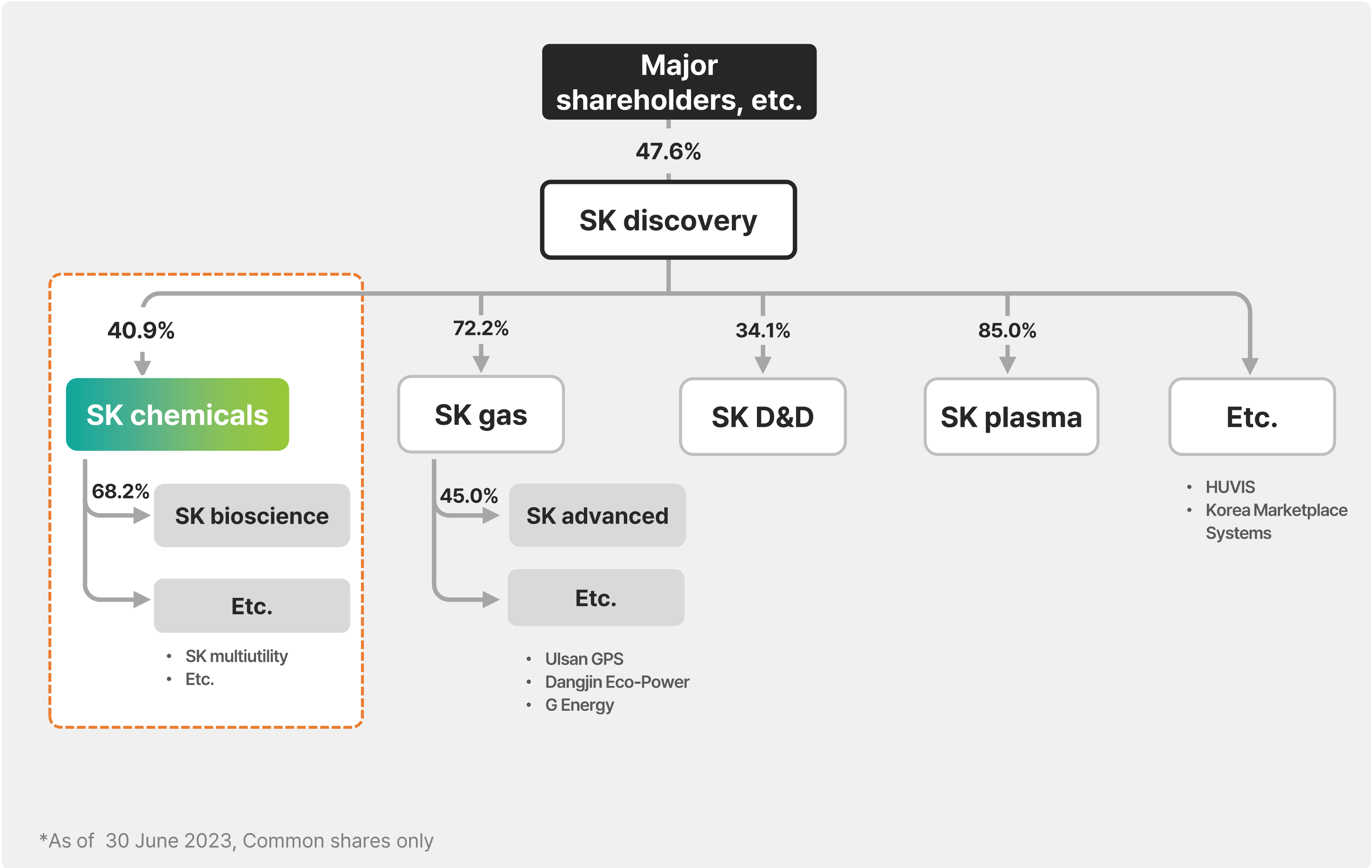
## Financial Ratio (Separate)



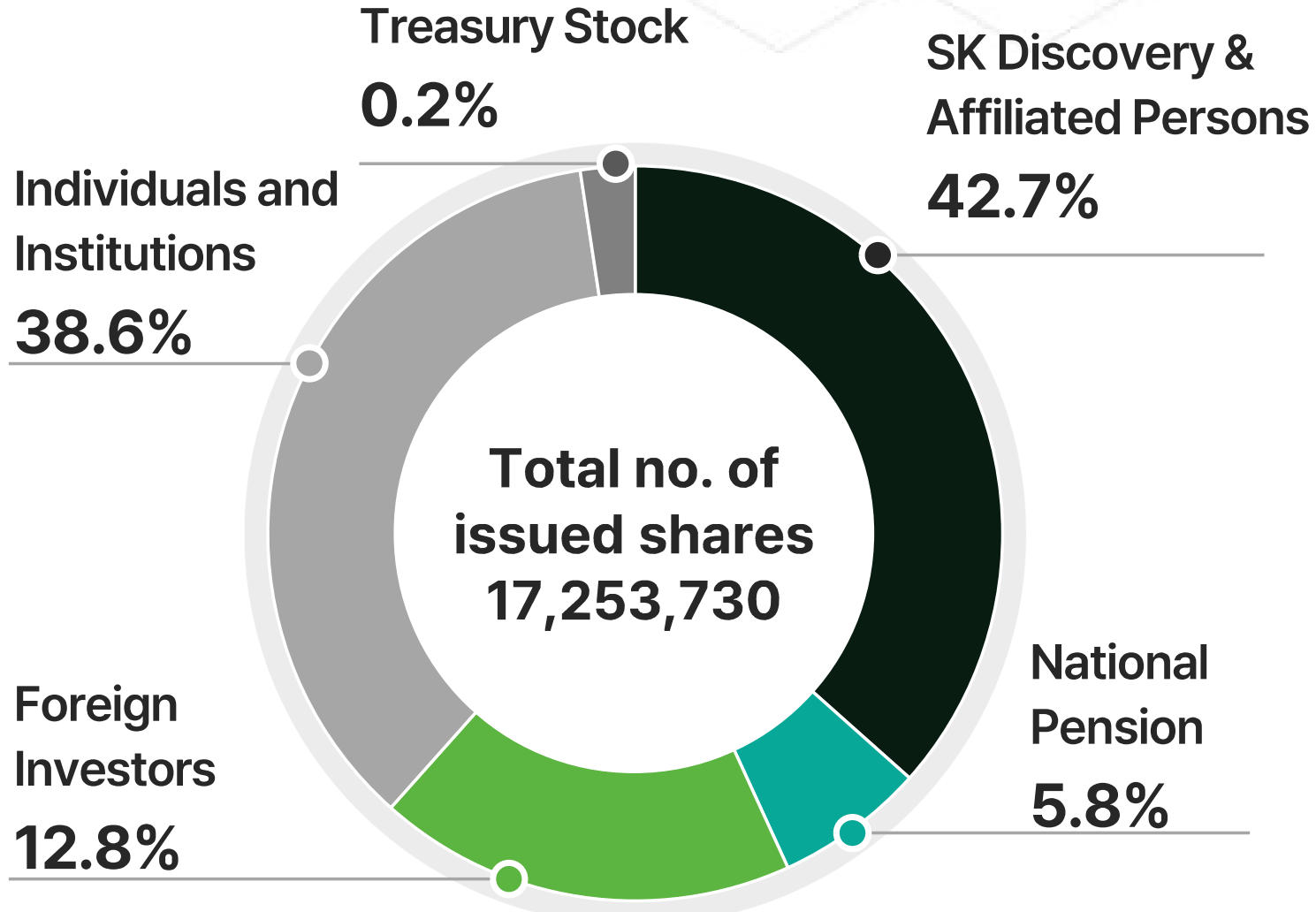


# Governance and Shareholders

## Corporate Governance



## Shareholder Structure



| Shareholders Category             | No. Shares        |
|-----------------------------------|-------------------|
| SK Discovery & Affiliated Persons | 7,361,072         |
| National Pension                  | 993,392           |
| Foreign Investors                 | 2,209,226         |
| Individuals and Institutions      | 6,659,236         |
| Treasury Stock                    | 30,857            |
| <b>Total no. of issued shares</b> | <b>17,253,783</b> |

\*As of 30 June 2023, Common shares only

# Shareholder returns

## 2017. 06 Retirement of Stock

- 1,939,120 shares of common stock

## 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

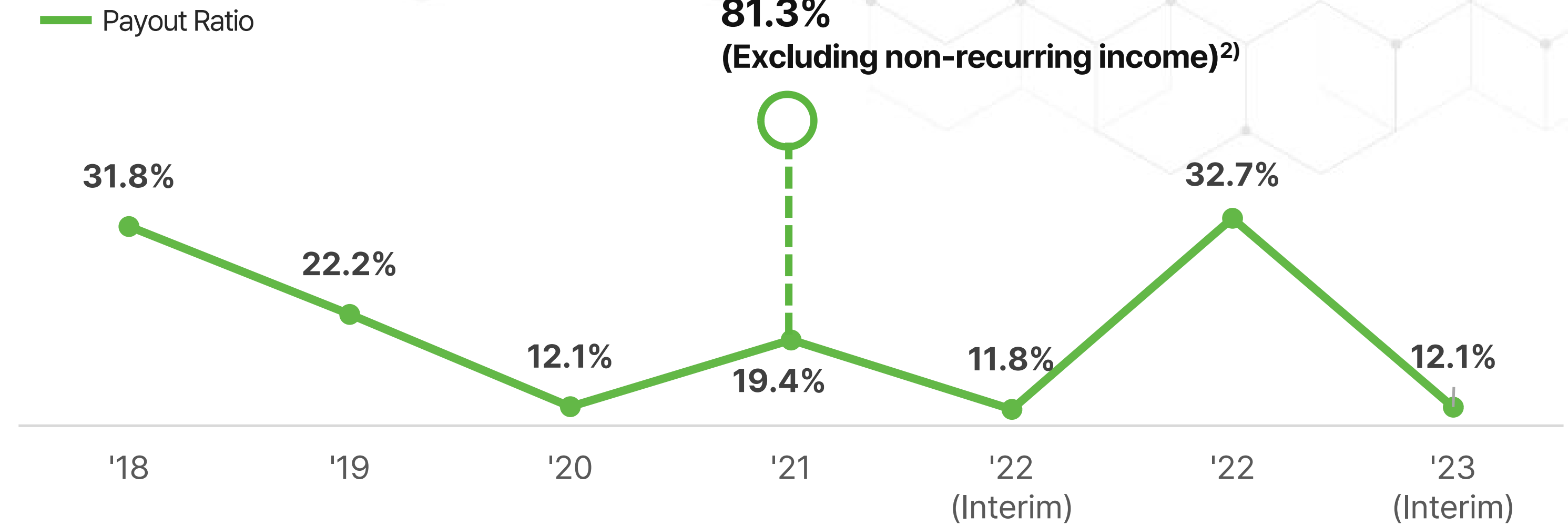
## 2023. 4 Cash dividend (Payout ratio 45%<sup>1)</sup>)

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

## 2023. 7 Interim dividend (8Bn KRW, DPS 400)

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

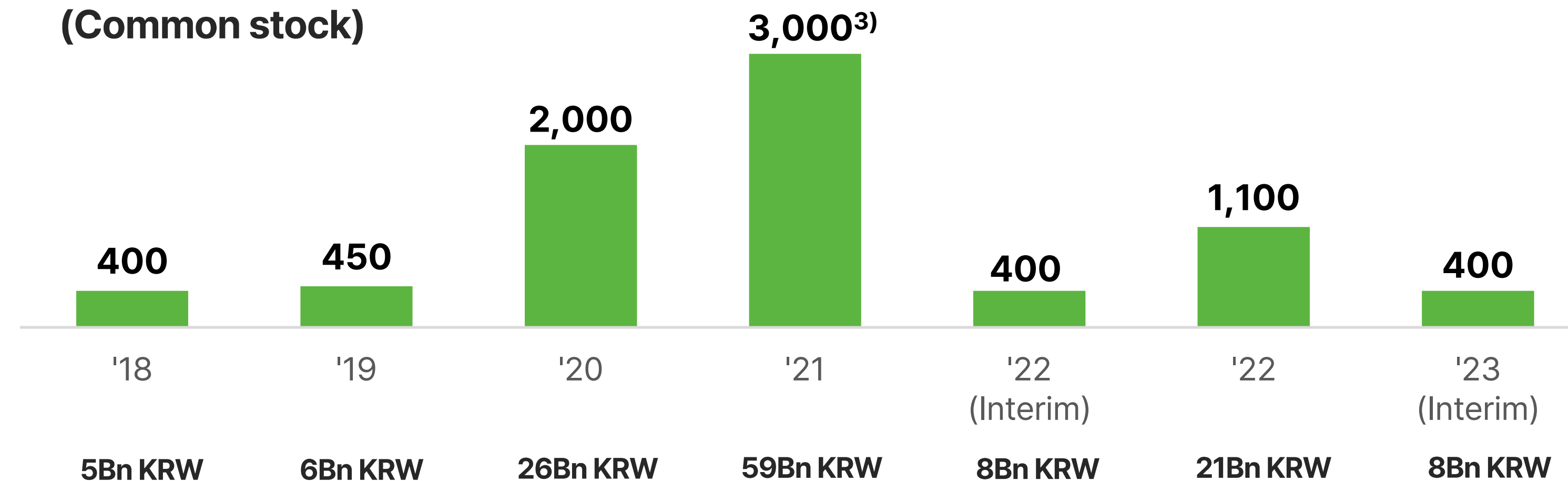
## Dividend(shareholders returns)



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)

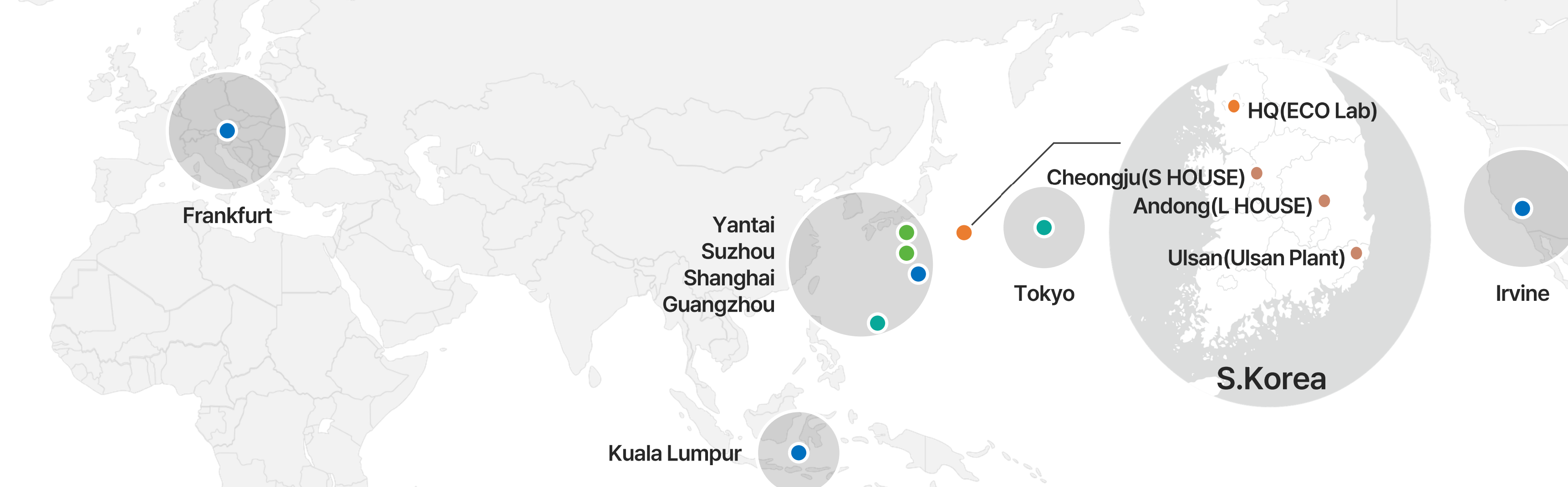


3) Considering the capital increase without compensation, the dividend per share was 4,500 KRW(including extra dividend) in 2021.



# Global Network

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



## SK Shantou

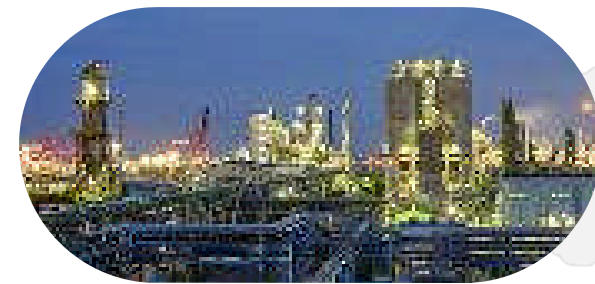


**Construction Status** '19 r-BHET , CR-PET Plant takeover (Shuye)  
 '23 Mar. Acquisition of Tangible Assets (Shuye)

**Production Items** r-BHET , CR-PET etc.

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

## Ulsan Plant



## Cheongju Plant (S HOUSE)



## Andong Plant (L HOUSE)



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

**Construction Status** '89 SEP. PTA / DMT Plant completion  
 '01 JAN. CHDM / PETG Plant completion  
 '22 Feb. PO3G Plant completion

**Production Items** Copolyester resin, DMT etc.

**Production Capacity** 450,000 tons annually <sup>1)</sup>

**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

**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 15<sup>th</sup> Jun 2021

# Financial Statements (Consolidated)

## Balance Sheet

(Unit : KRW Bn)

| Items                                                   | '22          | '23. 2Q      |
|---------------------------------------------------------|--------------|--------------|
| <b>Current assets</b>                                   | <b>2,519</b> | <b>2,389</b> |
| - Current account                                       | 2,036        | 1,858        |
| - Inventory                                             | 483          | 531          |
| <b>Non-current assets</b>                               | <b>1,427</b> | <b>1,691</b> |
| - Investment in affiliated companies and joint ventures | 13           | 12           |
| - Tangible property                                     | 1,193        | 1,419        |
| - Intangible property                                   | 52           | 52           |
| - Other Non-current assets                              | 169          | 207          |
| <b>Total assets</b>                                     | <b>3,946</b> | <b>4,080</b> |
| <b>Current liabilities</b>                              | <b>1,059</b> | <b>786</b>   |
| <b>Non-current liabilities</b>                          | <b>178</b>   | <b>613</b>   |
| <b>Total liabilities</b>                                | <b>1,237</b> | <b>1,399</b> |
| <b>Equity attributable to the parent company</b>        | <b>2,147</b> | <b>2,129</b> |
| - Capital stock                                         | 99           | 99           |
| - Consolidated capital surplus                          | 1,199        | 1,199        |
| - Consolidated other components of equity               | △22          | △22          |
| - Accumulated other comprehensive income                | 2            | 0            |
| - Consolidated earned surplus                           | 869          | 852          |
| <b>Non-controlling interest</b>                         | <b>562</b>   | <b>552</b>   |
| <b>Total equity</b>                                     | <b>2,709</b> | <b>2,681</b> |
| <b>Total liabilities and equity</b>                     | <b>3,946</b> | <b>4,080</b> |

## Income Statement

(Unit : KRW Bn)

| Items                                       | '22.2Q    | '22.3Q    | '22.4Q    | '23.1Q     | '23.2Q     |
|---------------------------------------------|-----------|-----------|-----------|------------|------------|
| <b>Revenue*</b>                             | 501       | 433       | 477       | <b>365</b> | <b>371</b> |
| - Cost of Revenue                           | 321       | 279       | 331       | 267        | 282        |
| - Gross profit from Revenue                 | 180       | 153       | 146       | 98         | 90         |
| - Revenue and administrative expenses       | 93        | 104       | 101       | 89         | 104        |
| <b>Operating profits*</b>                   | <b>87</b> | <b>50</b> | <b>45</b> | <b>9</b>   | <b>△14</b> |
| - Other non-operating income                | 2         | 1         | 4         | 5          | 2          |
| - Other non-operating expense               | 5         | 3         | 14        | 8          | 13         |
| - Financial income                          | 52        | 71        | 21        | 59         | 28         |
| - Financial expense                         | 58        | 67        | 7         | 54         | 28         |
| - Share of profits                          | △0.1      | 0.1       | △0.8      | △0.5       | △0.4       |
| <b>Earnings before interest and taxes*</b>  | <b>79</b> | <b>52</b> | <b>48</b> | <b>10</b>  | <b>△25</b> |
| - Income tax expense                        | 18        | 10        | △36       | △1         | △9         |
| <b>Consolidated net income</b>              | <b>60</b> | <b>42</b> | <b>84</b> | <b>11</b>  | <b>△16</b> |
| - Equity attributable to the parent company | 45        | 35        | 74        | 16         | △11        |
| - Non-controlling interest                  | 15        | 7         | 9         | △4         | △5         |



# Financial Statements (Seperate)

## Balance sheet

(Unit: KRW Bn)

| Items                                                   | '22          | '23. 2Q      |
|---------------------------------------------------------|--------------|--------------|
| <b>Current assets</b>                                   | <b>645</b>   | <b>685</b>   |
| - Current account                                       | 401          | 449          |
| - Inventory                                             | 244          | 236          |
| <b>Non-current assets</b>                               | <b>1,165</b> | <b>1,235</b> |
| - Investment in affiliated companies and joint ventures | 384          | 450          |
| - Tangible property                                     | 662          | 666          |
| - Intangible property                                   | 32           | 31           |
| - Other Non-current assets                              | 87           | 88           |
| <b>Total assets</b>                                     | <b>1,811</b> | <b>1,920</b> |
| <b>Current liabilities</b>                              | <b>535</b>   | <b>512</b>   |
| <b>Non-current liabilities</b>                          | <b>156</b>   | <b>288</b>   |
| <b>Total liabilities</b>                                | <b>691</b>   | <b>801</b>   |
| Capital                                                 | 99           | 99           |
| Capital surplus                                         | 158          | 158          |
| Other components of equity                              | △13          | △13          |
| Earned surplus                                          | 876          | 875          |
| <b>Total equity</b>                                     | <b>1,120</b> | <b>1,119</b> |
| <b>Total liabilities and equity</b>                     | <b>1,811</b> | <b>1,920</b> |

## Income Statement

(Unit: KRW Bn)

| Items                                      | '22.2Q     | '22.3Q     | '22.4Q     | '23.1Q     | '23.2Q     |
|--------------------------------------------|------------|------------|------------|------------|------------|
| <b>Revenue*</b>                            | <b>326</b> | <b>327</b> | <b>288</b> | <b>303</b> | <b>309</b> |
| - Cost of Revenue                          | 255        | 245        | 212        | 228        | 239        |
| - Gross profit from Revenue                | 71         | 81         | 76         | 75         | 71         |
| - Revenue and administrative expenses      | 51         | 47         | 51         | 49         | 51         |
| <b>Operating profits*</b>                  | <b>21</b>  | <b>35</b>  | <b>25</b>  | <b>26</b>  | <b>20</b>  |
| - Other non-operating income               | 1          | 1          | 4          | 3          | 2          |
| - Other non-operating expense              | 2          | 3          | 12         | 3          | 10         |
| - Financial income                         | 16         | 24         | 5          | 16         | 7          |
| - Financial expense                        | 18         | 23         | 15         | 15         | 13         |
| - Share of profits                         | 0          | 0          | 0          | 0          | 0          |
| <b>Earnings before interest and taxes*</b> | <b>18</b>  | <b>34</b>  | <b>7</b>   | <b>26</b>  | <b>5</b>   |
| - Income tax expense                       | 4          | 8          | 1          | 10         | 0.7        |
| <b>Net income</b>                          | <b>14</b>  | <b>26</b>  | <b>6</b>   | <b>17</b>  | <b>5</b>   |

A large industrial facility, possibly a refinery or chemical plant, is shown at night. The structure is composed of a complex network of steel beams, pipes, and scaffolding, illuminated by numerous bright lights that create a starburst effect. In the upper right corner, there is a large, stylized green graphic consisting of several overlapping, curved lines that resemble a ribbon or a stylized letter 'L'.

2

# Business Status and Strategies

2-2. Green Materials

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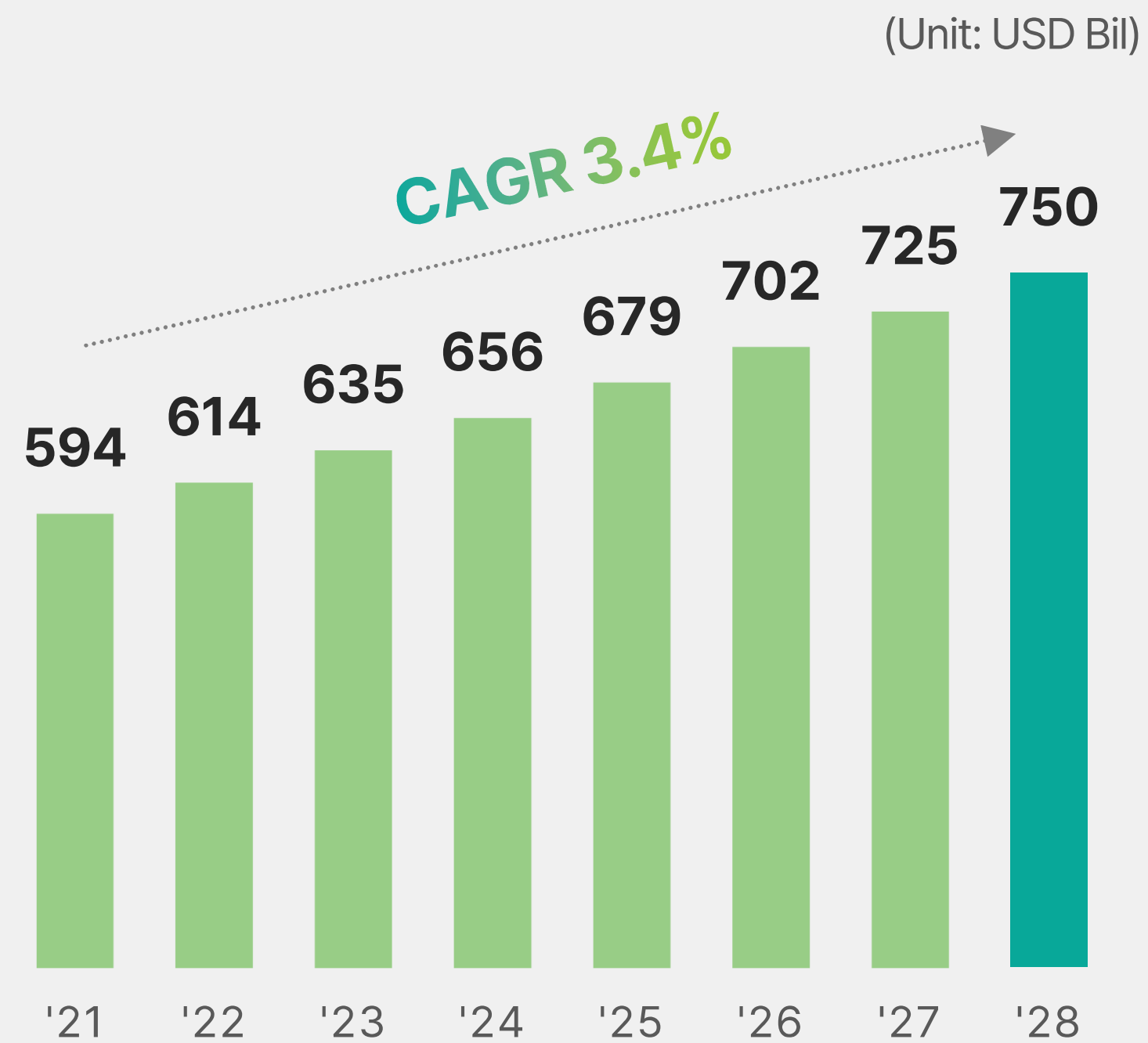


# Global Market

The continued growth of the global plastic and cosmetics container market

## Global Plastic Market

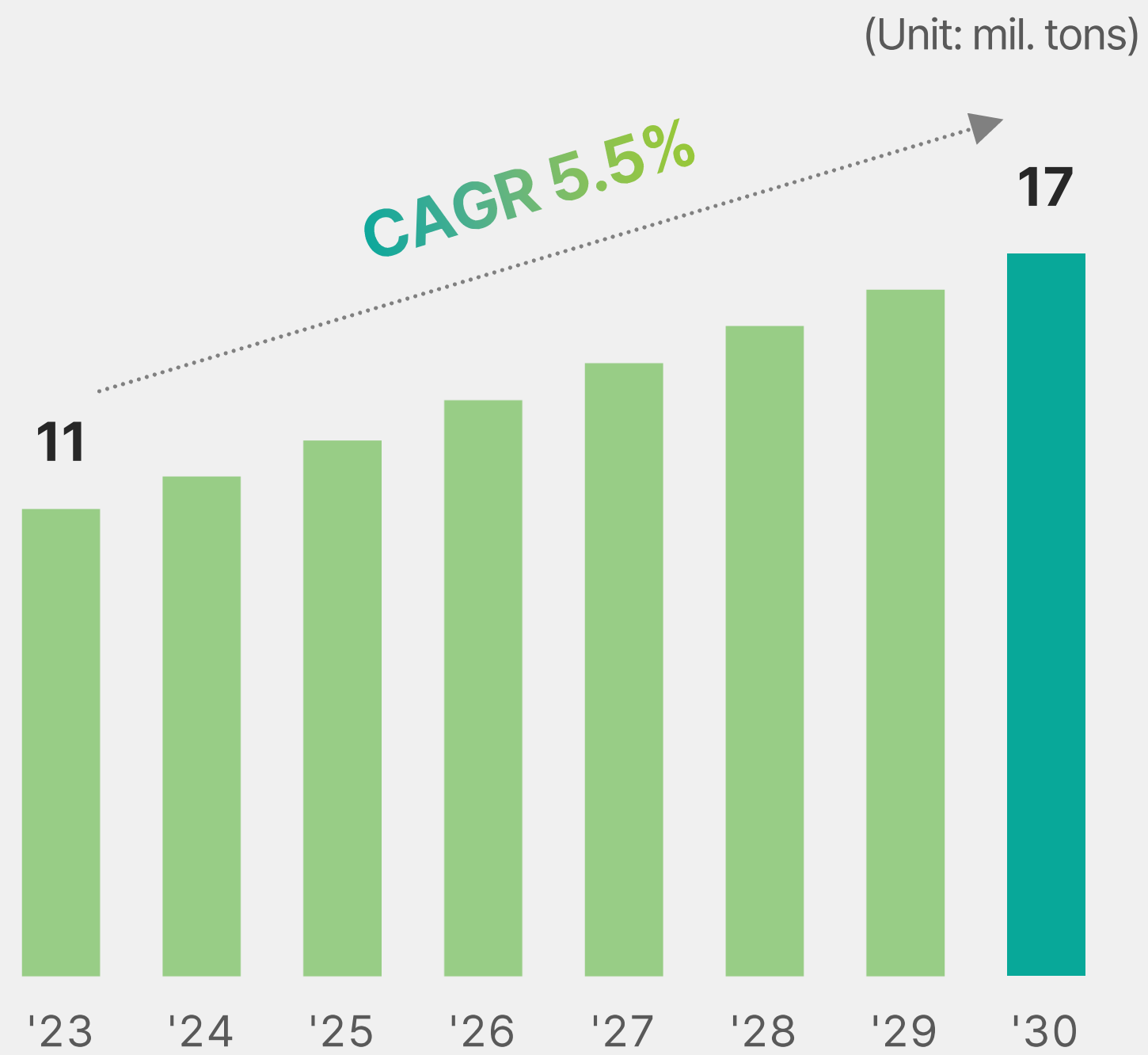
Market size in 2028  
Forecasted to USD 750 Billion



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

## Global r-PET Market

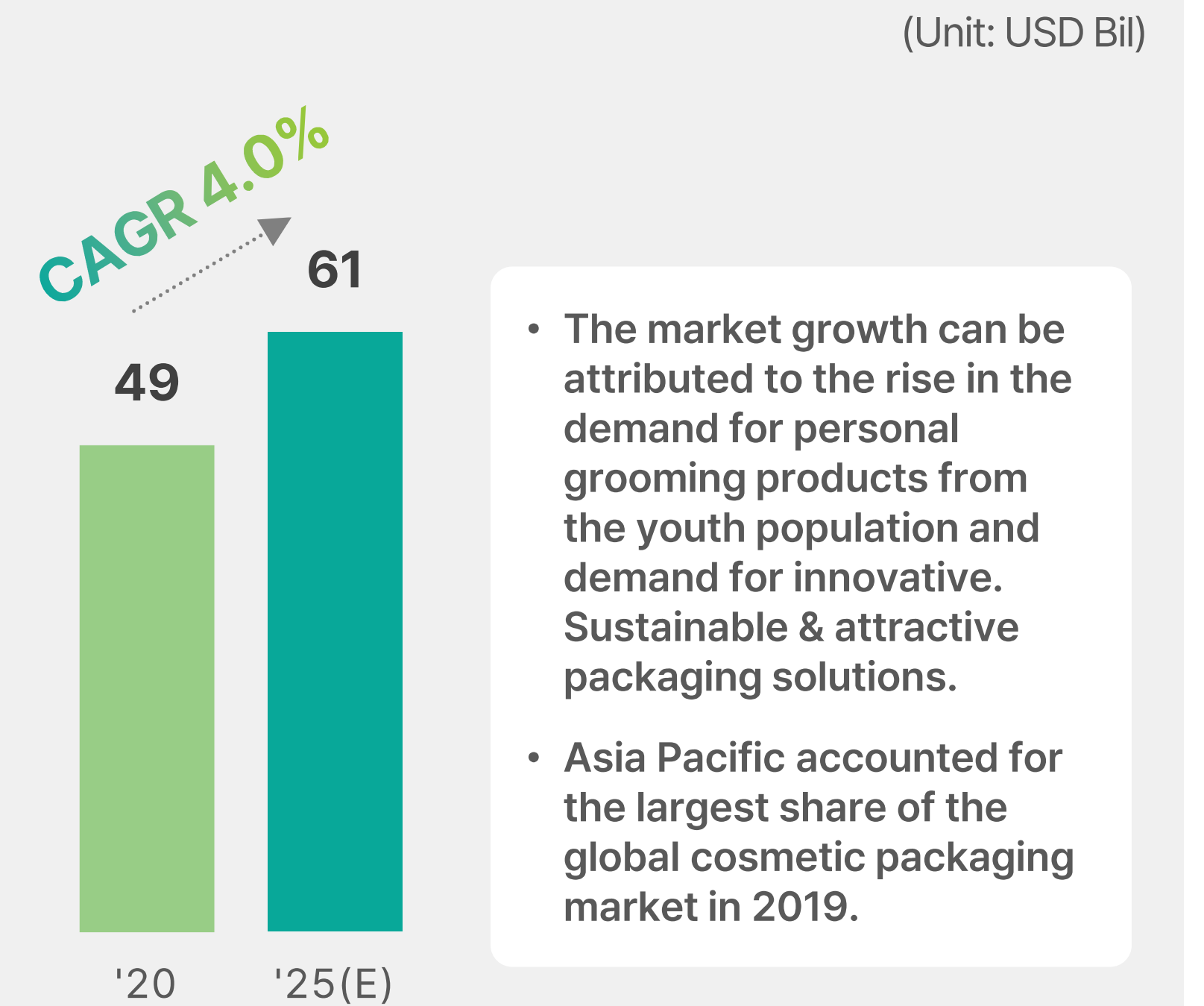
Market size in 2030  
Forecasted to 17mil. tons



(Sources: Wood Mackenzie, HIS Markit, Expert Interview)

## 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

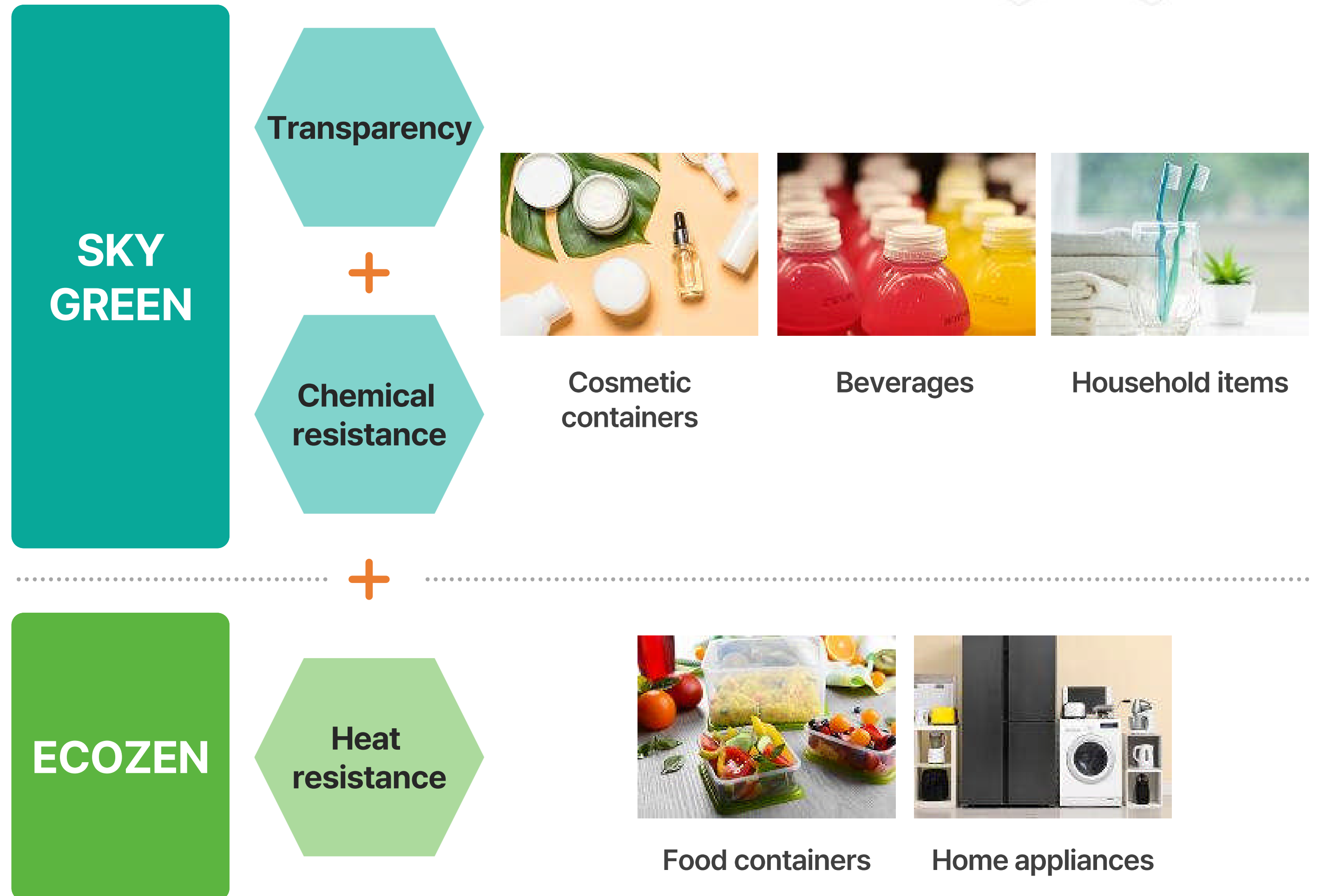
Expansion into the range of applications with Copolyester through continuous product development

## Copolyester

Excellent transparency, chemical resistance,  
and superior processibility

**High performance PETG (BPA Free)**

**High functional resin**  
that can replace PC, PMMA, PVC

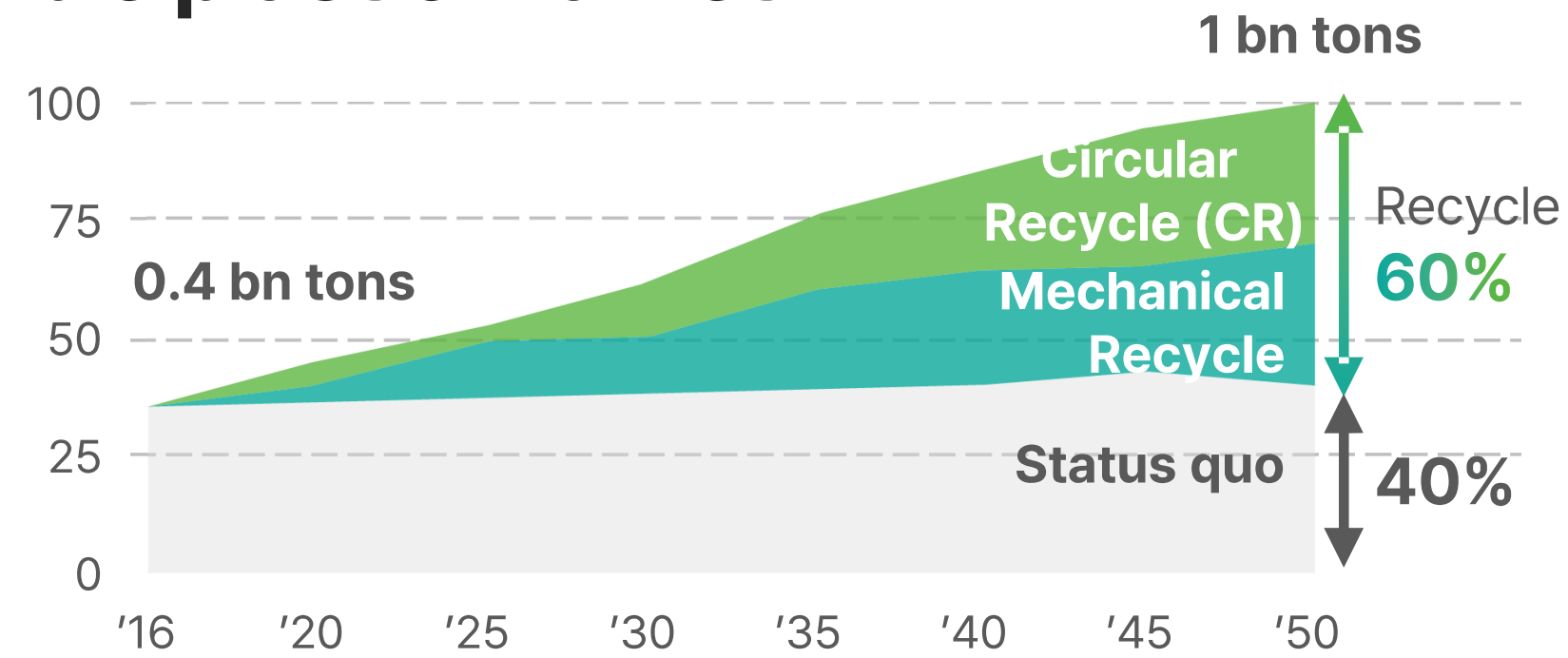


# Recycle Plastic Market

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

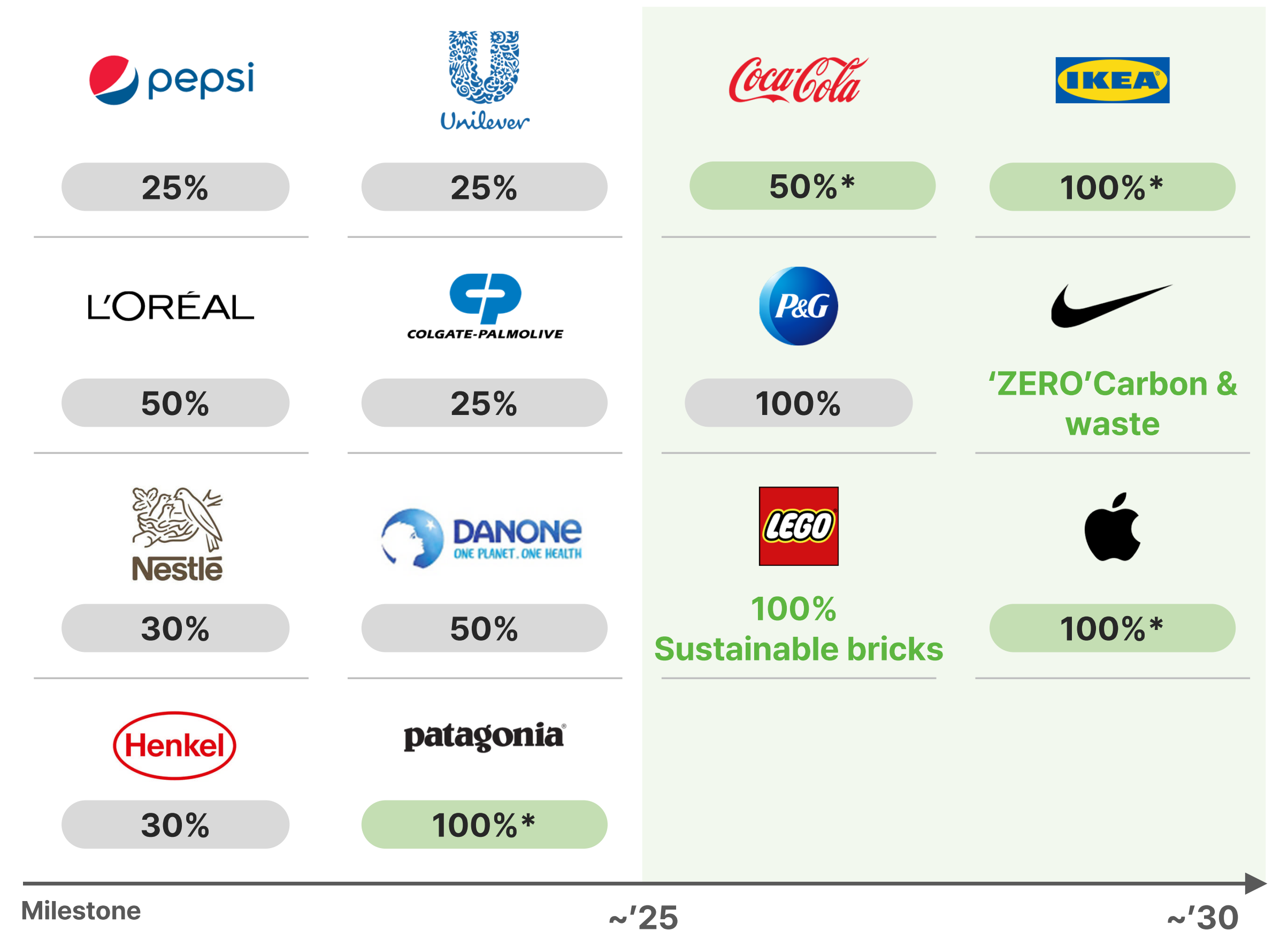


## Increasing global brand owner demands

"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

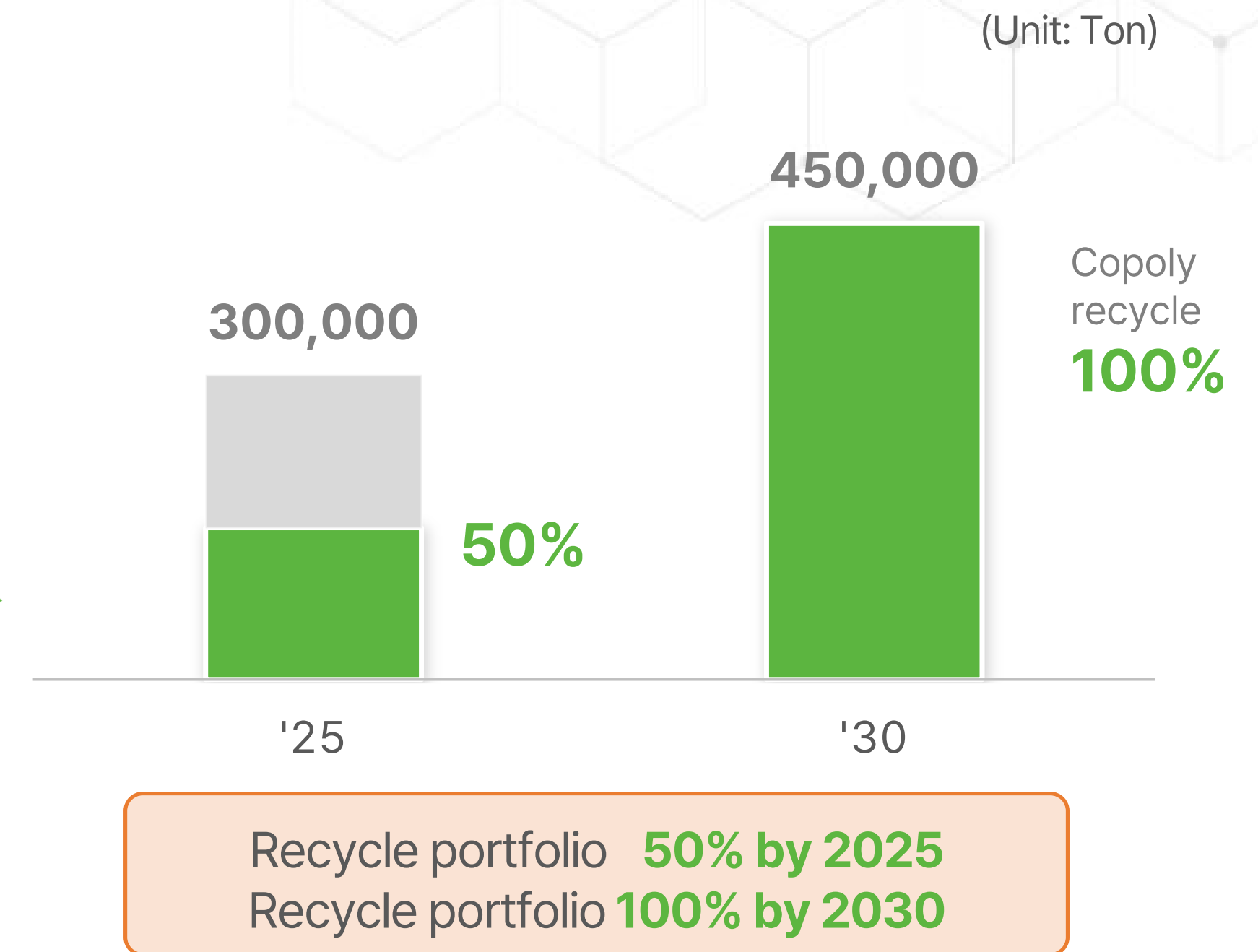
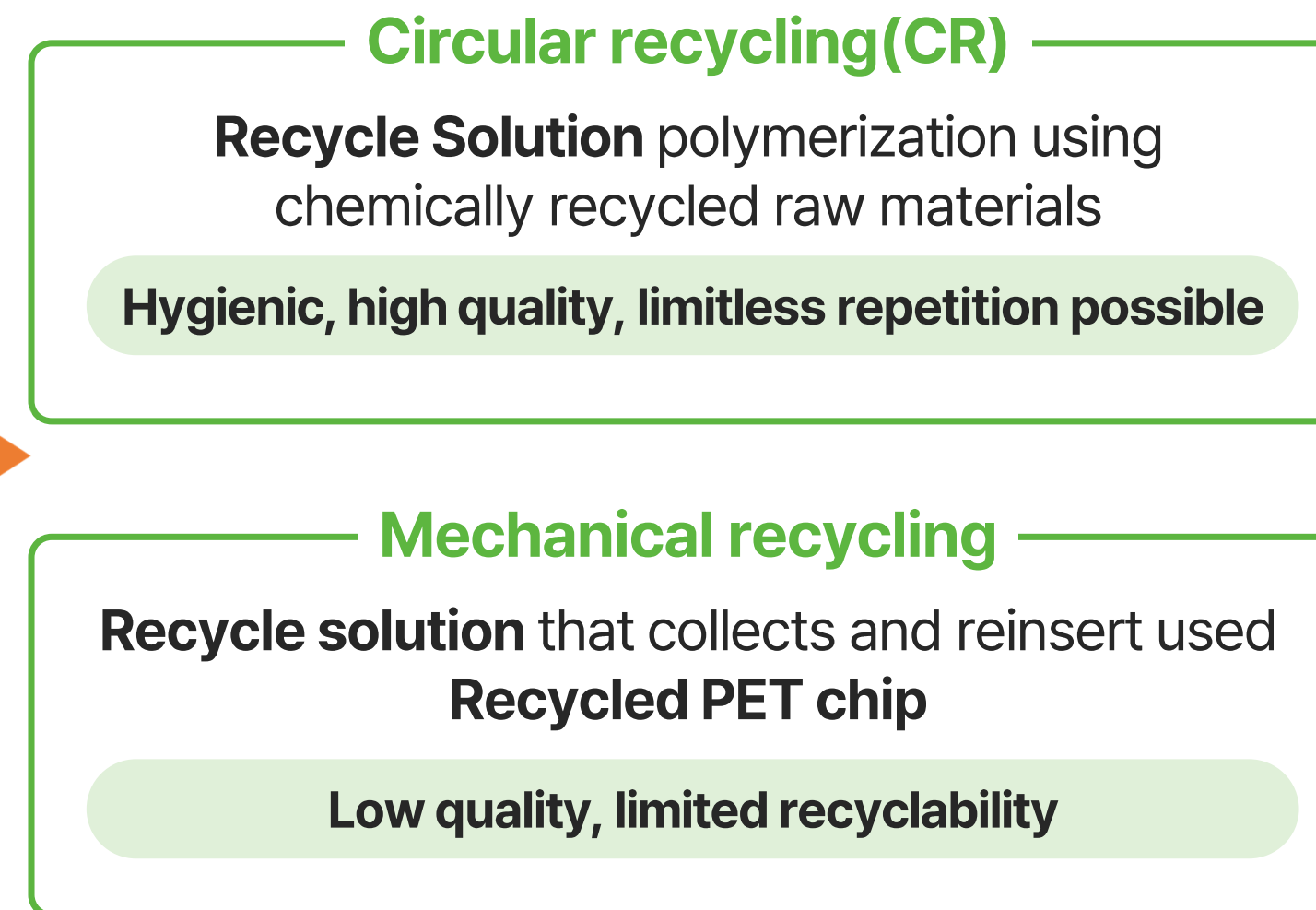
SK chemicals' sustainable packaging solutions

## Establishment of circular economy through recycle closed loop



SK chemicals' technologies

### "Beginning the world's first Circular recycling(CR) commercialization"



## Recycled Copolyester production process



### Strengths

- 1 Stable raw material secured through self production of r-BHET and CHDM
- 2 Demonstrate Recycle technology by being the world's 1<sup>st</sup> 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**

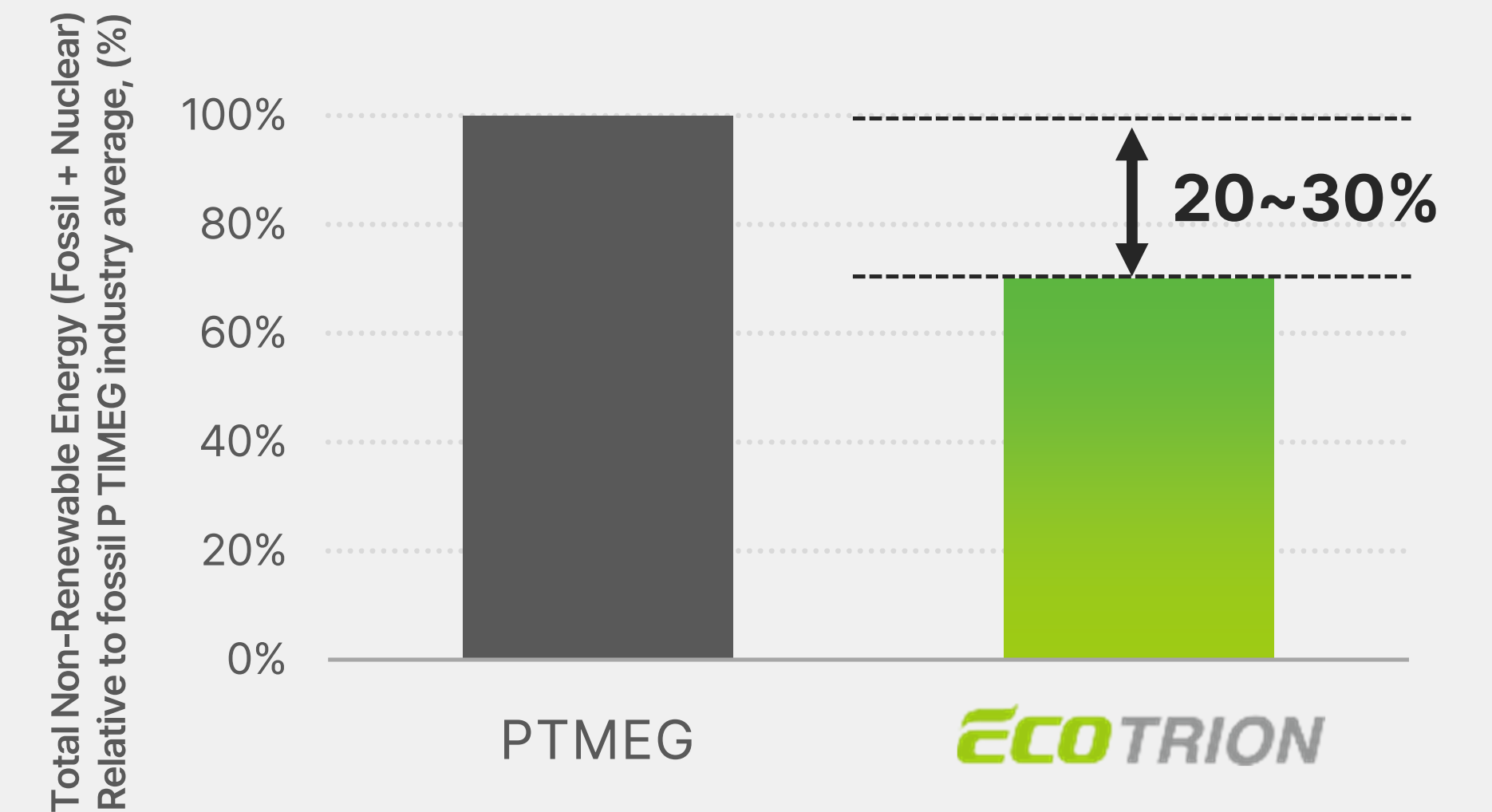
Elastomer, 3D Printing, Spandex, etc.

**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

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# Business Status and Strategies

2-3. Life Science

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# 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 strategic cooperation

- Open Innovation
- CMO · CDMO



#### 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

- COVID/Endemic
- Premium (Potential)
- Routine Vaccines

|                              |                                                                                                |                                                                                          | Pre-Clinical | Phase 1     | Phase 2 | Phase 3 | Registration                                                     |  |
|------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|--------------|-------------|---------|---------|------------------------------------------------------------------|--|
| SKYCovione(COVID-19)         | CEPI   BILL & MELINDA GATES foundation                                                         |                                                                                          |              |             |         |         | ✓                                                                |  |
| Pan-Sarbeco(Sarbecovirus)    | CEPI   INSTITUTE FOR Protein Design UNIVERSITY OF WASHINGTON                                   |                                                                                          | ✓            |             |         |         | Domestic : BLA Approval<br>Overseas : MHRA MA / WHO EUL Approval |  |
| Nasal Spray                  | INSTITUTE FOR Protein Design UNIVERSITY OF WASHINGTON   BILL & MELINDA GATES foundation   iavi |                                                                                          | ✓            |             |         |         | EMA Submitted                                                    |  |
| PCV21                        | sanofi                                                                                         |                                                                                          |              |             | ✓ US    |         |                                                                  |  |
| RSV                          |                                                                                                |                                                                                          | ✓            |             |         |         |                                                                  |  |
| Recombinant Zoster           |                                                                                                |                                                                                          | ✓            |             |         |         |                                                                  |  |
| HPV10                        | Sunflower THERAPEUTICS                                                                         |                                                                                          | ✓            |             |         |         |                                                                  |  |
| Cancer/Obesity Vaccine, etc. |                                                                                                |                                                                                          | ✓            |             |         |         |                                                                  |  |
| SKYCellflu(Quadrivalent)     |                                                                                                |                                                                                          |              |             |         |         | ✓                                                                |  |
| SKYZoster                    |                                                                                                |                                                                                          |              |             |         |         | ✓                                                                |  |
| SKYVaricella                 |                                                                                                |                                                                                          |              |             |         |         | ✓                                                                |  |
| TCV                          | International Vaccine Institute   BILL & MELINDA GATES foundation                              |                                                                                          |              |             |         |         | ✓ BLA Approval (submitted for export)                            |  |
| HPV4                         | Sunflower THERAPEUTICS                                                                         |                                                                                          |              | ✓ Phase 1/2 |         |         |                                                                  |  |
| Rotavirus Pentavalent        |                                                                                                |                                                                                          |              | ✓           |         |         |                                                                  |  |
| Hepatitis A Vaccine          |                                                                                                |                                                                                          | ✓            |             |         |         |                                                                  |  |
| Other Vaccines               |                                                                                                | Pursuing acquisition of new pipelines & commercialized vaccines via partnerships and M&A |              |             |         |         |                                                                  |  |



