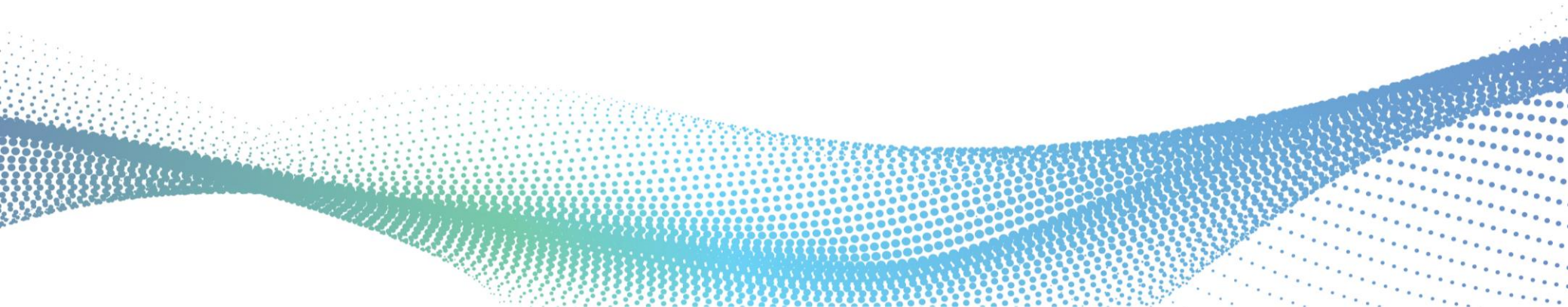


THIRD QUARTER 2022

Financial Results

HYOSUNG CHEMICAL



| What's Inside |

3Q 2022 Financial Results 3p

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Appendix 8p

1. Quarterly Income Statements by Biz Sector
2. Price Trend of Raw Materials
3. Fact Sheet

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[3Q 2022 consolidated earnings and past consolidated earnings presented in this presentation are based on K-IFRS accounting standards. Historical data is provided for comparison purposes.](#)

Information in this presentation has not been audited nor reviewed yet, and thus, is subject to change during the audit or review. Forward looking statements have been made with consideration of current status of the business environment and are also subject to change according to changes in the business environment, as well as the company's strategy.

3Q 2022 Financial Results

Quarterly Profit/Loss Statement (Consolidated)

(Unit: Billion KRW)

| | 3Q 2021 | 2Q 2022 | 3Q 2022 | QoQ | YoY |
|--|-------------|---------------|----------------|-----------------|-----------------|
| Sales Revenue | 630.6 | 766.4 | 702.9 | (8.3%) | 6.3% |
| Gross Profit | 57.2 | (40.6) | (112.2) | Continued Loss | Turn to Loss |
| <i>Gross Profit Margin</i> | <i>9.1%</i> | <i>(5.3%)</i> | <i>(16.0%)</i> | <i>(10.7%p)</i> | <i>(25.1%p)</i> |
| Operating Profit | 32.9 | (68.1) | (139.8) | Continued Loss | Turn to Loss |
| <i>Operating Profit Margin</i> | <i>5.2%</i> | <i>(8.9%)</i> | <i>(19.9%)</i> | <i>(11.0%p)</i> | <i>(25.1%p)</i> |
| Interest Expense | 7.4 | 19.4 | 28.1 | 44.8% | 274.7% |
| Gain or Loss on Foreign Exchange/Derivatives | (0.6) | 0.2 | (0.8) | Turn to Loss | Continued Loss |
| Income before Tax | 24.1 | (86.9) | (171.1) | Continued Loss | Turn to Loss |
| Net Profit | 14 | (87.7) | (151.8) | Continued Loss | Turn to Loss |
| Net Profit in Controlling Interest | 14 | (87.7) | (151.8) | Continued Loss | Turn to Loss |
| EBITDA | 73.6 | 3.1 | (65.4) | Turn to Loss | Turn to Loss |

3Q 2022 Financial Results (Continued)

Balance Sheet (Consolidated)

(Unit : Billion KRW)

| | Dec 2021 | Jun 2022 | Sep 2022 | QoQ |
|---------------------------------|---------------|---------------|-----------------|----------------|
| Assets | 3,056.2 | 3,249.7 | 3,473.2 | 6.9% |
| Current Assets | 797.6 | 905.4 | 946.4 | 4.5% |
| Cash & Cash Equivalents | 36.5 | 60.5 | 181.3 | 199.7% |
| Non-Current Assets | 2,258.6 | 2,344.3 | 2,526.8 | 7.8% |
| Liabilities | 2,554.7 | 2,877.5 | 3,240.9 | 12.6% |
| Current Liabilities | 1,083.1 | 1,353.2 | 1,607.5 | 18.8% |
| Non-Current Liabilities | 1,471.6 | 1,524.3 | 1,633.4 | 7.2% |
| Equity | 501.5 | 372.2 | 232.3 | (37.6%) |
| Debt | 2,020.7 | 2,351.2 | 2,781.3 | 18.3% |
| Net Debt | 1,984.2 | 2,290.7 | 2,600.0 | 13.4% |
| <i>Net Debt to Equity Ratio</i> | <i>395.7%</i> | <i>615.4%</i> | <i>1,119.2%</i> | <i>503.8%p</i> |

3Q 2022 Financial Results (Continued)

Cashflow (Consolidated)

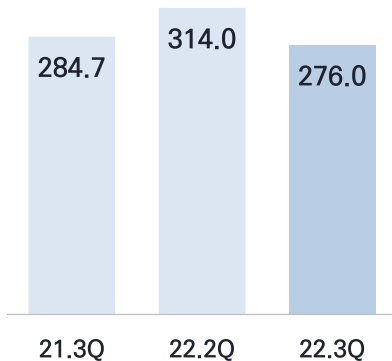
(Unit : Billion KRW)

| | Jan to Dec 2020 | Jan to Dec 2021 | 3Q 2022 | Jan to Sep 2022 |
|--------------------------------------|-----------------|-----------------|---------|-----------------|
| Cash Flow from Operations | 108.4 | 83.3 | (90.8) | (17.1) |
| Net Income | (11.6) | 70.4 | (151.8) | (289.1) |
| Depreciation | 181.9 | 195.2 | 74.3 | 215.7 |
| Changes in Net Working Capital, etc. | (61.9) | (182.3) | (13.3) | (3.3) |
| Cash Flow from Investing | (477.6) | (471.2) | (217.1) | (460.2) |
| PP&E and Intangibles | (474.2) | (471.2) | (217.1) | (460.2) |
| Others | (3.4) | 0 | 0 | 0 |
| Cash Flow from Financing | 318.5 | 359.2 | 430.8 | 761.4 |
| Changes in Borrowings | 318.5 | 359.2 | 430.8 | 761.4 |
| Dividend Payment | 0 | 0 | 0 | 0 |
| Cash and Cash Equivalents | (50.7) | (28.7) | 122.9 | 147.0 |

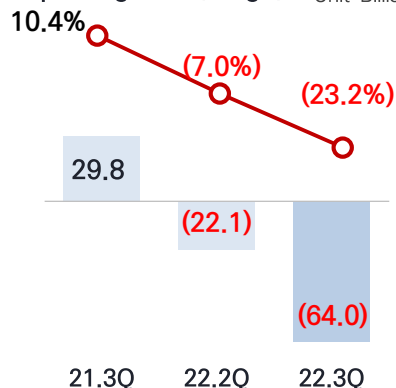
Financial Performance by Division

PP/DH (Korea) | Narrowed Spread brought on from increased spare capacities in China amid COVID Lockdown

Sales revenue



Operating Profit (Margin) Unit: Billion KRW



PP homo(Korea)-Propane(CP) Spread QoQ

| (\$/ton) | 21.3Q | 22.2Q | 22.3Q | QoQ | YoY |
|---------------|------------|-----------|-----------|--------------|----------------|
| PP(homo) | 1,116 | 1,135 | 962 | (15.3%) | (13.8%) |
| Propane(CP) | 648 | 847 | 682 | (19.5%) | 5.2% |
| Spread | 286 | 51 | 89 | 74.8% | (69.0%) |

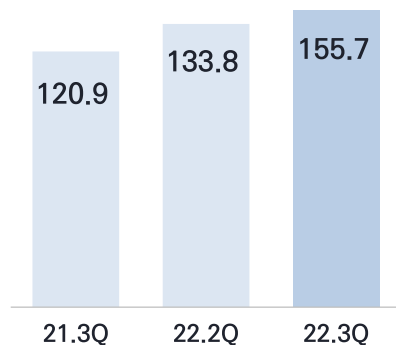
- Narrower spread on weaker demand and resilient input cost as COVID lockdown continued in China

PP(homo) price premium: North America, Europe vs. Far East Asia

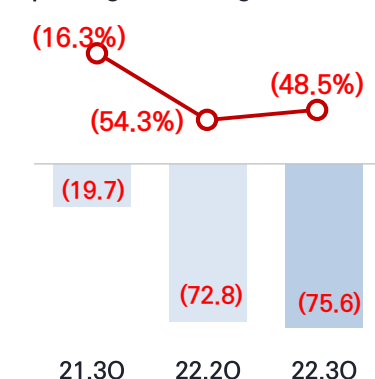
| (\$/ton) | Apr.22 | Mar.22 | Jun.22 | Jul.22 | Aug.22 | Sep.22 |
|-----------|--------|--------|--------|--------|--------|--------|
| N-America | 1,167 | 1,205 | 1,069 | 864 | 421 | 238 |
| W-Europe | 985 | 904 | 722 | 501 | 486 | 351 |

PP/DH (Vietnam) | Poor Industry Macro coupled with Production Disruptions During Revamp Process of OL-1

Sales revenue



Operating Profit (Margin) Unit: Billion KRW



PP homo(Southeast Asia)-Propane(CP) Spread QOQ

| (\$/ton) | 21.3Q | 22.2Q | 22.3Q | QoQ | YoY |
|---------------|------------|------------|------------|----------------|-------------|
| Spread | 107 | 186 | 108 | (41.9%) | 0.9% |

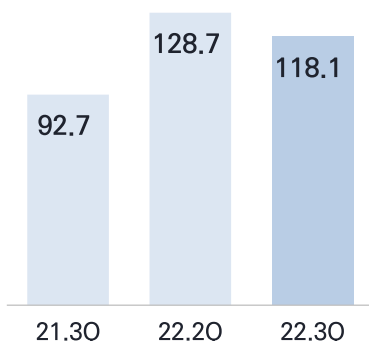
- Subpar utilization rate on continued plant revamping(OL-1) coincided with margin squeeze
- OL-1 regaining normal run-rate post revamping in Sept., targeting 90% utilization rate by Nov.



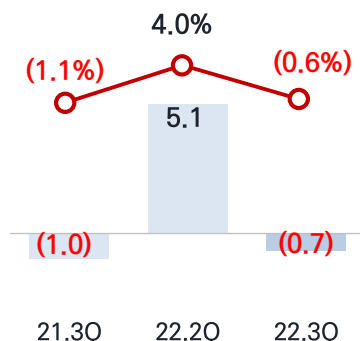
Financial Performance by Division (Continued)

TPA | Margin Squeeze driven by weak demand

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW



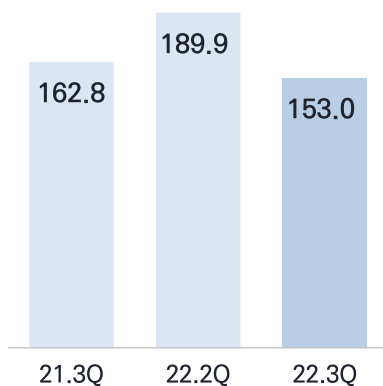
- TPA-PX (0.665) benchmark spread nearly unchanged QoQ, YoY

| (\$/ton) | 21.3Q | 22.2Q | 22.3Q | QoQ | YoY |
|---------------|------------|------------|------------|-------------|--------------|
| TPA | 706 | 951 | 845 | (11.1%) | 19.6% |
| PX | 920 | 1,260 | 1,096 | (13.0%) | 19.1% |
| Spread | 105 | 127 | 128 | 1.3% | 22.5% |

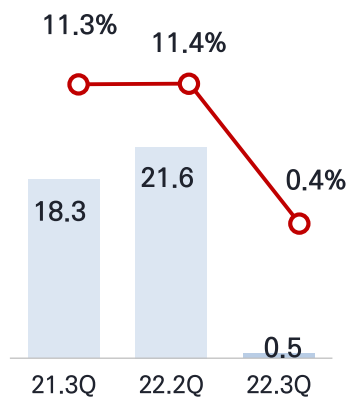
- Despite muted spot spread QoQ, realized spread declined over the period along with weaker volume which resulted in lower profit

Others | Slowing order flow for Film/POK amid weaker demand for display products

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW



<NF3>

- Sustained relatively high level of OP margin yet. However, sales promotion seems warranted given growing uncertainty in semiconductor/display.

<TAC film>

- Profit down from higher excess capacity amid delayed demand recovery which effectively lowered key customers' utilization and profitability

<Film>

- Profit under continued pressure due to weaker demand from downstream industry (TVs, mobile devices and home appliances)

<POK (Polyketone)>

- Lower shipment/profit given growing inventory at customers in need of workdown.

Appendix 1. Quarterly Income Statements by Biz Sector

Sales Revenue

Unit: Billion KRW

| | 2019 | | | | | 2020 | | | | | 2021 | | | | | 2022 | | |
|--------|-------|-------|-------|-------|---------|-------|-------|-------|-------|---------|-------|-------|-------|-------|---------|-------|-------|-------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q |
| PP/DH | 219.8 | 253.0 | 247.3 | 227.2 | 947.3 | 210.4 | 242.1 | 285.0 | 270.1 | 1,007.6 | 357.1 | 388.6 | 375.7 | 357.4 | 1,478.8 | 442.5 | 447.8 | 431.7 |
| TPA | 102.9 | 105.8 | 74.6 | 69.4 | 352.7 | 77.7 | 51.1 | 53.8 | 55.7 | 238.3 | 72.7 | 68.0 | 92.8 | 89.0 | 322.4 | 94.4 | 128.7 | 118.1 |
| Others | 128.8 | 129.2 | 134.0 | 120.5 | 512.5 | 136.7 | 136.1 | 148.5 | 149.9 | 571.2 | 161.4 | 162.6 | 162.1 | 165.7 | 651.8 | 190.3 | 189.9 | 153.1 |
| Sum | 451.5 | 488.0 | 455.9 | 417.1 | 1,812.5 | 424.8 | 429.3 | 487.3 | 475.7 | 1,817.1 | 591.2 | 619.2 | 630.6 | 612.0 | 2,453.0 | 727.2 | 766.4 | 702.9 |

Operating Margin

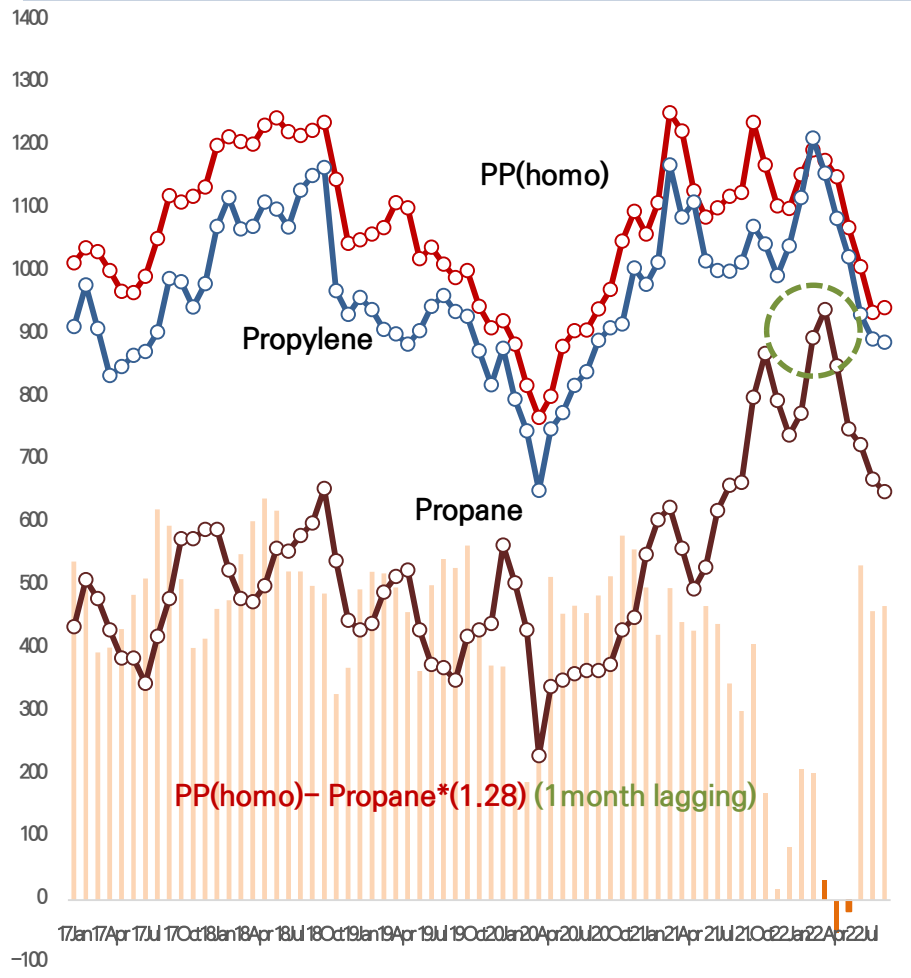
Unit: Billion KRW

| (OPM) | 2019 | | | | | 2020 | | | | | 2021 | | | | | 2022 | | |
|--------|------|-------|-------|--------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q |
| PP/DH | 21.0 | 39.6 | 45.7 | 27.5 | 133.8 | 3.7 | (5.3) | 11.6 | 9.5 | 19.4 | 43.7 | 54.7 | 15.6 | (27.8) | 86.3 | (54.6) | (94.9) | (139.6) |
| | 9.6% | 15.7% | 18.5% | 12.1% | 14.1% | 1.8% | (2.2%) | 4.1% | 3.5% | 1.9% | 12.2% | 14.1% | 4.2% | (7.8%) | 5.8% | (12.3%) | (21.2%) | (32.3%) |
| TPA | 2.7 | 6.8 | 2.0 | (3.4) | 8.1 | (0.8) | (4.8) | (1.7) | (3.4) | (10.8) | (1.8) | (3.6) | (1.0) | (1.4) | (7.9) | (0.1) | 5.2 | (0.7) |
| | 2.6% | 6.4% | 2.7% | (4.9%) | 2.3% | (1.0%) | (9.5%) | (3.2%) | (6.1%) | (4.5%) | (2.5%) | (5.3%) | (1.1%) | (1.6%) | (2.4%) | (0.1%) | 4.0% | (0.6%) |
| Others | 1.3 | 3.2 | 7.4 | 0.2 | 12.1 | 9.5 | 13.8 | 15.0 | 14.0 | 52.3 | 19.2 | 20.2 | 18.3 | 12.4 | 70.1 | 21.6 | 21.6 | 0.5 |
| | 1.0% | 2.5% | 5.5% | 0.2% | 2.4% | 6.9% | 10.1% | 10.1% | 9.3% | 9.1% | 11.9% | 12.4% | 11.3% | 7.5% | 10.8% | 11.3% | 11.4% | 0.3% |
| Sum | 25.0 | 49.6 | 55.1 | 24.3 | 154.0 | 12.4 | 3.6 | 24.9 | 20.1 | 60.9 | 61.1 | 71.3 | 32.9 | (16.8) | 148.6 | (33.2) | (68.1) | (139.8) |
| | 5.5% | 10.2% | 12.1% | 5.8% | 8.5% | 2.9% | 0.8% | 5.1% | 4.2% | 3.4% | 10.3% | 11.5% | 5.2% | (2.7%) | 6.1% | (4.6%) | (8.9%) | (19.9%) |

Appendix 2. Price Trend of Raw Materials

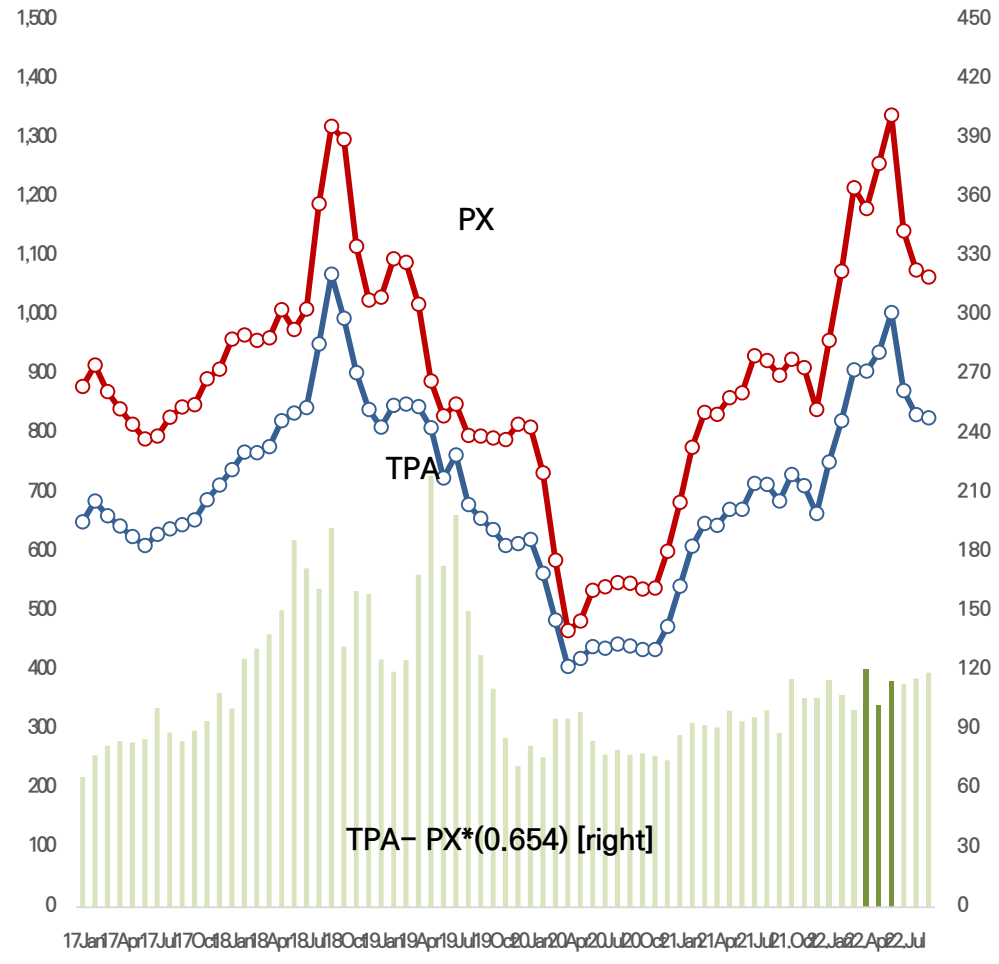
PP(homo) – Propylene – Propane

(unit: \$/ton)



PX – TPA

(unit: \$/ton)



Appendix 3. Fact sheet

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Business Model

▶ World No1. PP-R(pipe) Provider

- 61% of total revenue (2021)
- Key markets: China, Middle East, Turkey, Russia, CIS
- PP-R pipe accounts for ~55% of total PP outputs
- Key feedstock: Propane
- Brand "TOPILENE R200P"

▶ TPA

- 13% of total revenue (2021)
- 75% of its revenue stems from group affiliates
- Key feedstock: PX

▶ PET/NY Flim

- 11% of total revenue (2021)
- Main use: Food packaging, LCD film protection
- Key feedstock: PET chip, NY6 chip

▶ World No3. NF3 Provider

- Key Customers: Samsung Electronics Company, SK-Hynix, LG Display, Samsung SDI
- Key feedstock: Hydrogen Fluoride

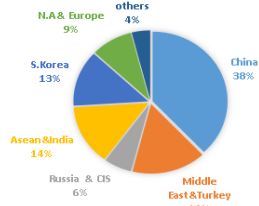
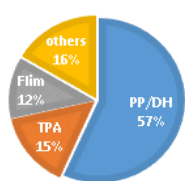
▶ Polyketon: eco-friendly product

- Brand "POKETONE"
- Key feedstock: CO

▶ World No3. TAC(Tri-Acetyl Cellulose) Flim Provider

- LCD polarizer(PVA film) protection film

SALES REVENUE



Industry Backdrop

▶ PP-R Pipe

- **Replacing PVC:** water pipe, better economics/eco-friendly, more prominent in China/Middle East.
- **Emerging markets:** particularly strong in SE Asia and India due to a slew of infrastructure investments.
- **PP(homo):** likely supply glut in China in 2022 whereas **PP-R** should fare better given its unique pricing dynamics linked with PVC market(in lieu of PP) which appears to trend up in 2022.

▶ NF3 market

- Nearly "sold-out" situation, imminent expansion warranted
- Strong IT demand especially for D-RAM

▶ POK market

- Could be meaningfully big in the future given its consistency with carbon-zero campaign: Use CO₂, a precursor for POK, originating from carbon capture facilities.
- The lowest CO₂ emission across various engineering plastics.

Growth Strategy

▶ Focus on Low-cost Curve, Volume Gains

- Focus on Premium-grade(e.g. PP-R)
- PP/DH: Full capacity run(600kMT/year) in Vietnam
- Strategic geographical choice: growth potential in India/SE bypassing trade conflict(high tariff).

▶ Tech-related materials

- NF3: per requests from captive customers.

Competitive Edges

▶ Capability to produce eco-friendly EP

▶ Trust from returning customers

- Capacity expansion per request from captive customers
- High entry barrier related to the need to deal with toxic materials (e.g. fluoride)

Management Team

CEO: Kun-Jong LEE

- Ph D in Chemistry
- Ex-Director of LCD manufacturing center Samsung Electronics
- Ex-CEO at Wonil Materials



CFO : Bo-Young YOON

Ex-Head of Finance at Hyosung Corporation



Key Metrics

Sales 2,453 billion KRW

Growth 35.0%

Gross profit 249 billion KRW

Growth 62.8%

EBITDA 344 billion KRW

Growth 41.5%

Operating profit 148 billion KRW

Growth 143.4%

Net debt/Equity 509.5%

Average number of staff: 1,195 (worldwide)