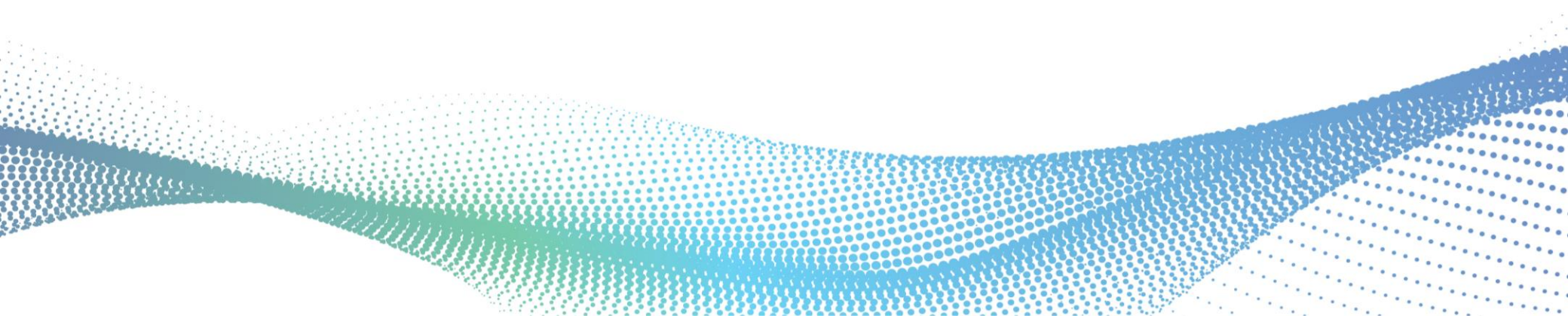


FOURTH QUARTER 2021

Financial Results

HYOSUNG CHEMICAL



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Appendix 8p

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

HYOSUNG CHEMICAL

[4Q 2021 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.

4Q 2021 Financial Results

Quarterly Profit/Loss Statement (Consolidated)

(Unit: Billion KRW)

	4Q 2020	3Q 2021	4Q 2021	QoQ	YoY
Sales Revenue	475.7	630.6	612.0	(2.9%)	28.7%
Gross Profit	42.9	58.7	10.6	(81.9%)	(75.3%)
<i>Gross Profit Margin</i>	<i>9.0%</i>	<i>9.3%</i>	<i>1.7%</i>	<i>(7.6%p)</i>	<i>(7.3%p)</i>
Operating Profit	20.1	32.9	(16.8)	Turn deficit	Turn deficit
<i>Operating Profit Margin</i>	<i>4.2%</i>	<i>5.2%</i>	<i>(2.7%)</i>	<i>(7.9%p)</i>	<i>(6.9%p)</i>
Interest Expense	9.2	7.4	10.8	45.9%	17.4%
Gain or Loss on Foreign Exchange/Derivatives	(0.3)	(0.5)	(1.0)	Continued Loss	Continued Loss
Income before Tax	(2.1)	24.1	(27.4)	Turn deficit	Continued Loss
Net Profit	(6.1)	14.0	(32.3)	Turn deficit	Continued Loss
Net Profit in Controlling Interest	(6.1)	14.0	(32.3)	Turn deficit	Continued Loss
EBITDA	67.4	79.5	39.5	(50.3%)	(41.4%)

- 20.4Q 10 billion won in impairment loss for POK division

4Q 2021 Financial Results (Continued)

Balance Sheet (Consolidated)

(Unit : Billion KRW)

	Dec 2020	Sep 2021	Dec 2021	QoQ	YoY
Assets	2,417.4	2,933.3	3,056.2	4.2%	26.4%
Current Assets	435.8	721.9	797.6	10.5%	83.0%
Cash & Cash Equivalents	65.1	83.9	36.5	(56.5%)	(43.9%)
Non-Current Assets	1,981.6	2,211.4	2,258.6	2.1%	14.0%
Liabilities	2,015.0	2,400.5	2,554.7	6.4%	26.8%
Current Liabilities	627.5	810.1	1,083.1	33.7%	72.6%
Non-Current Liabilities	1,387.5	1,590.4	1,471.6	(7.5%)	6.1%
Equity	402.4	532.8	501.5	(5.9%)	24.6%
Debt	1,661.4	1,923.9	2,020.7	5.0%	21.6%
Net Debt	1,596.3	1,840.0	1,984.2	7.8%	24.3%
<i>Debt Ratio</i>	<i>500.8%</i>	<i>450.6%</i>	<i>434.8%</i>	<i>58.9%p</i>	<i>8.7%p</i>

4Q 2021 Financial Results (Continued)

Cashflow (Consolidated)

(Unit : Billion KRW)

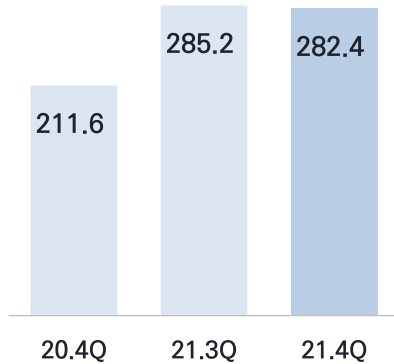
	Jan to Dec 2020	3Q 2021	4Q 2021	Jan to Dec 2021
Cash Flow from Operations	108.4	42.2	(46.7)	83.3
Net Income	(11.6)	14.0	(32.3)	70.4
Depreciation	181.9	46.6	56.3	195.2
Changes in Net Working Capital	(61.9)	(18.4)	(70.7)	(182.3)
Cash Flow from Investing	(477.6)	(119.6)	(97.4)	(471.2)
PP&E and Intangibles	(474.2)	(119.6)	(97.4)	(471.2)
Others	(3.4)	0	0	0
Cash Flow from Financing	318.5	141.8	96.7	359.2
Changes in Borrowings	318.5	141.8	96.7	359.2
Dividend Payment	0	0	0	0
Cash and Cash Equivalents	(50.7)	64.4	(47.4)	(28.7)

• Vietnam Vina Corp.(PP/DH) : 2020(412.8) , 2021(427.5: 1Q(190.8), 2Q(44.3), 3Q(115.6), 4Q(76.8))

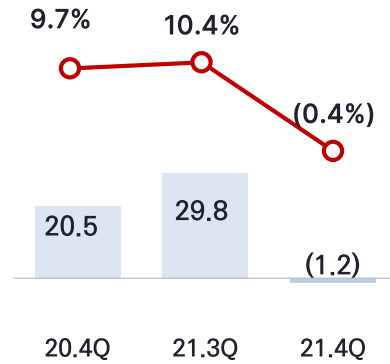
Financial Performance by Division

PP/DH (Korea) | Spread worsened by soaring propane prices, lower volume sold due to regular maintenance

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW

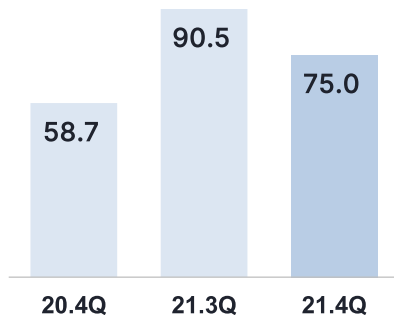


- PP Sales volume decreased slightly QoQ due to debottleneck work for DH unit and planned outage for PP unit.
- PP pipe price rises QoQ in tandem with upward trend seen in the price of PVC, a competitive material, but blended ASP for the whole remained flat QoQ given lower demand from China, a major market,
- Propane price (CP) rose by US\$175/ton (29%QoQ), which resulted in lower PP (homo)-propane spread (down 45%QoQ).

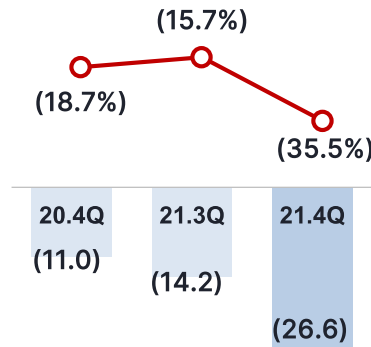
(\$/ton)	20.4Q	21.3Q	21.4Q	QoQ	YoY
PP(homo)	1,039	1,116	1,171	4.9%	12.7%
Propane(CP)	390	603	778	29.0%	99.5%
PP(homo) - Propane Spread	552	362	199	(45.2%)	(64.0%)

PP/DH (Vietnam) | Spread worsened, output decreased due to DH unit repair

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW



- PP homo(SE Asia)-Propane(CP) spread decreased by 34% QoQ

21.3Q	21.4Q	QoQ	YoY
438	289	-34.2%	-47.7%

- Sales volume decreased by 16% QoQ due to maintenance work for DH unit

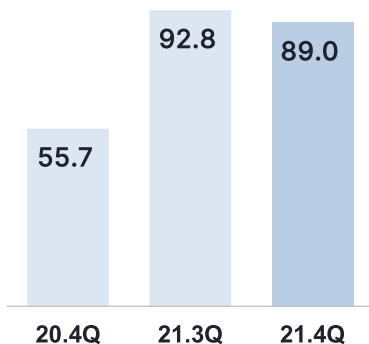


Financial Performance by Division (Continued)

TPA

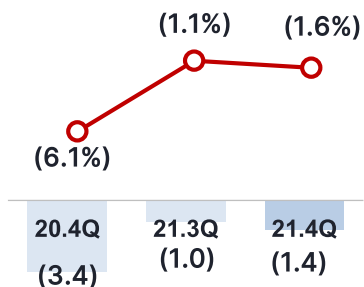
Spread improved, volume sold down on account of softer demand

Sales Revenue



Operating Profit (Margin)

Unit: Billion KRW



- TPA-PX (0.665) Spread improved QoQ

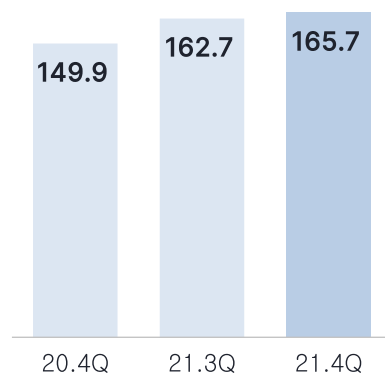
(\$/ton)	20.4Q	21.3Q	21.4Q	qoq	yoy
TPA-PX(0.665)	77	95	114	19.6%	48.3%

- Sales volume decreased due to falling utilization of PET chips in China, and inventory valuation loss occurred due to weak TPA price.

Others

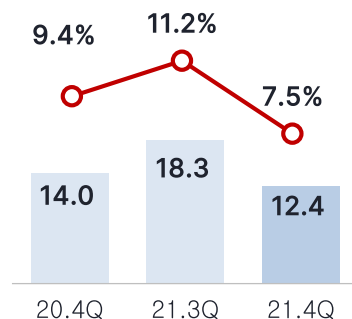
Delayed yield improvement amid production line conversion for premium market penetration, planned maintenance

Sales Revenue



Operating Profit (Margin)

Unit: Billion KRW



<NF3>

Both sales and profit line improved QoQ as ASP remained firm amid strong IT demand

<TAC film>

Sales and profitability decreased QoQ as sales volume decreased due to regular maintenance

<Film>

Profitability deteriorated QoQ due to delayed yield improvement related to its unit conversion designed to penetrate premium market(cell pouch).

<POK (polyketone)>

Improved economies of scale thanks to increased sales volume

Appendix 1. Quarterly Income Statements by Biz Sector

Sales Revenue

Unit: Billion KRW

	2018	2019					2020					2021				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
PP/DH	983.8	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
TPA	391.0	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
Others	489.1	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
Sum	1,863.9	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

Operating Margin

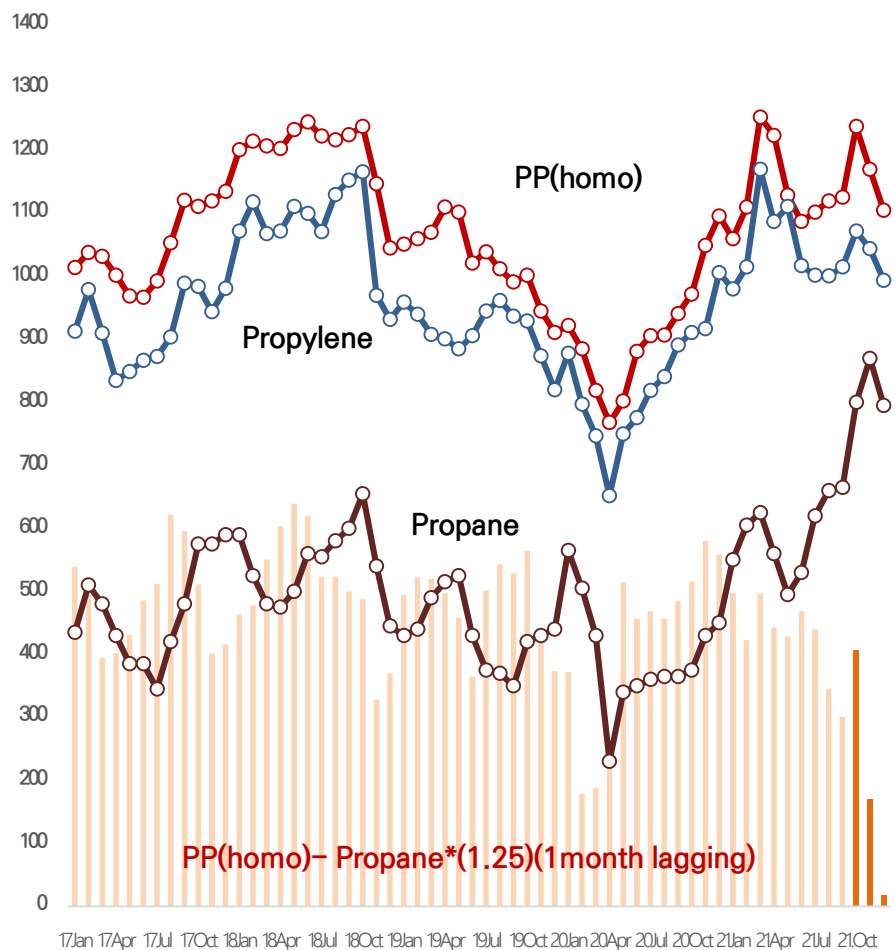
Unit: Billion KRW

(OPM)	2018	2019					2020					2021				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
PP/DH	107.3	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
	10.9%	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%
TPA	7.6	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)
	1.9%	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%)
Others	(6.9)	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
	(1.4%)	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%
Sum	108.0	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
	5.8%	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%

Appendix 2. Price Trend of Raw Materials

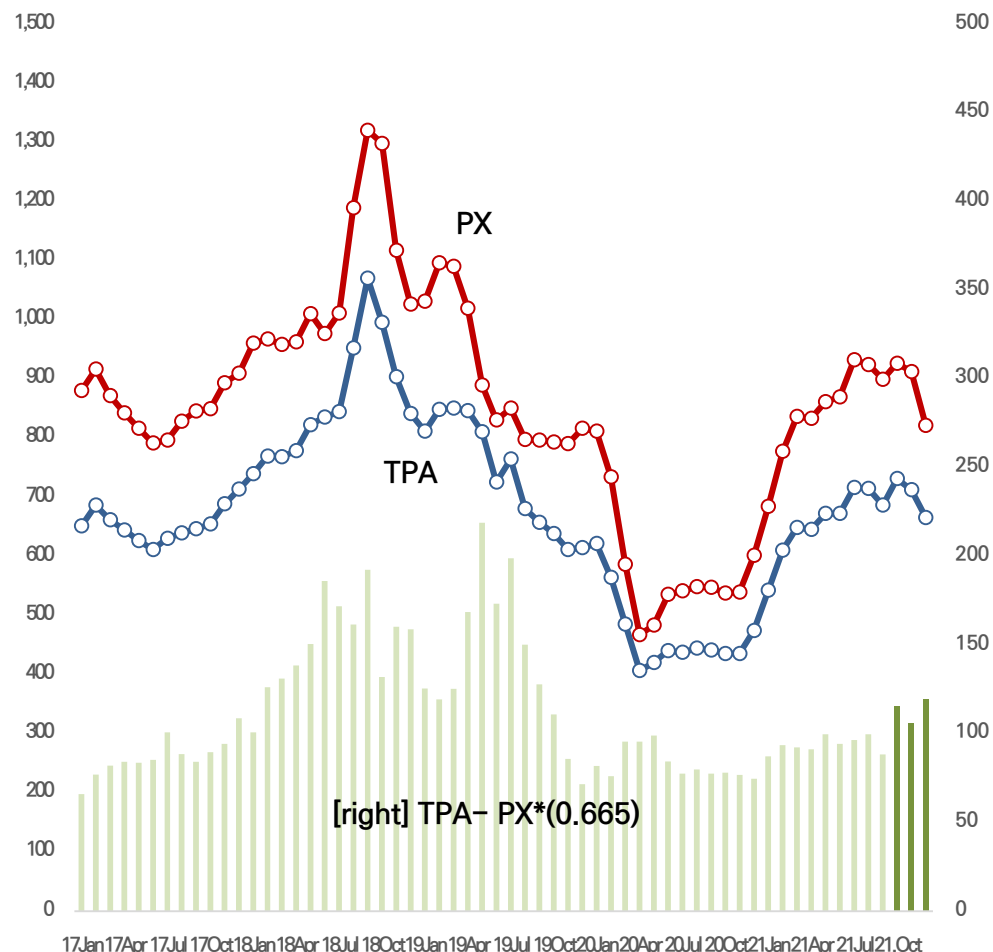
PP(homo) – Propylene – Propane

(unit: \$/ton)



PX – TPA

(unit: \$/ton)



Appendix 2. Fact Sheet

Business Model

▶ World No1. PP-R(pipe) Provider

- 60% 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

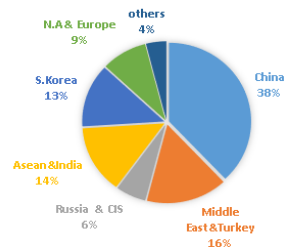
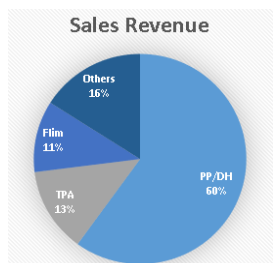
- Key Customers: SEC, SK-Hynix, LGD, SDI
- Key feedstock: Hydrogen Fluoride

▶ Polyketon: eco-friendly product

- Brand "POKETONE"
- Key feedstock: CO

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

- LCD polarizer(PVA film) protection film



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 CO, 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 (2021)

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)