

Everyday Everywhere **EcoPro**

2Q'24 Earnings Release

2024. 07. 31



EcoPro

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Hungary Plant

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I . Business Performance

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2Q`24 Performance (EcoPro BM)



Earnings Summary

Profit & Loss (Consolidated)

(Unit : KRW in 100 Millions)

	23.2Q	24.1Q	24.2Q	QoQ(%)	YoY(%)
Revenue	19,062	9,705	8,095	-17%	-58%
CoGS	17,501	9,265	7,693	-17%	-56%
EBIT	1,147	67	39	-42%	-97%
(%)	6.0%	0.7%	0.5%	-	-
EBITDA	1,369	334	308	-8%	-77%
(%)	7.2%	3.4%	3.8%	-	-

Analysis

[24.2Q Review]

- Revenue decreased by 17% QoQ with decline in ASP
- ASP (Cathode) : -13% QoQ
- EBIT remained comparable to previous quarter due to reversal of inventory valuation loss (KRW 47.4B)

[24.3Q Outlook]

- Sales of single crystal cathodes expected to continue growing, due to expansion of North American ESS market, but growth of EV cathode sales to be limited
- ASP to be stabilized with reduced rate of decline
- ASP (Cathode) Forecast in 24.3Q : QoQ -2.9% (USD)

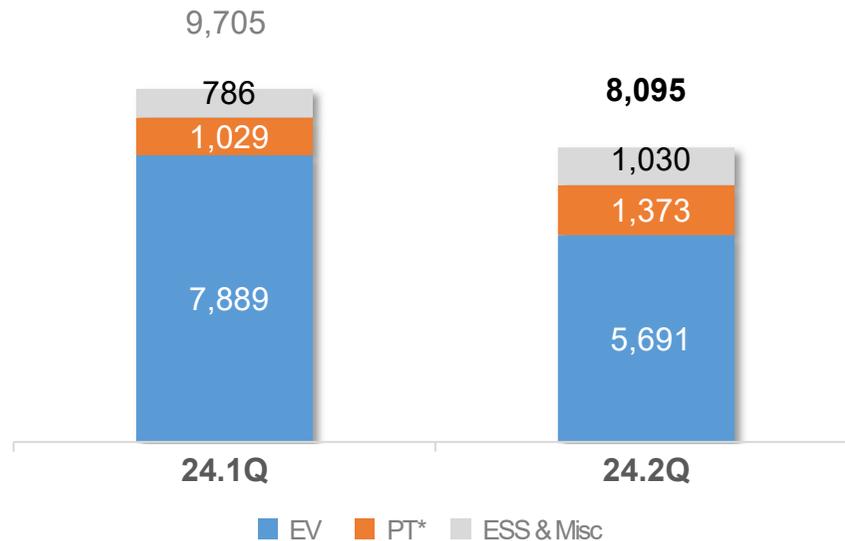
2Q`24 Performance (EcoPro BM)



Revenue Structure

Revenue by Segments (Consolidated)

(Unit : KRW in 100 Millions)



- Total sales volume for cathode decreased by 3.6% QoQ
- Revenue for PT and ESS rose with increased sales
 - Sales volume increase QoQ : PT +46%, ESS +85%

Financial Status

Balance Sheet (Consolidated)

(Unit : KRW in 100 Millions)

	23.2Q	24.1Q	24.2Q	QoQ(%)	YoY(%)
Assets	42,682	42,792	42,552	-0.6%	-0.3%
Cash & Equiv.	2,167	4,376	4,290	-2.0%	98%
Inventories	13,121	9,244	7,485	-19%	-43%
Liabilities	25,982	26,600	26,185	-1.6%	0.8%
Borrowings	16,132	19,527	20,326	4.1%	26%
Equity	16,700	16,193	16,367	1.1%	-2.0%

- Debt ratio slightly decreased though borrowings up
 - Debt ratio : 24.1Q 164% → 24.2Q 160%
- With efforts to reduce working capital, inventory amount decreased by KRW 175.9B QoQ

2Q'24 Performance (EcoPro Materials)



Earnings Summary

Profit & Loss (Individual)

(Unit : KRW in 100 Millions)

	23.2Q	24.1Q	24.2Q	QoQ(%)	YoY(%)
Revenue	2,891	792	667	-16%	-77%
CoGS	2,751	840	618	-26%	-78%
EBIT	71	-130	-37	-	-
(%)	2.5%	-16%	-5.5%	-	-
EBITDA	141	-23	74	-	-47%
(%)	4.9%	-2.9%	11%	-	-

Analysis

[24.2Q Review]

- Precursor sales decreased due to reduced demand in downstream market, leading to 16% down in revenue
- Profitability improved with favorable KRW/USD exchange rate and increased spread margin between ASP and material costs

[24.3Q Outlook]

- Expansion of precursor sales to external customers and production tests for new customers to be expected
- Capacity expansion of CPM3 and CPM4 plants to be proceeded as scheduled

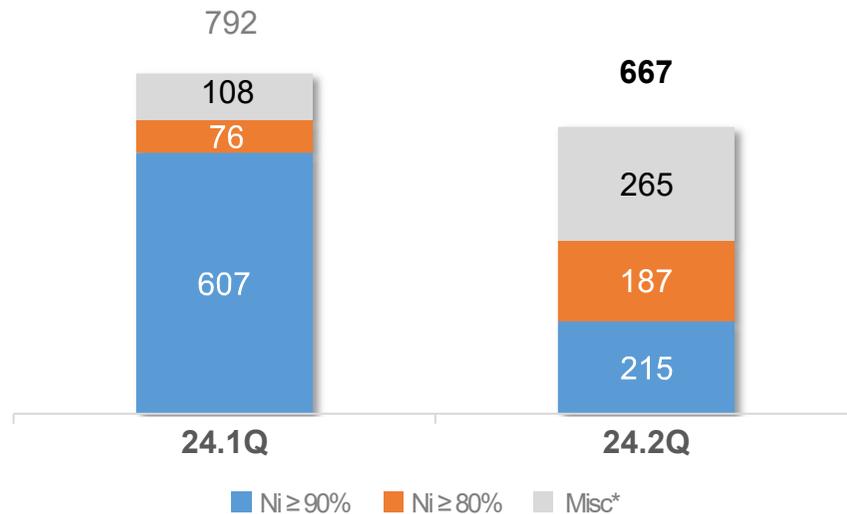
2Q'24 Performance (EcoPro Materials)

EcoPro Materials

Revenue Structure

Revenue by Segments (Individual)

(Unit : KRW in 100 Millions)



- Total sales volume decreased by 44% QoQ while ASP increased by 2.9% QoQ
- Established additional sales channels of high-purity metal sulfate produced through RMP process

Financial Status

Balance Sheet (Individual)

(Unit : KRW in 100 Millions)

	23.2Q	24.1Q	24.2Q	QoQ(%)	YoY(%)
Assets	7,375	10,739	11,140	3.7%	51%
Cash & Equiv.	99	1,588	1,269	-20%	1,182%
Inventories	1,680	1,831	2,401	31%	43%
Liabilities	4,154	2,945	3,465	18%	-17%
Borrowings	3,577	2,473	2,927	18%	-18%
Equity	3,220	7,794	7,676	-1.5%	138%

- To respond to demand in 2H, procured additional MHP, leading to 31% increase in inventory assets
- Debt ratio rose with increased borrowings for CPM3, 4
- Debt ratio : 24.1Q 38% → 24.2Q 45%

2Q`24 Performance (EcoPro HN)



Earnings Summary

Profit & Loss (Consolidated)

(Unit : KRW in 100 Millions)

	23.2Q	24.1Q	24.2Q	QoQ(%)	YoY(%)
Revenue	565	515	468	-9.1%	-17%
CoGS	377	375	354	-5.6%	-6.1%
EBIT	112	73	36	-50%	-67%
(%)	20%	14%	7.7%	-	-
EBITDA	127	89	51	-42%	-59%
(%)	22%	17%	11%	-	-

Analysis

[24.2Q Review]

- Quarterly revenue decreased by 9.1%, due to deferred revenue recognition for Greenhouse and Fine Particles businesses
- Quarterly profitability decreased, due to product mix change with revenue expansion of Water Treatment

[24.3Q Outlook]

- Greenhouse and Fine Particle projects expected to normalize in pace, with favorable demand forecast across business segments
- Construction of a new factory and production lines in Cho-pyeong industrial complex to be completed

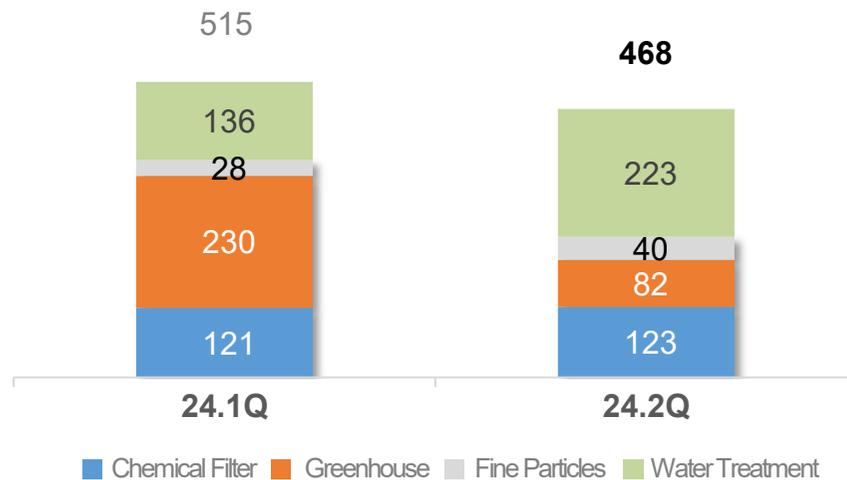
2Q`24 Performance (EcoPro HN)



Revenue Structure

Revenue by Segments (Consolidated)

(Unit : KRW in 100 Millions)



- Chemical Filter maintained steady sales, while Water Treatment accelerated its business pace, leading to revenue growth

- Order backlog (24.2Q) : KRW 105.5B

Financial Status

Balance Sheet (Consolidated)

(Unit : KRW in 100 Millions)

	23.2Q	24.1Q	24.2Q	QoQ(%)	YoY(%)
Assets	1,865	2,301	2,280	-0.9%	22%
Cash & Equiv.	211	308	70	-77%	-67%
Inventories	141	112	120	6.8%	-15%
Liabilities	903	1,216	1,161	-4.5%	29%
Borrowings	515	590	690	17%	34%
Equity	962	1,085	1,119	3.2%	16%

- Cash & Equiv. decreased by 77%, due to dividends paid (KRW 9.1B) and continued investments in new factory
- Debt ratio decreased by 8% QoQ, recording 104%

2Q`24 Performance (EcoPro)



Earnings Summary

Profit & Loss (Consolidated)

(Unit : KRW in 100 Millions)

	23.2Q	24.1Q	24.2Q	QoQ(%)	YoY(%)
Revenue	20,172	10,206	8,641	-15%	-57%
CoGS	17,935	9,923	8,617	-13%	-52%
EBIT	1,703	-298	-546	-	-
(%)	8.4%	-2.9%	-6.3%	-	-
EBITDA	2,064	153	-87	-	-
(%)	10%	1.5%	-1.0%	-	-

Analysis

[24.2Q Review]

- Revenue in battery material decreased by 15%, due to drop in ASP and slowdown in downstream market
- EBIT decreased driven by higher material costs in lithium and recycling business
- Increased profit from global resource investment
 - Equity Method Income (QMB) : 24.1Q KRW 3.0B → 2Q 4.9B
 - Additional investment on track (Nickel 85Kts/Year)

[24.3Q Outlook]

- To expand lithium sales to new customers
 - Long term supply agreement with Samsung SDI (24.04)
- To expand partnership with Hyundai Glovis, Cirba Solutions, though difficulty exists in recycling business

2Q`24 Performance (EcoPro)

Financial Status

Balance Sheet (Consolidated)

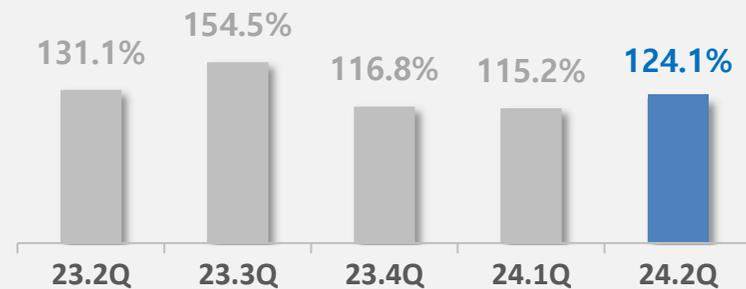
(Unit : KRW in 100 Millions)

	23.2Q	24.1Q	24.2Q	QoQ(%)	YoY(%)
Assets	64,883	74,381	76,415	2.7%	18%
Cash & Equiv.	3,706	7,610	8,026	5.5%	117%
Inventories	18,184	14,996	13,581	-9.4%	-25%
Liabilities	36,807	39,820	42,320	6.3%	15%
Borrowings	24,881	28,231	31,282	11%	26%
Equity	28,077	34,560	34,095	-1.3%	21%

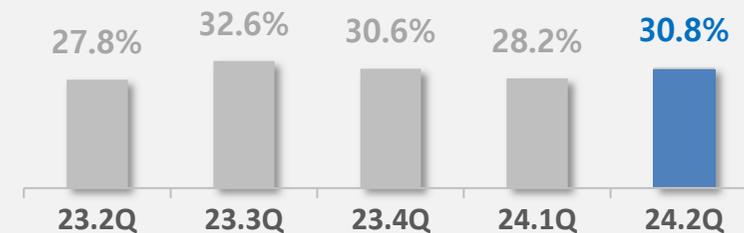
- Q-end tangible assets increased by KRW 425.6B, mainly due to investments in Hungary and other plants
- Increase in borrowings for global resource investments led to rise in debt ratio and net borrowings dependency

Key Metrics

Debt (%)



Net Debt to Total Asset (%)



※ Debt (%) : Total Liabilities / Total Net Asset

※ Net Debt to Total Asset (%) : (Interest accruing liabilities – Cash) / Total Asset

II. Business Status

01 ECOPRO in EUROPE

ECOPRO in EUROPE

✓ EU is to be a battleground for secondary battery industry, with EU's strengthening of EV support policies

- With implementation of CRMA and EU battery regulation, importance of battery value chain accelerates shift away from reliance on China within Europe
- Following the U.S., the EU is also applying higher tariffs on imports of Chinese EVs, which increases importance of EU-made cathode materials

Tariffs Regulation

✓ Tariffs on EVs

- The EU increased tariffs on Chinese EVs from existing 10% to a range of 26-48%, effective from 24.07

✓ Trade and Cooperation Agreement (EU-UK Trade Cooperation Agreement)

- The policy restricts origin of EVs and batteries to within EU and UK, aiming to boost manufacturing in Europe

* EVs, batteries, and cathode produced in EU or UK with tracked origins, benefit from 10% tariff exemption on trade between them

Critical Minerals Regulations

✓ CRMA (Critical Raw Materials Act)

- To reduce dependency on foreign imports for key raw materials for secondary batteries, and mandate establishment of processing and smooth supply chains within the EU

* To use raw materials produced through 10% extraction, 40% processing, and 25% recycling within the EU

✓ EU Battery Regulation

- Mandate minimum use of recycled raw materials for battery manufacturing within the EU starting from '31

* Minimum recycling rates : Nickel 6%, Cobalt 16%, Lithium 6% ('31) → Nickel 15%, Cobalt 26%, Lithium 12% ('36)

ECOPRO in EUROPE

- ✓ Transfer the commercially-proven production system from EcoPro Pohang Campus to the European market environment, establishing a high-quality local base to secure a leading market position in Europe
- ✓ Prepare for establishment of NCA and NCM production facilities to attract new customers within Europe



Status of Hungary Cathode Plants

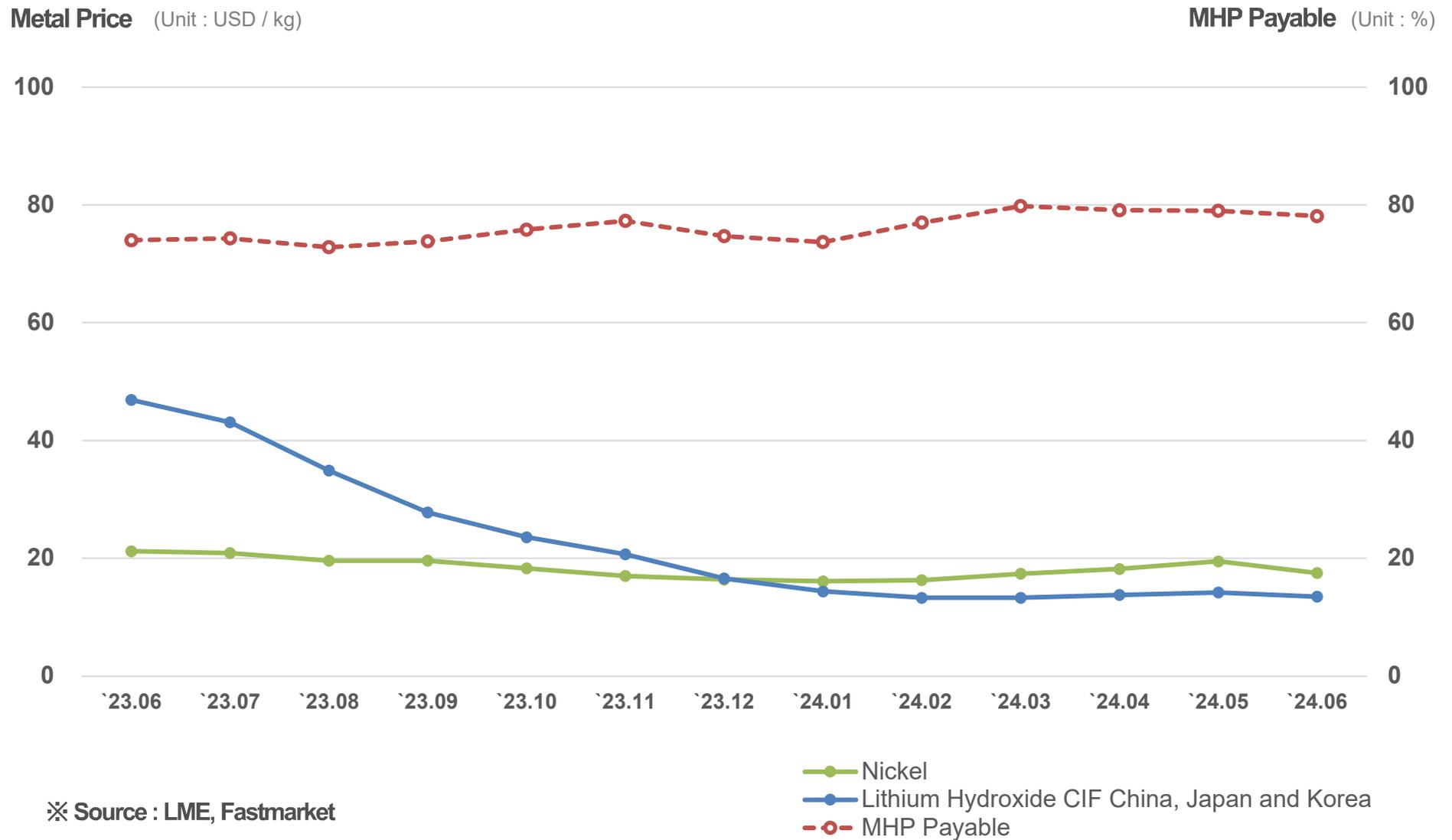
- ✓ EA1 : Mass Production in 25.3Q (54Kts/Year)
- ✓ Expand Cathode Capacity of 180Kts by 28
- ✓ Completed ECA Funding (KRW 1.2Trillion) in 24.07

II . Appendix

01 Metal Price Trend

02 Financial Statement

Metal Price Trend



Financial Statement



Balance Sheet (Consolidated)

(Unit : KRW in 100 Millions)

	`23.1Q	`23.2Q	`23.3Q	`23.4Q	`24.1Q	`24.2Q
Assets	41,420	42,682	48,055	43,618	42,792	42,552
Current	29,152	27,462	31,235	24,435	20,794	17,663
Cash & Equivalent	2,390	2,167	5,299	5,127	4,376	4,290
Account Receivable	11,470	9,603	12,157	7,670	6,228	5,013
Inventories	12,320	13,121	11,333	11,088	9,244	7,485
Non-Current	12,268	15,221	16,821	19,183	21,998	24,890
Tangible	11,228	14,117	16,215	18,242	20,936	23,705
Liabilities	25,816	25,982	30,927	27,624	26,600	26,185
Current	22,643	21,875	24,223	21,313	18,779	18,292
Account Payable	9,638	7,478	6,511	7,341	4,541	3,808
Borrowings	10,636	12,282	15,308	12,281	12,147	12,922
Non-Current	3,172	4,107	6,704	6,311	7,820	7,893
Borrowings	2,892	3,850	6,444	5,924	7,380	7,404
Equity	15,604	16,700	17,128	15,994	16,193	16,367
Shareholders' equity	14,056	14,692	14,934	13,715	13,786	13,858
Equity capital	489	489	489	489	489	489
Non-controlling Interests	1,548	2,008	2,194	2,279	2,407	2,509

Profit and Loss (Consolidated)

(Unit : KRW in 100 Millions)

					2023			
	1Q	2Q	3Q	4Q		1Q	2Q	2024
Revenue	20,110	19,062	18,033	11,804	69,009	9,705	8,095	17,800
Gross Margin	1,418	1,561	850	-895	2,934	440	402	841
OPEX	344	414	391	224	1,374	373	363	735
EBIT	1,073	1,147	459	-1,119	1,560	67	39	106
(%)	5.3%	6.0%	2.5%	-9.5%	2.3%	0.7%	0.5%	0.6%
EBITDA	1,251	1,369	716	-849	2,487	334	308	642
(%)	6.2%	7.2%	4.0%	-7.2%	3.6%	3.4%	3.8%	3.6%
EBT	975	1,055	245	-1,498	777	-65	-113	-178
Net Income	804	825	212	-1,294	547	-49	-88	-138

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Financial Statement



Balance Sheet (Individual)

(Unit : KRW in 100 Millions)

	`23.1Q	`23.2Q	`23.3Q	`23.4Q	`24.1Q	`24.2Q
Assets	7,627	7,375	6,905	11,042	10,739	11,140
Current	3,528	3,015	2,474	5,763	5,178	4,572
Cash & Equivalent	99	99	5	3,774	1,588	1,269
Account Receivable	960	858	831	931	1,543	750
Inventories	2,141	1,680	1,355	955	1,831	2,401
Non-Current	4,099	4,360	4,432	5,279	5,562	6,568
Tangible	3,923	4,145	4,208	4,308	4,653	5,714
Liabilities	4,428	4,154	3,787	3,051	2,945	3,465
Current	3,819	3,656	3,304	2,674	2,598	3,157
Account Payable	197	209	134	138	121	104
Borrowings	3,211	3,173	3,012	2,217	2,217	2,717
Non-Current	609	499	483	377	347	308
Borrowings	553	404	350	303	257	210
Equity	3,199	3,221	3,118	7,991	7,794	7,676
Equity capital	290	290	290	351	351	352

Profit and Loss (Individual)

(Unit : KRW in 100 Millions)

					2023			
	1Q	2Q	3Q	4Q		1Q	2Q	2024
Revenue	2,350	2,891	2,400	1,884	9,525	792	667	1,459
Gross Margin	138	140	-2	79	355	-48	49	1
OPEX	54	69	66	77	267	82	86	168
EBIT	84	71	-69	1	88	-130	-37	-166
(%)	3.6%	2.5%	-2.9%	0.1%	0.9%	-16%	-5.5%	-11%
EBITDA	150	141	23	103	417	-23	74	51
(%)	6.4%	4.9%	1.0%	5.5%	4.4%	-2.9%	11%	3.5%
EBT	62	35	-102	-27	-32	-123	-34	-157
Net Income	54	37	-85	44	50	-85	-8	-93

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Financial Statement



Balance Sheet (Consolidated)

(Unit : KRW in 100 Millions)

	`23.1Q	`23.2Q	`23.3Q	`23.4Q	`24.1Q	`24.2Q
Assets	1,826	1,865	2,009	2,258	2,301	2,280
Current	1,252	1,274	1,373	1,470	1,351	1,089
Cash & Equivalent	61	211	211	225	308	70
Account Receivable	969	901	984	1,083	913	868
Inventories	190	141	158	153	112	120
Non-Current	574	590	636	788	950	1,191
Tangible	461	484	528	660	818	1,061
Liabilities	953	903	946	1,152	1,216	1,161
Current	855	809	844	783	842	787
Account Payable	253	218	322	264	371	319
Borrowings	415	515	485	450	340	440
Non-Current	98	94	102	370	375	374
Borrowings	0	0	0	250	250	250
Equity	873	962	1,063	1,106	1,085	1,119
Equity capital	77	77	77	77	77	77

Profit and Loss (Consolidated)

(Unit : KRW in 100 Millions)

					2023			
	1Q	2Q	3Q	4Q		1Q	2Q	2024
Revenue	595	565	654	476	2,290	515	468	983
Gross Margin	200	188	198	170	756	140	114	254
OPEX	81	76	83	98	338	66	78	144
EBIT	120	112	114	72	418	73	36	109
(%)	20%	20%	18%	15%	18%	14%	7.7%	11%
EBITDA	135	127	130	88	480	89	51	140
(%)	23%	22%	20%	18%	21%	17%	11%	14%
EBT	120	106	115	64	405	72	40	112
Net Income	97	84	97	57	335	66	32	98

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Financial Statement



Balance Sheet (Consolidated)

(Unit : KRW in 100 Millions)

	`23.1Q	`23.2Q	`23.3Q	`23.4Q	`24.1Q	`24.2Q
Assets	67,036	64,883	75,725	75,570	74,381	76,415
Current	43,341	37,532	45,399	39,771	34,029	30,304
Cash & Equivalent	3,505	3,706	8,141	11,160	7,610	8,026
Account Receivable	12,450	10,001	14,064	8,131	6,473	5,323
Inventories	17,299	18,184	16,538	15,975	14,997	13,581
Non-Current	23,695	27,351	30,326	35,799	40,352	46,111
Tangible	18,092	21,650	24,267	27,068	30,800	35,056
Liabilities	37,320	36,807	45,974	40,708	39,820	42,320
Current	29,683	29,898	31,864	27,436	24,092	24,183
Account Payable	8,827	7,021	5,752	6,693	3,461	3,174
Borrowings	17,224	19,641	22,321	17,979	17,756	18,541
Non-Current	7,637	6,909	14,110	13,273	15,728	18,136
Borrowings	4,942	5,240	8,539	8,179	10,475	12,741
Equity	29,715	28,077	29,751	34,861	34,560	34,095
Shareholders' equity	17,005	13,974	14,065	16,703	16,481	16,045
Equity capital	126	133	133	133	133	133
Non-controlling Interests	12,711	14,102	15,686	18,159	18,079	18,050

Profit and Loss (Consolidated)

(Unit : KRW in 100 Millions)

					2023			
	1Q	2Q	3Q	4Q		1Q	2Q	2024
Revenue	20,644	20,172	19,038	12,748	72,602	10,206	8,641	18,847
Gross Margin	2,351	2,237	1,239	-785	5,042	283	24	307
OPEX	527	534	590	409	2,060	581	571	1,152
EBIT	1,824	1,703	650	-1,194	2,982	-298	-546	-844
(%)	8.8%	8.4%	3.4%	-9.4%	4.1%	-2.9%	-6.3%	-4.5%
EBITDA	2,131	2,064	1,111	-680	4,626	153	-87	66
(%)	10%	10%	5.8%	-5.3%	6.4%	1.5%	-1.0%	0.4%
EBT	5,396	-2,722	480	-1,713	1,442	-523	-783	-1,305
Net Income	4,285	-2,172	175	-934	1,353	-425	-636	-1,061

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