2022

TSRC CORPORATION

TSRC – Global Specialty Polymers

2nd Investor Conference, November 4th, 2022

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[1] Introduction

Thomas Lin, Deputy Spokesperson

[2] 2022 Business Highlights

Joseph Chai, CEO

Stark contrast of market conditions

1H2022	2H2022
♦ Strong end-use demand – carry over momentum from 2021. ♦ Certain supply constraints created support for price increase. ♦ Emergence of heightened challenges due to war in Ukraine, price inflation, and COVID lockdowns in mainland China.	♦ Full bloom impact from the emerging challenges ♦ Demand plummeted under uncertainties, volatilities, and inflationary pressure. Supply constraints eased. ♦ The negative impact was compounded by lockdowns, severe climate disasters, and energy crisis.

Delivered solid performance in 1H2022

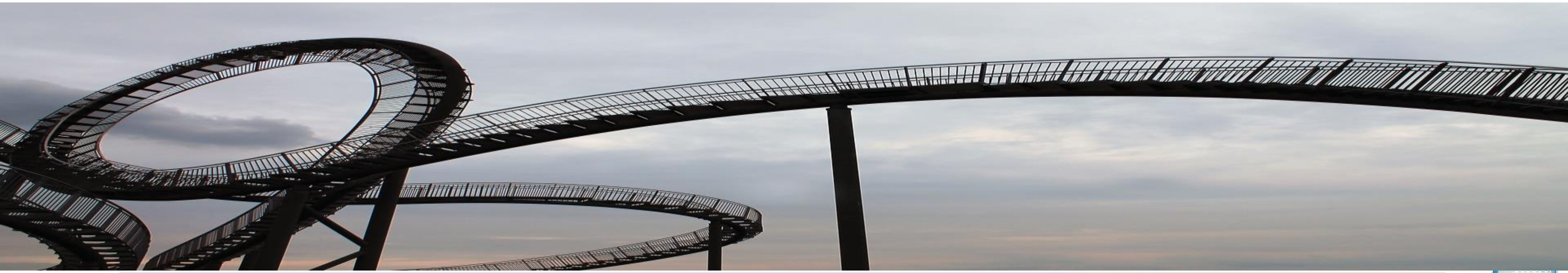
- ♦ Successfully captured demand growth opportunities and leveraged synthetic rubber uptrend cycle.
- ♦ Implemented pricing actions to maintain profitability level.
- ♦ Solid execution with agile and timely preparation and avoided negative impacts from lockdowns in mainland China.

Weathering the "severe storms" in 2H2022

- ♦ **Demand slowdown due to rapid inflationary pressure, geopolitical tensions, and looming recession.**
  - Production activities slowed coupled with destocking
- ♦ **Our portfolio strengths cushioned the weakness of some market segments.**
  - Faster stock turns in SRD balanced out more constrained AMD
  - Swift response to turnover higher-cost inventory to captured benefit of feedstock cost change
- ♦ **Took appropriate actions to recover OPEX increase and protect market share.**

Market experienced a cyclical swing in 2022

- ♦ **Overall YTD business performance is “decent” amidst some difficult challenges.**
- ♦ **TSRC was able to strike good balance between:**
  - SRD and AMD business portfolio.
  - Strong 1H and Weakened 2H in demand and pricing.
  - Financial and Sustainability focus



[3] 2022 Sep Year-to-date Financial Performance

Edward Wang, CFO

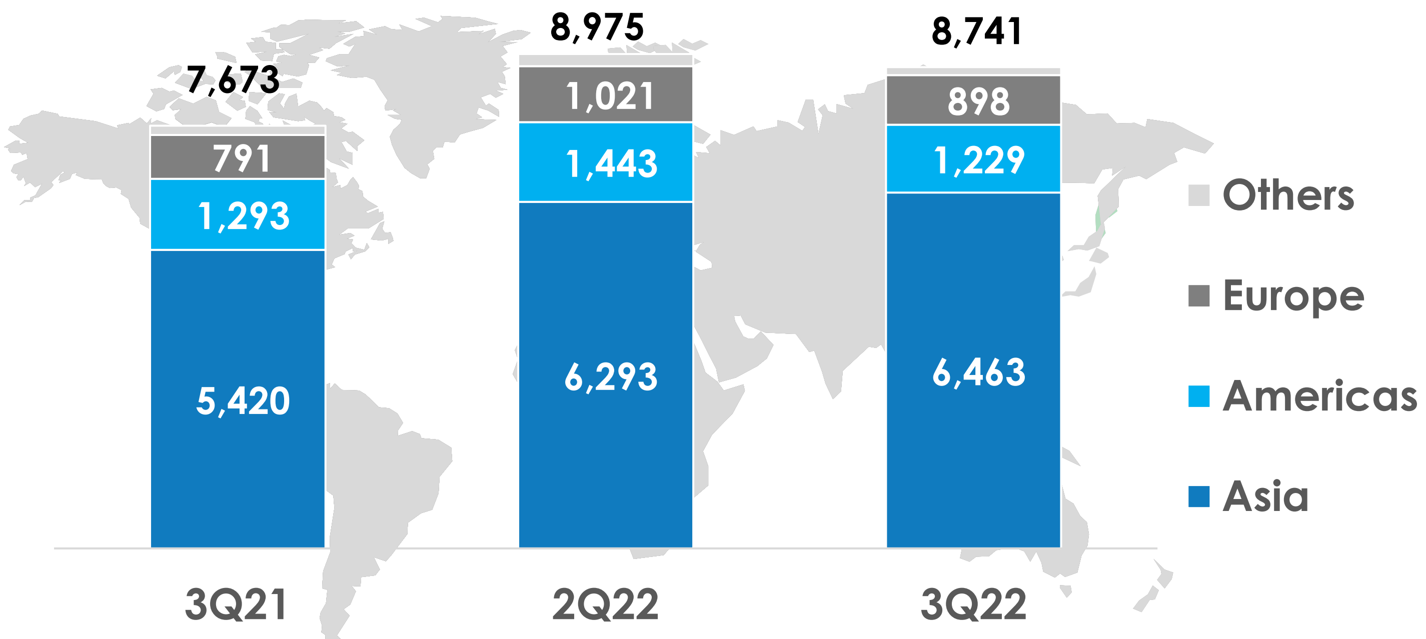
3Q22 Financial Results

- Following a strong 1H, 3Q22 revenue and profit faced strong headwind, including power outage in mainland China, cost inflation and inventory adjustments across supply chain.
- Investee performance was impacted by soft demand and rising costs.
- In comparison, 3Q21 net income and EPS would be NT$533M and NT$0.65 respectively excluding the one-off land disposal gain in 2021.

In NT$M	3Q22	2Q22	3Q21	QoQ	YoY
Revenue	8,741	8,975	7,673	-3%	14%
Gross Profit	1,224	1,641	1,125	-25%	9%
Operating Profit	526	911	423	-42%	24%
Non-Operating	138	199	1,274	-30%	-89%
Income before Tax	665	1,110	1,697	-40%	-61%
Net income	393	749	1,442	-47%	-73%
EPS (NT$)	0.47	0.91	1.75	-47%	-73%

3Q22 Revenue by Geography

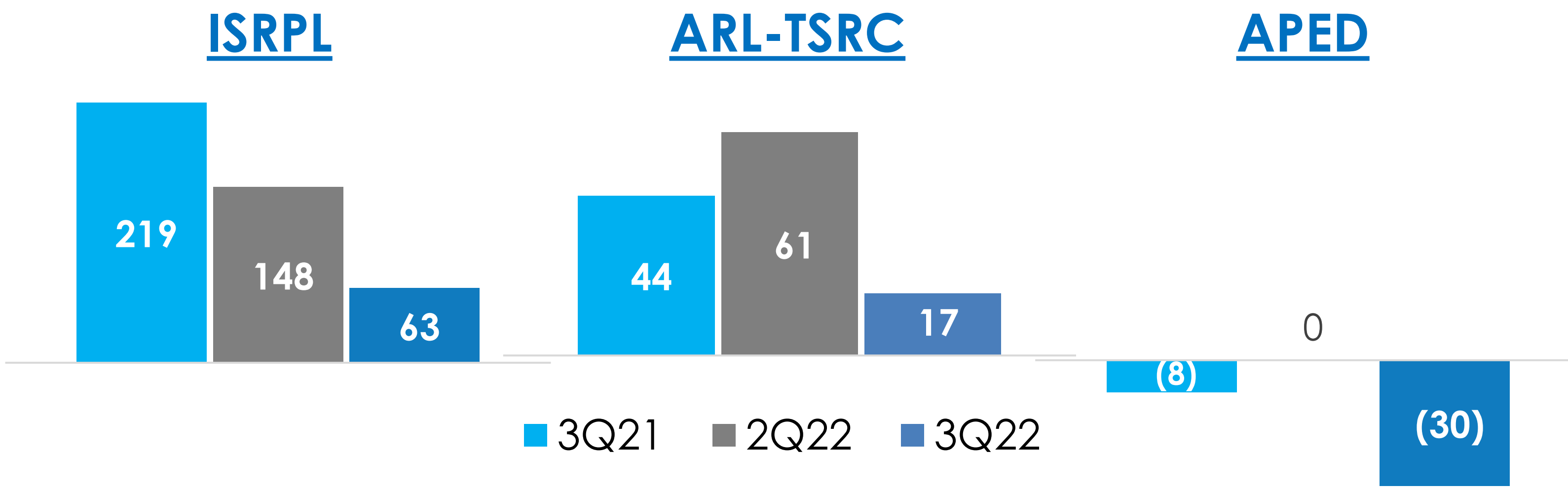
- **Revenue trended down sequentially owing to weak demand in Europe/Americas amid inventory adjustment across supply chain, while synthetic rubbers volume experienced a slight Q-on-Q rebound in mainland China**



Amount in NT$M

3Q22 Major Equity Investment

- **ISRPL performance was impacted by lower downstream demand and cost inflation.**
- **ARL-TSRC faced weakening demand and increased competition.**
- **APED's profitability remained under pressure amid high coal prices.**



Amount in NT$M

Note: numbers shown as TSRC's investment income of each investee.

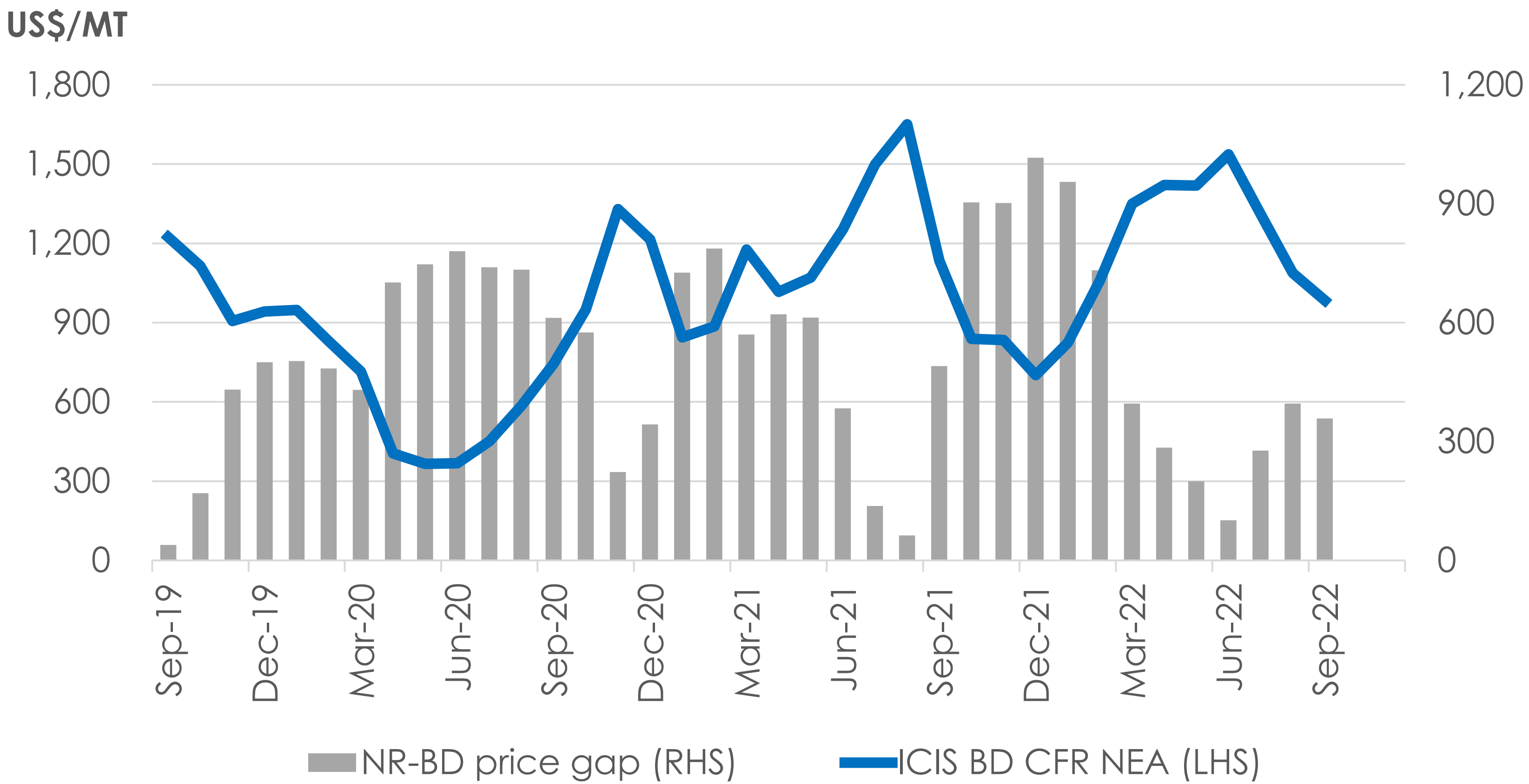
YTD Sep 2022 Financial Highlights

- YTD performance reflected inflation of raw material, energy, and logistic costs, despite pricing actions to pass on cost increase and the favorable market dynamics for BR and SIS.
- Excluding 2021 land disposal gain, the lower non-operating income was primarily due to lower results at ISRPL/APED.

In NT$M	YTD Sep'22	YTD Sep'21	YoY
Revenue	26,357	24,410	8%
Gross Profit	4,724	5,108	-8%
Operating Profit	2,441	2,967	-18%
Non-Operating	440	1,719	-74%
Income before Tax	2,881	4,687	-39%
Net income	1,794	3,340	-46%
EPS (NT$)	2.17	4.05	

Industry dynamics remain favorable

- **As BD price trending down, NR-BD gap rebounded to US$300-400/MT and supported overall synthetic rubber demand in 3Q.**



[4] 2023 Outlook / ESG Updates

Joseph Chai, CEO

2023 is projected to be volatile and unpredictable

- ♦ **Macroeconomic outlook for 2023 is clouded with uncertainties and volatilities:**
  - Heighten inflation and rate hikes for several quarters
  - Looming recessions in some key economies
  - Unsettling geopolitical tensions
  - Energy crisis and severe climate change events
- ♦ **End-use demand weakened considerably.**
- ♦ **Industry competition is expected to intensify with new supply capacity coming on-stream.**

Ready to navigate through challenges in 2023

- ♦ **Optimize unit cost through production rate management, cost containment, and product mix management.**
- ♦ **Advance positioning on material/supply chain reliability, optimize working capital deployment, and ensure business continuity.**
- ♦ **Expedite innovation and business solutions to support growth in new market segments and applications.**

Key ESG actions taken in 2022

- ♦ Enhanced sustainability disclosure aligning with GRI, TCFD and SASB.
- ♦ GHG Inventory and certification in progress.

- ♦ Onsite solar panel Installation and renewable energy procurement.
- ♦ Upgrading energy-efficiency of manufacturing facilities.

- ♦ Employee wellbeing programs.
- ♦ Global employee ESG training.

ESG values proposition

Materials to enable customers to achieve ESG objectives

TSRC

Formulator Compounder → Device Fabrication + End-use customer → Material Recycling

Reduce Energy Consumption

- ✓ New SR materials with better processability
- ✓ High-flow TPE materials lower energy consumption in use

Enable Low-Carbon Application

- ✓ SSBR for high-performance EV green tires
- ✓ Medical TPE with lower environmental impact
- ✓ Specialized TPE for adhesives with low energy consumption and VOC emission

Contribute to Circularity

- ✓ TPE and compound to enhance recycled plastic properties and adoption

Differentiate with value and innovation–medical product application

- ♦ High material clarity and eliminate use of plasticizer.
- ♦ Less film thickness needed which reduces material use and waste generation.
- ♦ Better elasticity and kinking resistance in medical tubing.
- ♦ No dioxin (pollutant) by-products.
- ♦ Better processability and recyclability.

IV Bag Film

PP Closure

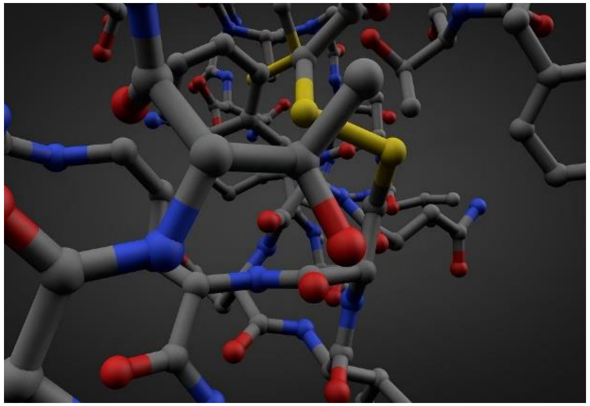
Medical Tubing

Medical Stopper/Liner

Differentiate with value and Innovation – green tire solutions

- **Low-carbon solution reduces impacts to the environment.**
  - SSBR for green tires application improves vehicle fuel efficiency
  - Upgrade tire's initial & sustained performances over time

- **Partnership with global tire brands to develop end-to-end ESG solution.**
  - Advanced material and microstructure control technology achieve targeted tire performance



[5] Summary

Joseph Chai, CEO

Summary

1 YTD Sep 2022 Business Performance

Navigated through challenges with focused execution and portfolio resilience

2 2023 Market Outlook

Subdued market outlook expected with uncertainties and volatilities. Focus on business stability and forward innovation

3 Continued ESG commitments

Support customers' ESG objectives through supply chain and application innovation

Q&A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