

Everyday Everywhere **EcoPro**

1Q'24 Earnings Release

2024. 05. 03



EcoPro

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I . Business Performance

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1Q`24 Performance (EcoPro BM)



Earnings Summary

Profit & Loss (Consolidated)

(Unit : KRW in 100 Millions)

	23.1Q	23.4Q	24.1Q	QoQ(%)	YoY(%)
Revenue	20,110	11,804	9,705	-18%	-52%
CoGS	18,692	12,699	9,265	-27%	-50%
EBIT	1,073	-1,119	67	-	-94%
(%)	5.3%	-9.5%	0.7%	-	-
EBITDA	1,251	-849	334	-	-73%
(%)	6.2%	-7.2%	3.4%	-	-

Analysis

[24.1Q Review]

- Revenue decreased by 18% QoQ and by 52% YoY, with decline in ASP and soft demand in downstream market
 - Cathode Material ASP : QoQ -13%, YoY -40%
 - Lithium Hydroxide Price : QoQ -33%, YoY -82%
(23.1Q \$75/kg → 23.4Q \$20/kg → 24.1Q \$14/kg)
- Though fixed cost burden increased with adjustment in production and sales volume, EBIT rebounded due to reversal of inventory valuation loss (+45.6Bil KRW)

[24.2Q Outlook]

- ASP drop is expected in `24.2Q, driven by fall in metal prices from `23.4Q to `24.1Q
- Demand recovery in downstream market is expected to be delayed

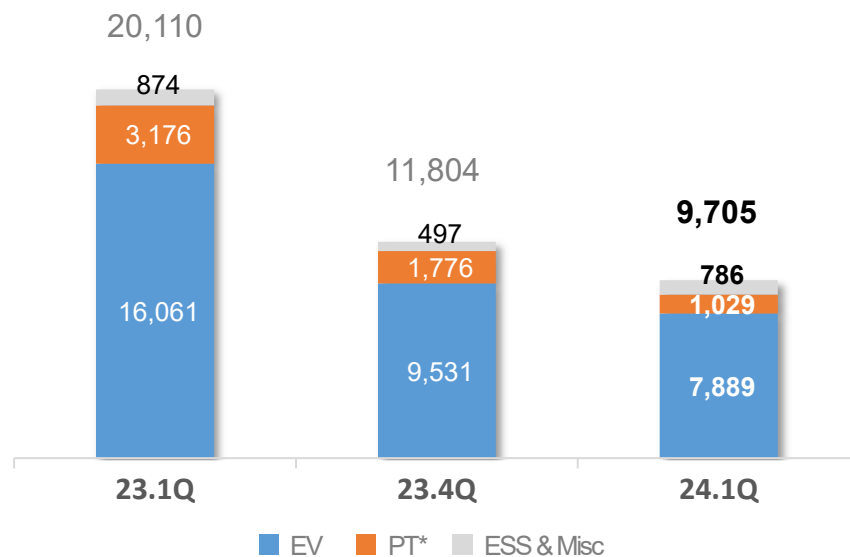
1Q`24 Performance (EcoPro BM)



Revenue Structure

Revenue by Segments (Consolidated)

(Unit : KRW in 100 Millions)



- Continuing sluggish demand in downstream market for EV and PT* led to fall in sales volume (-5%)
- Maintained increased sales volume (+22%) in single-crystal cathode

Financial Status

Balance Sheet (Consolidated)

(Unit : KRW in 100 Millions)

	23.1Q	23.4Q	24.1Q	QoQ(%)	YoY(%)
Assets	41,420	43,618	42,794	-1.9%	3.3%
Cash & Equiv.	2,390	5,127	4,376	-15%	83%
Inventories	12,320	11,088	9,244	-17%	-25%
Liabilities	25,816	27,624	26,600	-3.7%	3.0%
Debts	13,527	18,205	19,527	7.3%	44%
Equity	15,604	15,994	16,193	1.2%	3.8%

- Efforts made to minimize inventory including Lithium (Total inventory assets down by 184.4Bil KRW)
- Debt-to-equity ratio decreased by 9% due to reduced account payables (Debt % : 23. 4Q 173% → 24. 1Q 164%)

1Q'24 Performance (EcoPro Materials)

Earnings Summary

Profit & Loss (Individual)

(Unit : KRW in 100 Millions)

	23.1Q	23.4Q	24.1Q	QoQ(%)	YoY(%)
Revenue	2,350	1,884	792	-58%	-66%
CoGS	2,212	1,805	840	-53%	-62%
EBIT	84	1	-130	-	-
(%)	3.6%	2%	-16%	-	-
EBITDA	150	103	-23	-	-
(%)	6.4%	5.5%	-2.9%	-	-



Analysis

[24.1Q Review]

- Quarterly revenue decreased by 58% due to reduced sales volume, driven by inventory optimization in battery materials business within EcoPro Group
- Increased fixed cost burden due to decreased sales volume and decreased sales price led to weakening profitability, recording an operating loss

[24.2Q Outlook]

- Production and sales plans are expected to be adjusted due to continued inventory management, ASP is expected to decline slightly due to product mix
- A contract with a global OEM was completed last March, and additional discussions are underway with cell makers and cathode material companies to supply products

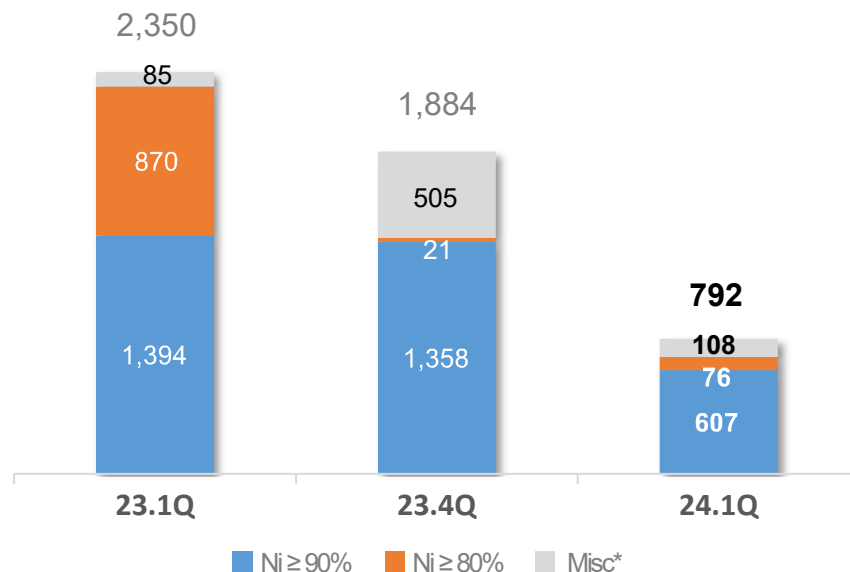
1Q'24 Performance (EcoPro Materials)



Revenue Structure

Revenue by Segments (Individual)

(Unit : KRW in 100 Millions)



- Sales volume of precursors decreased by 40% and ASP declined by 12% compared to the previous quarter
- Sales of mid-nickel precursors to external customers continued to show solid demand

Financial Status

Balance Sheet (Individual)

(Unit : KRW in 100 Millions)

	23.1Q	23.4Q	24.1Q	QoQ(%)	YoY(%)
Assets	7,627	11,042	10,739	-2.7%	41%
Cash & Equiv.	99	3,774	1,588	-58%	1,504%
Inventories	2,141	955	1,831	92%	-14%
Liabilities	4,428	3,051	2,945	-3.5%	-33%
Debts	3,764	2,520	2,473	-1.9%	-34%
Equity	3,199	7,991	7,794	-2.5%	144%

- Cash & Equivalents decreased QoQ due to CAPEX for CPM&RMP3, 4 and use of operating funds
- Continued stabilizing financial structure through efforts to manage borrowings (Debt % : 23. 4Q 38% → 24. 1Q 38%)

1Q`24 Performance (EcoPro HN)



Earnings Summary

Profit & Loss (Consolidated)

(Unit : KRW in 100 Millions)

	23.1Q	23.4Q	24.1Q	QoQ(%)	YoY(%)
Revenue	595	476	515	8.3%	-13%
CoGS	395	306	375	23%	-4.9%
EBIT	120	72	73	2.2%	-39%
(%)	20%	15%	14%	-	-
EBITDA	135	88	89	1.1%	-34%
(%)	23%	18%	17%	-	-

Analysis

[24.1Q Review]

- Quarterly revenue showed an 8% increase due to strong sales in Chemical Filter and revenue generation from Water Treatment towards EcoPro affiliates
- Maintained quarterly profitability due to stable business operations by business divisions

[24.2Q Outlook]

- With expansion of Water Treatment businesses into secondary battery material market, a steady flow of revenue is expected

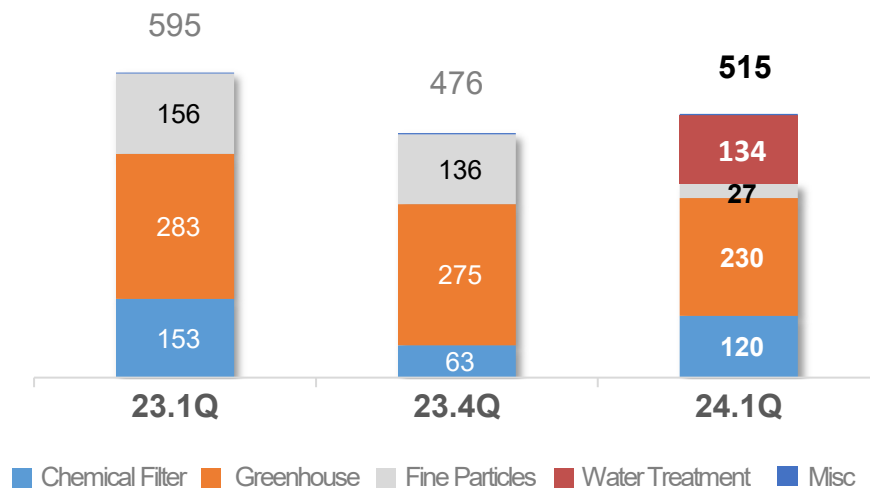
1Q`24 Performance (EcoPro HN)



Revenue Structure

Revenue by Segments (Consolidated)

(Unit : KRW in 100 Millions)



- Quarterly revenue from Chemical Filter rose 98% from 4Q, due to demand increase in semiconductor industry
- Order backlog in 24.1Q: 129.7Bil KRW (+169%, QoQ)

Financial Status

Balance Sheet (Consolidated)

(Unit : KRW in 100 Millions)

	23.1Q	23.4Q	24.1Q	QoQ(%)	YoY(%)
Assets	1,826	2,258	2,300	1.9%	26%
Cash & Equiv.	61	225	308	37%	401%
Inventories	190	153	112	-27%	-41%
Liabilities	953	1,152	1,222	5.8%	28%
Debts	415	700	590	-16%	42%
Equity	873	1,106	1,078	-2.2%	23%

- Cash and Equivalents increased by 37% with efforts to lessen working capital
- Increased outsourcing payables, driven by plant-related business expansion, led to 5.8% increase in debt level

1Q`24 Performance (EcoPro)



Earnings Summary

Profit & Loss (Consolidated)

(Unit : KRW in 100 Millions)

	23.1Q	23.4Q	24.1Q	QoQ(%)	YoY(%)
Revenue	20,644	12,748	10,206	-20%	-51%
CoGS	18,293	13,533	9,923	-27%	-46%
EBIT	1,824	-1,194	-298	-	-
(%)	8.8%	-9.4%	-2.9%	-	-
EBITDA	2,131	-680	153	-	-93%
(%)	10%	-5.3%	1.5%	-	-

Analysis

[24.1Q Review]

- Quarterly revenue decreased by 20% due to fall in ASP and sales volume in battery material business
- Related to the QMB project, the holding company generated revenue of 8.8 billion KRW, with expected sales growth from equity method income and offtake volumes
- Despite reversal of inventory valuation loss, burden of fixed costs increased, leading to 24.1Q EBIT turned to red

[24.2Q Outlook]

- Expected increase in demand volatility among customers and plan to focus on profitability management by adjusting the balance of production and sales plan
- Continued sales of nickel raw materials (offtake volumes)
 - Annum sales plan of 2kts, sales increase expected in 2H

1Q`24 Performance (EcoPro)

EcoPro

Financial Status

Balance Sheet (Consolidated)

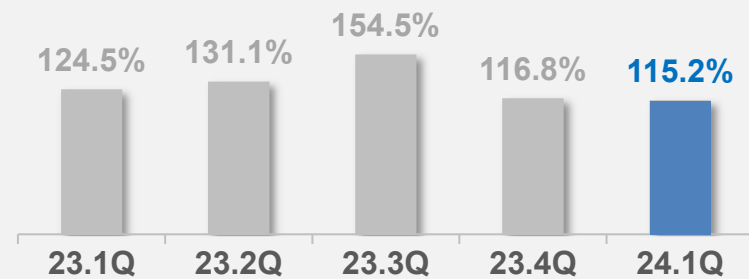
(Unit : KRW in 100 Millions)

	23.1Q	23.4Q	24.1Q	QoQ(%)	YoY(%)
Assets	67,081	75,570	74,381	-1.6%	11%
Cash & Equiv.	3,505	11,160	7,610	-30%	117%
Inventories	17,299	15,975	14,996	-6.1%	-13%
Liabilities	37,206	40,708	39,820	-2.2%	7.0%
Debts	22,165	26,158	28,231	7.9%	27%
Equity	29,875	34,861	34,560	-0.9%	16%

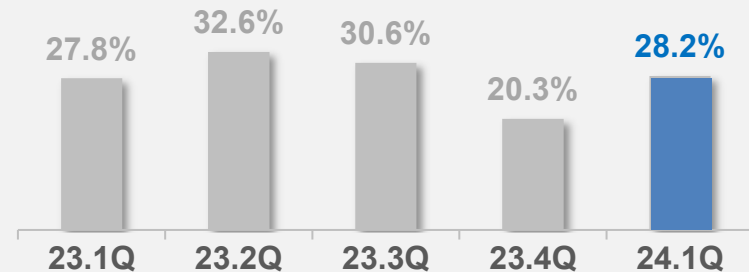
- Cash & Equivalents reduced due to new project investment and increase of operating expenses in precursor business
- Amount of borrowings increased due to continued facility investment, but debt-to-equity ratio held flat QoQ

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

Progress of Global Resource Business

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Affiliates

- ◆ [Nickel] Investment Status
 - Invested in QMB 1,2 projects (\$113M)
 - Additional investments in progress
- ◆ [Lithium] Mining (Spodumene) investments under review

- ◆ Profits from equity investment
 - Equity method profits expected with expansion of QMB projects
 - Expecting revenue growth from MHP merchandise sales

Overseas Investment

Investment Profit

Competitiveness

Material Cost Down

- ◆ Intensifying competitiveness
 - Secure competitiveness of final products(cathode) through cost down along with EcoPro affiliates
- ◆ Easing geopolitical risks

- ◆ Directly refining key raw materials like nickel
 - Lower material costs by securing MHP at discounted price and Eco-MAT's domestic refining
- ◆ Establish a stable supply chain based on offtake contracts

II. Appendix

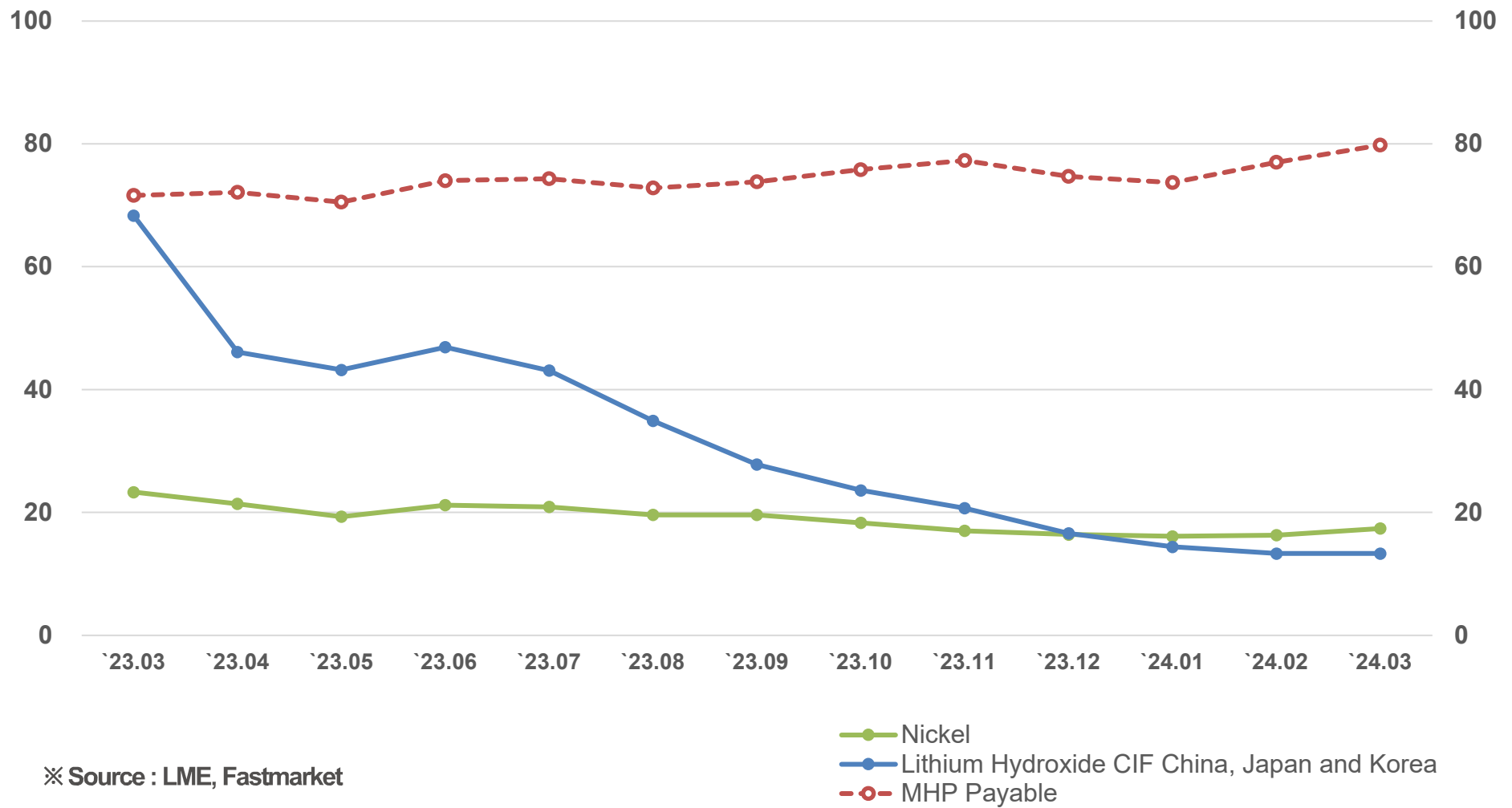
01 Metal Price Trend

02 Financial Statement

Metal Price Trend

Metal Price (Unit : USD / kg)

MHP Payable (Unit : %)



Financial Statement



Balance Sheet (Consolidated)

(Unit : KRW in 100 Millions)

	`22.4Q	`23.1Q	`23.2Q	`23.3Q	`23.4Q	`24.1Q
Assets	33,742	41,420	42,682	48,055	43,618	42,794
Current	22,743	29,152	27,462	31,235	24,435	20,796
Cash & Equivalent	3,204	2,390	2,167	5,299	5,127	4,376
Account Receivable	8,774	11,470	9,603	12,157	7,670	6,228
Inventories	8,564	12,320	13,121	11,333	11,088	9,244
Non-Current	10,999	12,268	15,221	16,821	19,183	21,998
Tangible	10,035	11,228	14,117	16,215	18,242	20,936
Liabilities	18,860	25,816	25,982	30,927	27,624	26,600
Current	15,479	22,643	21,875	24,223	21,313	18,781
Account Payable	7,361	9,638	7,478	6,511	7,341	4,856
Borrowings	6,319	10,636	11,782	15,308	12,281	12,147
Non-Current	3,381	3,172	4,107	6,704	6,311	7,820
Borrowings	3,133	2,892	3,850	6,444	5,924	7,380
Equity	14,882	15,604	16,700	17,128	15,994	16,193
Shareholders' equity	13,634	14,056	14,692	14,934	13,715	13,786
Equity capital	489	489	489	489	489	489
Non-controlling Interests	1,248	1,548	2,008	2,194	2,279	2,407

Profit and Loss (Consolidated)

(Unit : KRW in 100 Millions)

	2022					2023	2024
		1Q	2Q	3Q	4Q		1Q
Revenue	53,576	20,110	19,062	18,033	11,804	69,009	9,705
Gross Margin	5,162	1,418	1,561	850	-895	2,934	440
OPEX	1,355	344	414	391	224	1,374	373
EBIT	3,807	1,073	1,147	459	-1,119	1,560	67
(%)	7.1%	5.3%	6.0%	2.5%	-9.5%	2.3%	0.7%
EBITDA	4,456	1,251	1,369	716	-849	2,487	334
(%)	8.3%	6.2%	7.2%	4.0%	-7.2%	3.6%	3.4%
EBT	3,225	975	1,055	245	-1,498	777	-65
Net Income	2,727	804	825	212	-1,294	547	-49

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Financial Statement



Balance Sheet (Individual)

(Unit : KRW in 100 Millions)

	`22.4Q	`23.1Q	`23.2Q	`23.3Q	`23.4Q	`24.1Q
Assets	6,349	7,627	7,375	6,905	11,042	10,739
Current	2,651	3,528	3,015	2,473	5,763	5,177
Cash & Equivalent	9	99	99	5	3,774	1,588
Account Receivable	746	959	832	743	930	1,543
Inventories	1,739	2,141	1,680	1,355	955	1,831
Non-Current	3,698	4,099	4,360	4,432	5,279	5,562
Tangible	3,534	3,923	4,145	4,208	4,307	4,653
Liabilities	3,206	4,428	4,154	3,787	3,051	2,945
Current	2,491	3,819	3,656	3,304	2,674	2,598
Account Payable	141	197	209	133	138	121
Borrowings	1,944	3,211	3,173	3,012	2,217	2,217
Non-Current	715	609	499	483	377	347
Borrowings	661	552	404	350	303	257
Equity	3,143	3,199	3,220	3,118	7,991	7,794
Equity capital	290	290	290	290	351	351

Profit and Loss (Individual)

(Unit : KRW in 100 Millions)

	2022					2023	2024
		1Q	2Q	3Q	4Q		1Q
Revenue	6,652	2,350	2,891	2,400	1,884	9,525	792
Gross Margin	553	138	140	-2	79	355	-48
OPEX	163	54	69	66	77	267	82
EBIT	390	84	71	-69	1	88	-130
(%)	5.8%	3.6%	2.5%	-2.9%	0.1%	0.9%	-16%
EBITDA	596	150	141	23	103	417	-23
(%)	9.0%	6.4%	4.9%	1.0%	5.5%	4.4%	-2.9%
EBT	127	62	35	-102	-27	-32	-123
Net Income	156	54	37	-85	44	50	-85

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Financial Statement



Balance Sheet (Consolidated)

(Unit : KRW in 100 Millions)

	`22.4Q	`23.1Q	`23.2Q	`23.3Q	`23.4Q	`24.1Q
Assets	1,841	1,826	1,865	2,009	2,258	2,300
Current	1,259	1,252	1,274	1,373	1,470	1,351
Cash & Equivalent	95	61	211	211	225	308
Account Receivable	979	969	901	984	1,083	902
Inventories	157	190	141	158	153	112
Non-Current	581	574	590	636	788	949
Tangible	468	461	484	528	660	818
Liabilities	976	953	903	946	1,152	1,222
Current	887	855	809	844	783	847
Account Payable	418	253	218	20	10	18
Borrowings	325	415	515	485	450	340
Non-Current	89	98	94	102	370	375
Borrowings	0	0	0	0	250	250
Equity	865	873	962	1,063	1,106	1,078
Equity capital	77	77	77	77	77	77

Profit and Loss (Consolidated)

(Unit : KRW in 100 Millions)

	2022					2023	2024
		1Q	2Q	3Q	4Q		1Q
Revenue	2,182	595	565	654	476	2,290	515
Gross Margin	694	200	188	198	170	756	140
OPEX	280	81	76	83	98	338	66
EBIT	414	120	112	115	72	419	73
(%)	19%	20%	20%	18%	15%	18%	14%
EBITDA	472	135	127	130	88	480	89
(%)	22%	23%	22%	20%	18%	21%	17%
EBT	404	120	106	115	64	405	72
Net Income	324	97	84	97	57	335	66

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Financial Statement



Balance Sheet (Consolidated)

(Unit : KRW in 100 Millions)

	`22.4Q	`23.1Q	`23.2Q	`23.3Q	`23.4Q	`24.1Q
Assets	53,458	67,081	64,883	75,725	75,570	74,381
Current	31,626	43,311	37,532	45,399	39,770	34,029
Cash & Equivalent	3,564	3,505	3,706	8,141	11,160	7,610
Account Receivable	9,522	12,372	10,001	14,064	8,131	6,473
Inventories	12,704	17,299	18,184	16,538	15,975	14,996
Non-Current	21,832	23,769	27,351	30,326	35,799	40,352
Tangible	16,295	18,092	21,650	24,266	27,068	30,800
Liabilities	28,240	37,206	36,807	45,974	40,708	39,820
Current	20,827	29,654	29,898	31,864	27,436	24,092
Account Payable	7,056	8,827	7,021	5,752	6,693	3,461
Borrowings	10,653	17,223	19,641	22,321	17,979	17,756
Non-Current	7,413	7,552	6,908	14,110	13,273	15,728
Borrowings	5,574	4,942	5,240	8,539	8,179	10,475
Equity	25,218	29,875	28,077	29,751	34,861	34,560
Shareholders' equity	13,078	17,123	13,974	14,065	16,703	16,481
Equity capital	126	129	133	133	133	133
Non-controlling Interests	12,140	12,752	14,103	15,686	18,158	18,079

Profit and Loss (Consolidated)

(Unit : KRW in 100 Millions)

	2022					2023	2024
		1Q	2Q	3Q	4Q		1Q
Revenue	56,397	20,644	20,172	19,038	12,748	72,602	10,206
Gross Margin	7,951	2,351	2,237	1,239	-785	5,042	283
OPEX	1,818	527	534	590	409	2,060	581
EBIT	6,132	1,824	1,703	650	-1,194	2,982	-298
(%)	11%	8.8%	8.4%	3.4%	-9.4%	4.1%	-2.9%
EBITDA	7,169	2,131	2,064	1,111	-680	4,626	153
(%)	13%	10%	10%	5.8%	-5.3%	6.4%	1.5%
EBT	3,066	5,396	-2,722	480	-1,713	1,442	-523
Net Income	2,206	4,285	-2,172	175	-934	1,353	-425

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