



Hanwha Corporation

1Q 2023 Earnings

2023. 5. 12.

Disclaimer

This presentation contains the consolidated and separate financial results of the company and its subsidiaries prepared in accordance with K-IFRS.

This material provides preliminary earnings prior to the completion of an external audit for the convenience of investors only. It contains forward-looking statements that are inherently subject to risks and uncertainties, unexpected changes in market conditions, and subsequent adjustments in the business strategies of the company and its subsidiaries.

Thus, the actual results may differ from the projections made in this presentation, and company shall not be held liable for any investment decisions made on the basis of the information contained in this presentation.

Highlights

1Q23 Key Message

Separate

- Increase revenue growth and profitability by strengthening its own business
 - [Momentum] Sales are Increasing smoothly with orders for Solar Energy and Secondary batteries.
 - [E&C] Strengthening 'green infrastructure developer' capabilities through eco-friendly IDC projects and the development of waste plastic-to-hydrogen conversion technology.
 - [Global] Focus on Investment and R&D in eco-friendly inorganic chemical materials business

Consolidated

- [Hanwha Aerospace] Achieving balanced growth across all aspects of the business, with a focus on Land Systems
- [Hanwha Solutions] maintains its top position in residential and commercial solar market share in the US and continues North American investment aligned with the IRA.
- Strengthening the energy/defense value chain through the acquisition of DSME

1Q23 Results & Outlook, Hanwha Corp. (Consolidated)

Non-financial sales have increased due to surging global demand, resulting in increased earnings

- Year on Year Sales +3.524 trillion won, OP +321.9 billion won, NP +472.9 billion won

(KRW 1BN)	1Q'23	1Q'22	YoY	4Q'22*	QoQ
Sales	14,402.4	10,849.7	32.7%	17,099.1	-15.8%
Non-financial	6,801.2	5,848.1	16.3%	8,741.0	-22.2%
Financial	7,601.2	5,001.6	52.0%	8,358.1	-9.1%
OP	1,373.8	1,052.1	30.6%	213.7	542.9%
Non-financial	488.3	265.4	84.0%	144.3	240.2%
Financial	885.5	786.7	12.6%	70.4	1162.1%
NP	1,155.3	682.1	69.4%	181.1	538.3%
NP(Controlling)	385.0	211.0	82.5%	75.0	413.3%

* 4Q'22: IFRS 4

Results

- Sales growth

- . The large project process in construction
- . Strong performance in defense and aerospace sectors
- . Increasing solar module prices and divestment of power plant projects.
- . Improved investment profit and reduced losses resulting from eased financial market volatility.

- Earnings growth

- . Improved profitability of solar modules.
- . Expansion of high-value defense product exports.
- . Occasional divestment of power generation assets.

Outlook

Non-financial : Anticipating strong growth with increased self-business revenue, renewable energy sales, and profitability in land systems

Financial : Expecting improved insurance and investment profits under IFRS 17, accompanied by an increase in new contracts.

1Q23 Results & Outlook, Hanwha Corp. (Separate)

Expansion of external sales and increase in OP as a result of merger with E&C

- Q1 revenue reached 1.5 trillion KRW, with an operating profit of 49 billion KRW.

[E&C inclusion, Defense separation criteria]

(KRW 1BN)	1Q'23	1Q'22	YoY	4Q'22	QoQ
Sales	1,580.1	758.8	108.2%	1553.9	1.7%
Global	366.9	371.8	-1.3%	330.9	10.9%
Momentum	125.7	113.5	10.8%	208.7	-39.8%
E&C	1030.6			835.3	23.4%
The Rest	56.9	273.5	-79.2%	179.1	-68.2%
OP	48.9	28.4	72.1%	91.5	-46.6%
NP	43.5	38.9	11.8%	194.6	-77.6%

(KRW 1BN)	1Q'23	1Q'22	YoY	4Q'22	QoQ
Sales	1,580.1	1,173.13	34.7%	2,726.7	-42.05%
Global	366.9	371.8	-1.3%	330.9	10.87%
Momentum	125.7	113.5	10.8%	208.7	-39.75%
E&C	1,030.6	648.3	59.0%	1,325.4	-22.24%
The Rest	56.9	39.5	43.8%	26.4	115.43%

* Performance from defense division is included in 1Q'22 and 4Q'22
(Split of Defense division : 2022.11.2.)

Results

- **Sales** : Ongoing large construction projects, higher ammonium nitrate exports, increased sales of secondary battery and solar equipment, and one-time factors such as brand license settlements
- **Business activities** : Construction orders: KRW 400bn (Residential accounts for 26%), no unsold volume after completion
Momentum sector increase in orders focused on secondary battery process equipment (YoY + 25%)

Outlook

- Favorable conditions in construction and anticipating increased sales momentum in the solar sector.
- Sales may decline due to poor global petrochemical trading market, but maintained spread due to falling ammonia unit prices

1Q23 Results & Outlook, Hanwha Corp. (Separate)

Quarterly profit and loss details

(KRW 1BN)	1Q'23	1Q'22	YoY	4Q'22	QoQ
Sales	1,580.10	758.8	108.2%	1,553.9	1.7%
Operating expenses (cost of goods sold + selling expenses)	1,531.2	730.4	109.6%	1,462.4	4.7%
- Material cost	617.0	484.6	27.3%	700.9	-12.0%
- Labor costs	140.9	128.6	9.6%	183.8	-23.4%
- Commission/ Outsourcing expenses	634.7	17.9	3445.6%	462.8	37.1%
- Depreciation expense	10.4	19.6	-47.0%	12.9	-19.5%
- Other expenses	128.3	79.7	60.9%	101.9	25.9%
OP	48.9	28.4	72.1%	91.5	-46.6%
Non-operating income/loss	3.5	9.4	-62.7%	128.2	-97.3%
NP	43.1	38.9	10.9%	194.6	-77.8%

Analysis

– Operating Expenses

- . **Material cost** : Commodity prices up, material costs up while Ammonia prices down, nitric acid and ammonium nitrate profitability up.
- . **Labor costs** : The impact of increased headcount and salary raises resulting from the merger/hiring.
- . **Commission/Outsourcing expenses** : Outsourcing expenses are Structurally increasing due to the merger in the E&C.
- . **Net Profit** : Improved operating profit resulted in the growth of net profit.

1Q23 Results & Outlook, [subsidiaries] Hanwha Solutions(Consolidated)

(KRW 1BN)	1Q'23	1Q'22	YoY	4Q'22	QoQ
Sales	3,100.2	2,848.1	+8.85%	3,781.1	-18.01%
Renewable E	1,366.1	920.6	+48.39%	2,082.0	-34.39%
Chemicals	1,347.5	1,549.2	-13.02%	1,294.6	+4.09%
Adv Materials	253.5	262.3	-3.35%	277.6	-8.68%
Others	133.1	116.0	14.74%	126.9	+4.89%
OP	271.4	146.7	+85.00%	167.9	+61.64%
Renewable E	245.0	-114.2	Surplus	231.9	+5.65%
Chemicals	33.7	257.6	-86.92%	-32.1	Surplus
Adv Materials	21.7	3.0	+623.33%	-4.1	Surplus
Others	-29.0	0.3	Deficit	-27.8	Deficit

Results

- (-) Chemical sales down with lower oil prices and global economic slowdown.
- (+) Renewable energy sector sales are up, driven by higher unit costs for module sales and increased sales of power plant projects.
- (-) Chemical spread down, lower operating profit.
- (+) Renewable energy module price stabilization and power plant projects sales have turned operating profit into surplus.

Outlook

- Due to sluggish chemical demand, sales unit prices have fallen, and earnings are unlikely to improve for the time being due to reduced product spreads Sale
- Sales of renewable energy increase, expected to continue to realize profits from sale of power plant projects

1Q23 Results & Outlook, [subsidiaries] Hanwha Aerospace (Consolidated)

(KRW 1BN)	1Q'23	1Q'22	YoY	4Q'22	QoQ
Sales	1,927.0	1,166.6	+65.2%	2,517.9	-23.5%
Aerospace	389.9	297.8	+30.9%	375.6	+3.8%
Land Systems	841.5	242.5	+247.1%	1,121.5	-25.0%
Hanwha Systems	439.5	429.6	+2.3%	788.5	-44.3%
Hanwha Vision	273.6	217.4	+25.8%	250.0	+9.5%
OP	228.5	47.2	+384.6%	176.5	+29.4%
Aerospace	15.9	-5.5	Surplus	-20.1	Surplus
Land Systems	177.1	3.4	+5107.0%	182.7	-3.1%
Hanwha Systems	8.4	15.2	-44.7%	-8.1	Surplus
Hanwha Vision	37.5	33.2	+13.1%	35.4	+5.8%

Results

(+) Sales growth across all sectors driven by land systems

(+) Land systems sales with increased profitability

(+) Aerospace performance improves with munitions and LTA business.

(+) Expanded Vision M/S

(-) Hanwha Systems has ended its defense business

Outlook

- Solid growth is expected centered on Land Systems (Polish K9 exports) and Hanwha Vision (global M/S expansion)

Hanwha (Separate) Updates

The evolution of own businesses is progressing smoothly

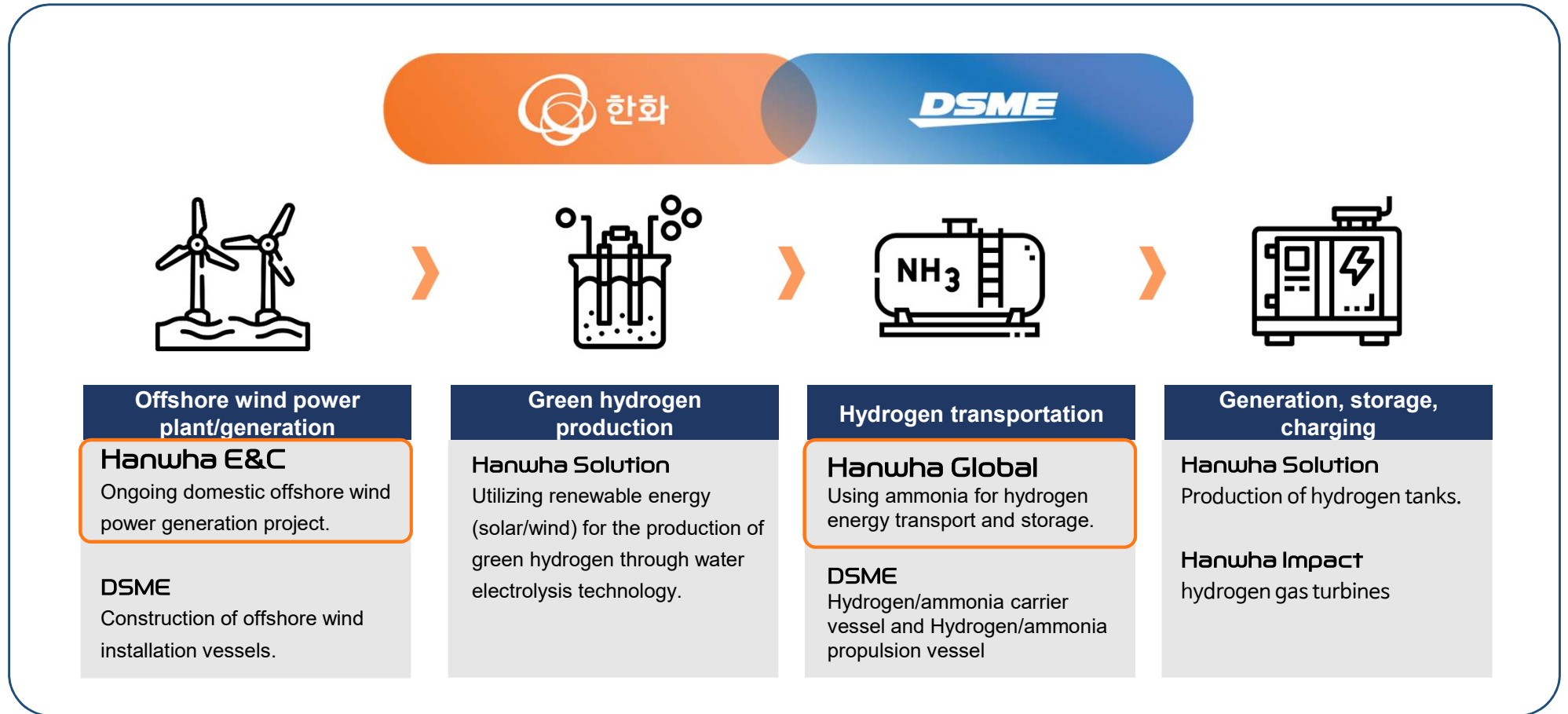
- **E&C won the Minister's Award for developing a technology to convert waste plastics into hydrogen.**
 - E&C 's waste plastic-to-hydrogen conversion technology won the Korean Minister of Science and ICT Award
 - Enhancing capabilities as a "Green Infrastructure Developer" through the effects such as waste reduction and a decrease in carbon emissions
- **E&C actively pursues developer-type projects, drawing on its extensive experience in constructing multiple data centers, fueled by the promising potential of the data center industry.**

Expanding into the US market through participation in a prominent battery exhibition.



- Momentum participates in the '2023 International Battery Seminar & Exhibit' to market its secondary battery process equipment
- Providing turnkey solutions that encompass 'from material processing to battery manufacturing' to establish a entry point into the U.S. market.

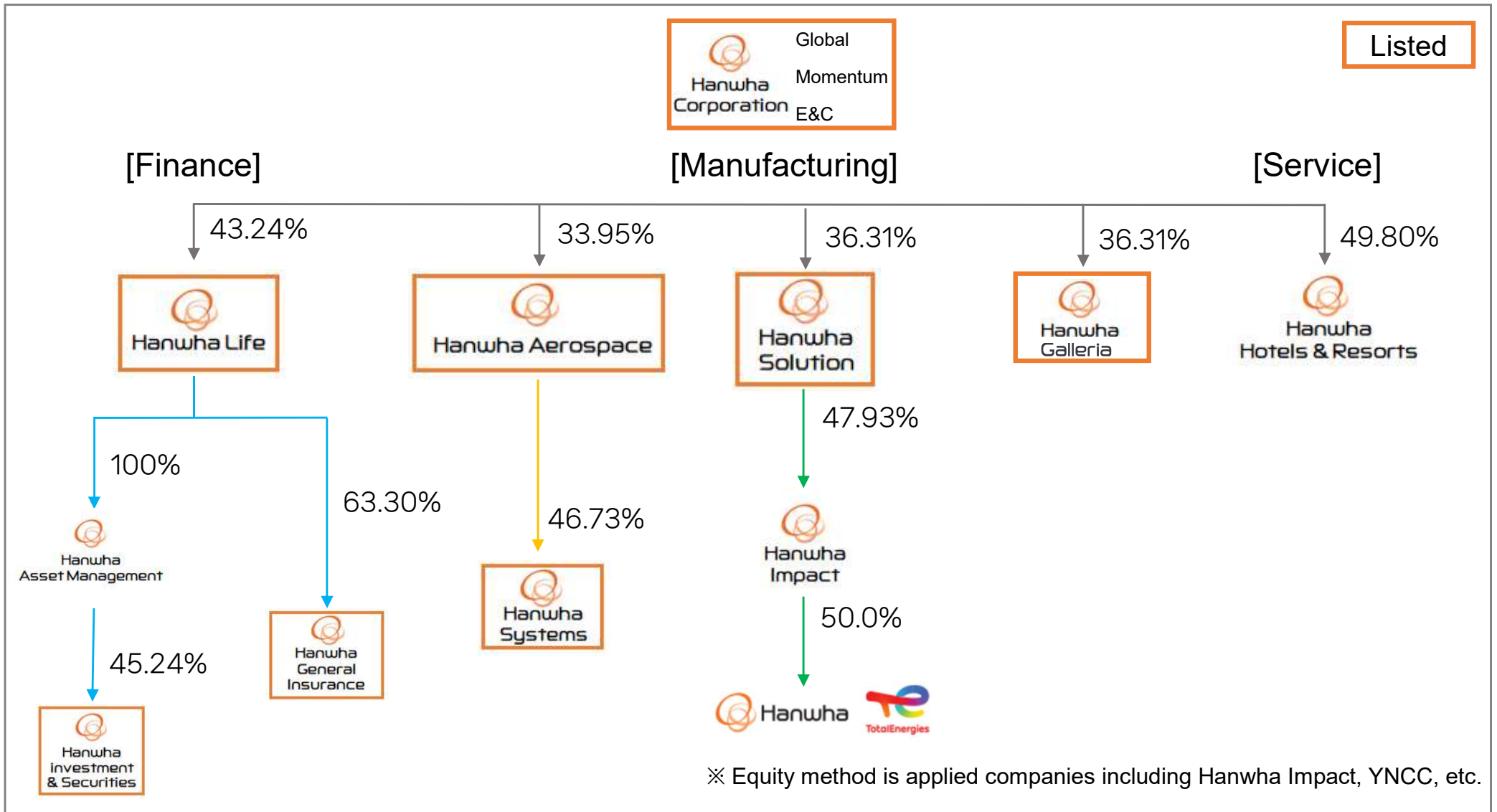
Hanwha Group's "Green Energy Value chain"



Anticipating a leap forward as a "global green energy major" company with the acquisition of DSME.

Appendix #3

Hanwha Corporation (HWC) is operating **its own businesses** [Global/Momentum/E&C Division], and as the **controlling company** of Hanwha Group, has subsidiaries including Hanwha Solutions, Hanwha Aerospace, Hanwha Life, Hanwha Galleria, Hanwha Hotels & Resorts and others.



Appendix #4

1Q23 Results : Hanwha Corp. and Key Subsidiaries

Company	(KRW 1BN)	1Q'22	2Q22	3Q22	4Q22	1Q23	2021	2022
Hanwha (Con)	Sales	10,849.6	15,189.8	16,841.4	17,099.1	14,402.4	52,836.1	62,278.4
	OP	1,052.1	914.6	921.4	213.7	1373.8	2,927.9	2,516.1
	OPM	9.7%	6.0%	5.5%	1.3%	9.5%	5.5%	4.0%
Hanwha (Separate)	Sales	758.8	799.4	767.8	1,553.9	1,580.1	3,935.5	3,879.9
	OP	28.4	17.9	56.7	91.5	48.9	228.9	194.5
	OPM	3.7%	2.2%	7.4%	5.9%	3.1%	5.8%	5.0%
Hanwha Solutions (Con)	Sales	2,848.1	3,259.6	3,241.8	3,781.1	3,100.2	10,725.0	13,653.9
	OP	146.7	272.2	336.9	167.9	271.4	738.3	966.2
	OPM	5.2%	8.4%	10.4%	4.4%	8.8%	6.9%	7.0%
Hanwha Aerospace (Con)	Sales	1,166.6	1,457.4	1,397.7	2,517.9	1,927.0	5,541.4	6,539.6
	OP	47.2	87.2	64.4	178.4	228.5	277.1	375.3
	OPM	4.0%	6.0%	4.6%	7.1%	11.9%	5.0%	6.0%
Hanwha Life (Separate)	Sales	4,060.2	4,757.4	6,236.4	6,126.0	4,432.8	16,684.8	21,180.0
	NI	50.9	55.9	88.5	159.2	356.9	410.6	354.3
	NPM	1.3%	1.2%	1.4%	2.6%	8.1%	2.5%	1.7%

1) Hanwha(Separate): Performance from defense division is included in 1Q'22 and 4Q'22(Split of Defense division : 2022.11.2.)

2) Hanwha Life's figures are on a separate basis as disclosed on its quarterly & semi-yearly financial reports to the Financial Supervisory Service

3) Hanwha Life(Separate): Figures of 1Q23, 1Q22 are based on IFRS 17