

Q2 FY2023

Earnings Release

August 9, 2023



Q2 2023 Results

Highlights

Financial Summary

Segment Performance

Segment status

Rechargeable Battery

Semiconductor

Chemical

New biz

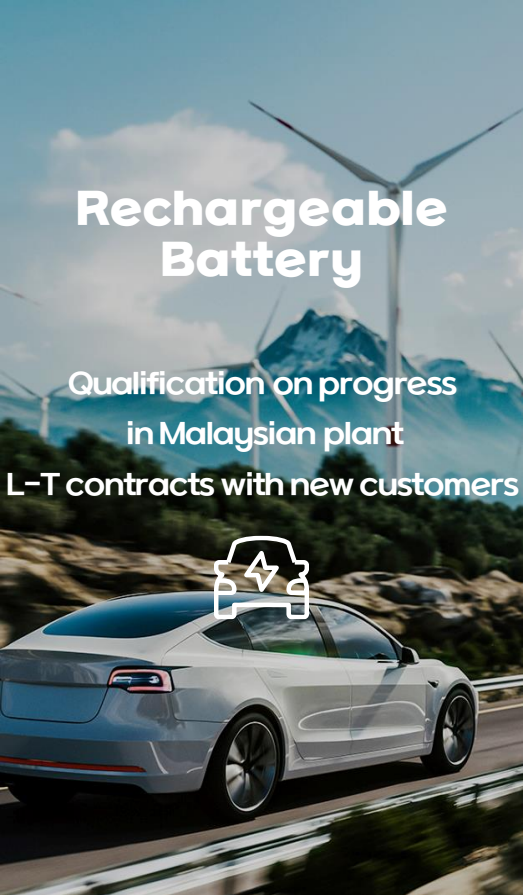
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Q2 Highlights

Rechargeable Battery

Qualification on progress
in Malaysian plant
L-T contracts with new customers



Semiconductor

CMP Pad's new customer wins
Tester sales increased
along with launch of DDR5



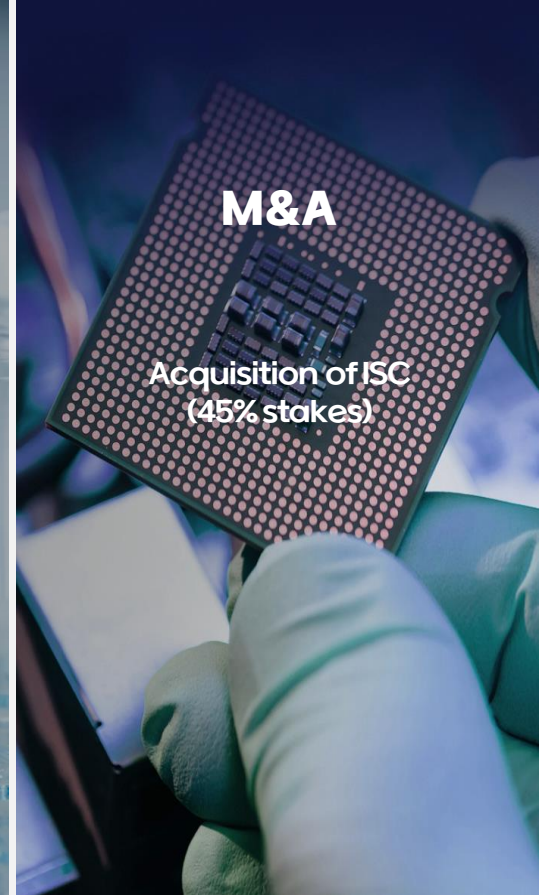
Chemical

PO/SM operating optimization
Polyol, large-size customer wins



M&A

Acquisition of ISC
(45% stakes)



Financial Summary

(KRW bn)	Q2 2022	Q1 2023	Q2 2023	YoY	QoQ
Revenue	753.8	669.1	630.9	△16.3%	△5.7%
OP	102.7	△21.7	△36.9	Turn a loss	△70.0%
EBITDA	145.3	25.2	2.1	△98.6%	△91.7%
PBT	140.0	△69.8	△81.2	Turn a loss	△16.3%



Rechargeable Battery

Segment Performance

Revenue / OP

(KRWbn)	Q2 2022	Q1 2023	Q2 2023	YoY	QoQ
Revenue	199.5	180.4	179.6	△10.0%	△0.4%
OP	29.6	0.3	0.4	△98.6%	+33.3%

※ Revenue and OP : SK Nexilis' standalone

Q2 Performance

- Sluggish demand in downstream market: low season, delay in launch of new EV models, etc.
- Higher costs burden from additional raise in electricity rate

H2 Outlook / Plan

- Recovery in EV demand and sales increase in N.A.
: Launch of new EV models in H2 and high season impact
- Commercial sales from MY plant following the completion of qualification (Q3)

Segment Performance

Revenue / OP

(KRWbn)	Q2 2022	Q1 2023	Q2 2023	YoY	QoQ
Revenue	135.6	87.5	82.0	△39.5%	△6.3%
OP	6.3	7.9	5.3	△15.9%	△32.9%

Q2 Performance

- Lower utilization due to production cut by major customers
- CMP Pad : Acquired a new non-captive customer
- Blank Mask : Increasing customers' qualification in China/Taiwan

H2 Outlook / Plan

- Foresee a recovery from Q4 with customers' demand recovery
- Expand product lines of CMP Slurry : Q3 2023 2 brands → 2024 4 brands
- Increase in sales of tester along with launch of DDR5



Segment Performance

Revenue / OP

(KRW bn)	Q2 2022	Q1 2023	Q2 2023	YoY	QoQ
Revenue	410.7	393.3	361.7	△11.9%	△8.0%
OP	70.0	△6.0	△9.6	Turn a loss	△60.0%

※ Q2 2023 Revenue (KRW bn) : picglobal 241.3, pucore 156.4, consolidate adjustments △36.0

Q2 Performance

- PG : Decrease in sales due to prolonged unfavorable S-D situation
- SM : Spread remaining weak due to oversupply in China
- Polyol : Earnings improvement with solid contribution from large customers

H2 Outlook / Plan

- PG : Sales expansion by increasing overseas logistics posts
- SM : Gradual spread recovery
- Polyol : Focus on the key segments with stronger demand



Segment status

Copper foil expansion (Malaysia)

Major customer qualification 70% completed



Malaysian plant



The world's best cost competitiveness

Adoption of copper refining technology

Electricity cost : 1/2 of S.Korea
(RE100 L-T contract)

Labor cost : 1/3 of S.Korea

Productivity : 30% higher than peers

New copper foil supply contracts (2023)

Customer diversification

More special grade products(*)

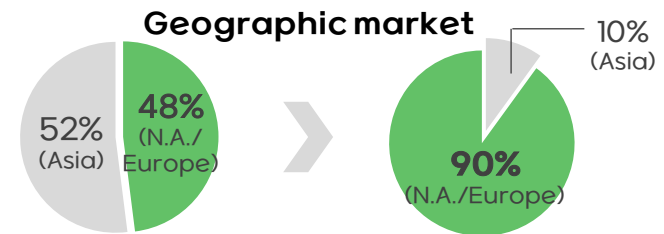
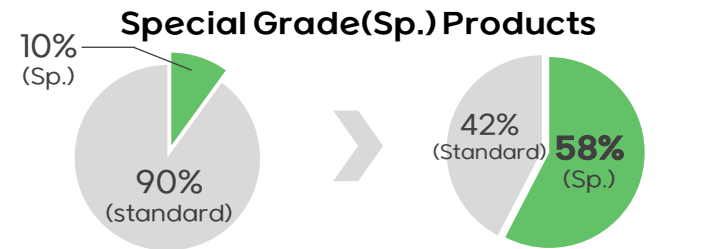
(*) High-strength, High-elongation

Focus on N.A./EU market

of major customers

15

(End of 2023)



Semi portfolio transformation

- 1. Transform portfolio based on technology leadership**
 (Secure IP or Next gen. technology)
- 2. Focus on consumables products**
 (CMP Pad/Slurry, Blank Mask, Test socket)
- 3. Expand back-end business**
 (absolics, ISC, additional M&A)

Acquisition of ISC

Summary

- Shares/amount : 45.03%/ KRW 523bn
- Closing date : September 27, 2023

Competitive edge

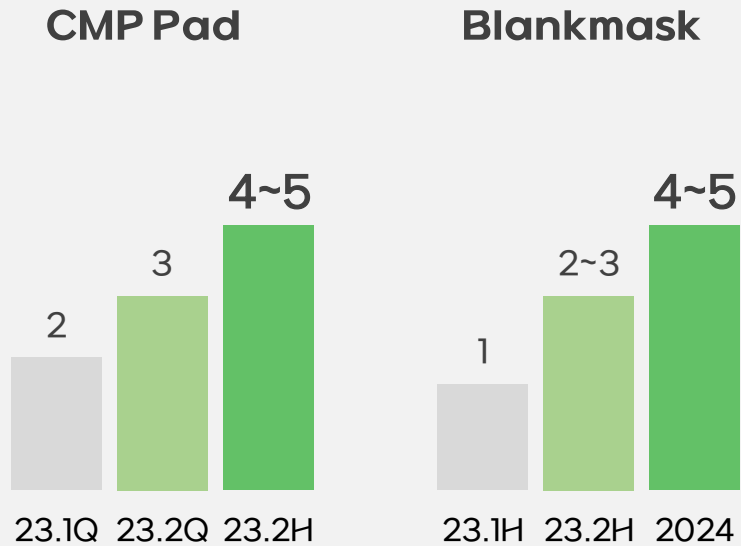
- Largest IP portfolio (424 patents)
- Cost competitiveness (Vietnam plant)
- Product portfolio (RS, PS)

Opportunities

- Customer portfolio expansion for consumables : Fabless/End-user/OSAT
- Synergy with glass substrate biz in terms of technology & value-chain
- Organic/Inorganic growth leveraging ISC's strong balance sheet

Organic growth in core products

of Customers



of Product lines



Chemical market outlook

Outlook

PG

Demand recovery in China and high-end segment in H2

SM

Low cycle is behind in 2023, gradual recovery from 2024

Polyol

Selective recovery in sub-segments i.e.) Vehicle interiors, construction materials

Strategy

Increase global logistics posts to meet local post-Covid demand (NA 2, EU 4, India, UAE)

Optimize utilization/ Search for partnership / cost reduction in raw material sourcing

Acquire global large-size customers (Focus on LNG carrier, vehicles, etc)

Glass substrate

US Georgia plant (absolics)

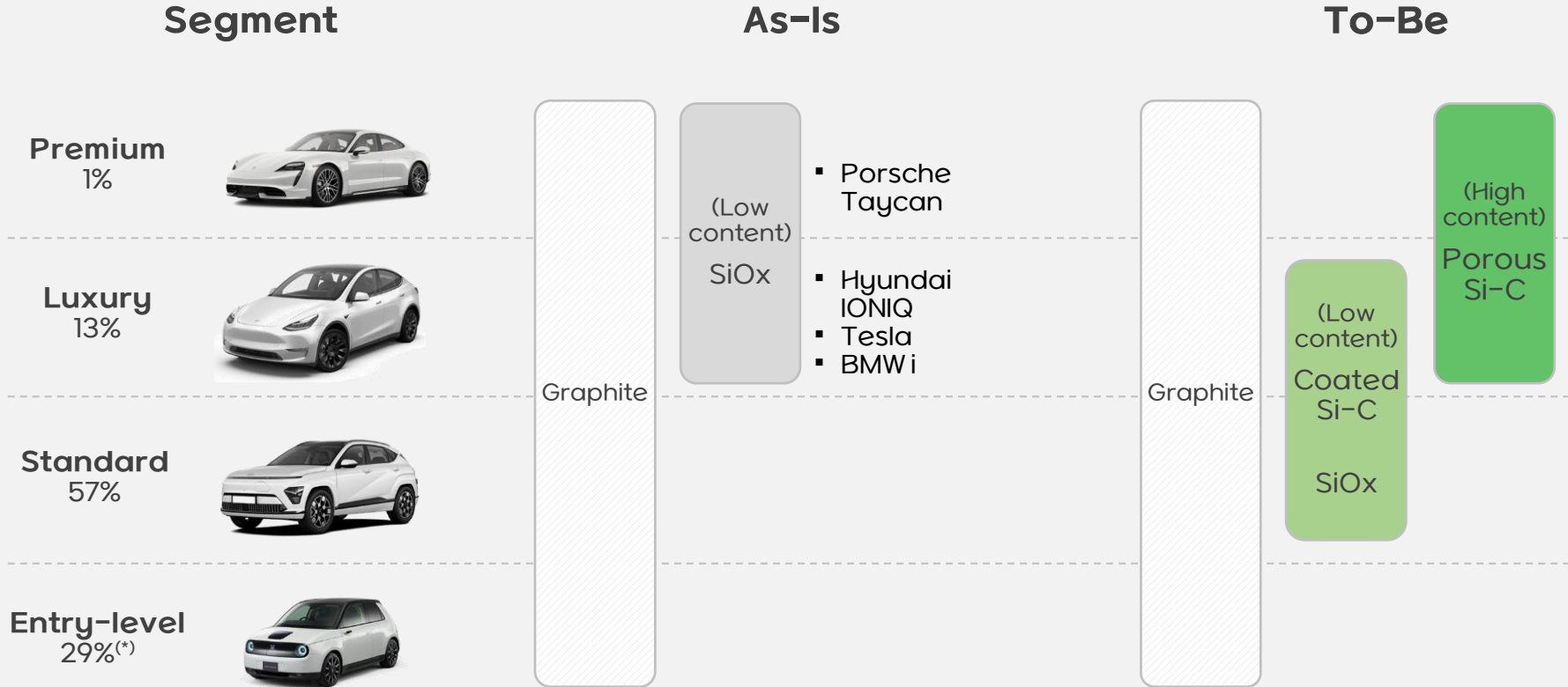


SVM construction 73% complete
(Mechanical completion at the end of 2023)

**Qualification with
global fabless/end-user customers**
(Commercialization in 2024)

Apply for Chips Act subsidy
(Q3 2023)

Silicon anode



(*) Global EV shipment shares

Silicon anode

(Low-content) Coated Si-C

Partnership w/ OEM/battery makers
(Commercialization in 2026)

- Launch of op-co. Ultimus (June 2023)
- Pilot plant ramp-up (December 2023)
- Qualification with global OEM/battery makers
(Target to be adopted for the 2026 models)

(High-content) Porous Si-C

Nexeon(UK) to prepare for commercialization
(SKC owns 22.31%, Largest shareholder)

- SKC has the right to form a JV with Nexeon
- Signed a L-T contract with Panasonic
(July 2023, SOP 2025)
- Signed a L-T contract with OCI for SiH₄ (July 2023)
→ Will build the first production site in Gunsan, S.Korea

The background features a large, stylized letter 'A' composed of multiple parallel green lines. The lines are arranged in a way that they converge at the top and bottom, creating a sense of depth and movement. The color of the lines transitions from a light green at the top to a darker green at the bottom.

Appendix

[Appendix] Consolidated financial statements

Balance Sheet

(KRW bn)	2022	Q2 2023
Assets	6,393.1	6,241.1
Current Assets	2,526.1	1,940.7
– Cash & Cash Equivalents	1,464.4	942.0
Non-Current Assets	3,866.9	4,300.4
– Tangible/Intangible Assets	3,502.4	3,944.3
Liabilities	4,151.2	3,860.7
Debts	3,248.0	3,127.0
Shareholders' Equity	2,241.9	2,380.4
Equity attributable to the parent	1,725.5	1,671.1
– Capital Stock	189.3	189.3
Non-controlling interests	516.4	709.3

Income Statement

(KRW bn)	Q2 2022	Q1 2023	Q2 2023
Sales	753.8	669.1	630.9
Operating Profit	102.7	△21.7	△36.9
Finance Income/Expense	△16.6	△43.4	△40.9
Equity Method Gain/Loss	△2.1	△3.6	△2.0
Other Income	56.0	△1.1	△1.4
Profit before Tax	140.0	△69.8	△81.2
Profit from discontinued operation	△1.2	△7.7	△0
Net Profit	119.7	△92.1	△24.8
Profit attributable to the parent	90.7	△80.6	△13.3

[Appendix] Quarterly earnings trend

(KRW bn)	2021				2022				2023	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenue	484.0	551.9	584.5	643.7	782.1	753.8	835.0	763.7	669.1	630.9
Rechargeable Battery ¹⁾	142.0	157.6	175.3	188.4	212.5	199.5	215.0	182.9	180.4	179.6
Semiconductor	105.8	112.8	120.1	146.0	132.9	135.6	186.5	143.2	87.5	82.0
Chemical	234.1	279.6	286.4	302.1	432.0	410.7	427.5	430.0	393.3	361.7
New Business ²⁾	-	-	-	-	-	-	-	0	0.2	0.1
Others ³⁾	2.1	1.9	2.7	7.2	4.7	8.0	6.0	7.6	7.7	7.5
OP	66.1	112.9	115.4	107.0	106.6	102.7	36.1	△24.3	△21.7	△36.9
Rechargeable Battery	16.7	18.8	23.5	21.1	24.7	29.6	32.2	12.1	0.3	0.4
Semiconductor	3.9	7.8	7.6	3.1	4.9	6.3	7.1	10.5	7.9	5.3
Chemical	56.0	93.1	93.8	89.3	86.5	70.0	12.5	△27.2	△6.0	△9.6
New Business	-	-	-	-	△1.9	△2.2	△4.3	△3.8	△7.1	△8.8
Others	△10.5	△6.8	△9.5	△6.5	△7.6	△1.0	△11.4	△15.9	△16.8	△24.2

※ Earnings breakdown by business segment generated for investor use and is different from business segment data on regulatory disclosure

(1) Rechargeable Battery : SK Nexilis Standalone

(2) New Business : Glass Substrate(absolics), Eco-friendly materials(Ecovance, TBM Geostone), etc

(3) Others : consolidate adjustments, etc

