



ECOPRO Group

3Q'24 Earnings Release

2024. 11. 01.



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1. Financial Results

01 Ecopro BM

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Financial Results

3Q`24 Performance

EcoPro BM

Earnings Summary

Profit & Loss (Consolidated)

(Unit : KRW in 100 Millions)

	23.3Q	24.2Q	24.3Q	QoQ(%)	YoY(%)
Revenue	18,033	8,095	5,219	-36%	-71%
CoGS	17,183	7,693	5,264	-32%	-69%
EBIT	459	39	-412	-	-
(%)	2.5%	0.5%	-7.9%	-	-
EBITDA	716	308	-138	-	-
(%)	4.0%	3.8%	-2.6%	-	-

Analysis

[24.3Q Review]

- Revenue down by 36% QoQ due to slowed demand for EV and PT cathode materials
- Recognized inventory valuation loss (18.8B KRW) due to decline in metal price and Q-end unfavorable forex
 - Operating profit excluding valuation loss : 22.4B KRW
 - * Q-end LH price (\$/kg) : \$12.8 (2Q) → \$9.8 (3Q)
 - * Q-end USD/KRW exchange rate : ₩1,389.2 (2Q) → ₩1,319.6 (3Q)

[24.4Q Outlook]

- Despite delay in meaningful performance improvement due to inventory adjustments by clients, increase in utilization rates and reversal of inventory loss expected to have positive effect in 4Q
- Sales volume expected to rebound in 1Q25, driven by tightening EV carbon emission regulations in Europe by 2025 and operation of new plants by major clients in North America

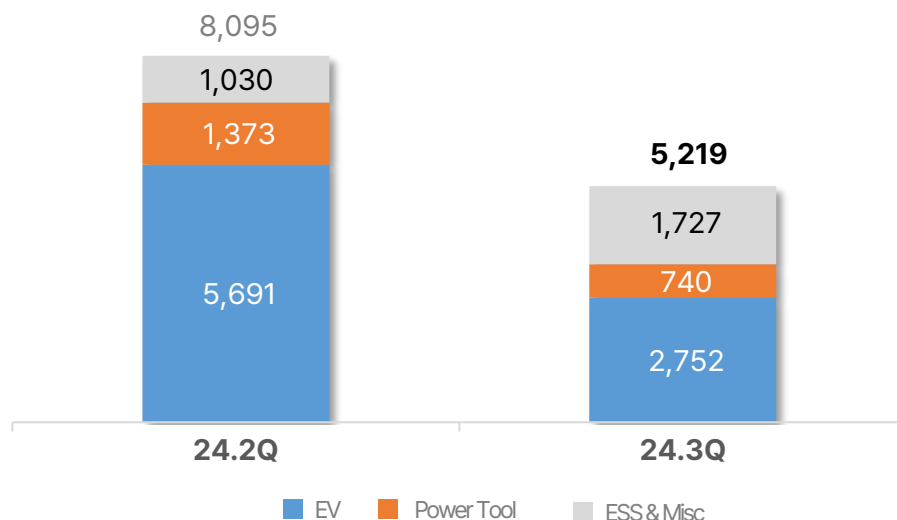
3Q`24 Performance



Revenue Structure

Revenue by Segments (Consolidated)

(Unit : KRW in 100 Millions)



- Total cathode sales volume was down by 35% QoQ
- Sales volume for ESS cathode continued to grow
 - QoQ: +81%, YoY: +503%

Financial Status

Balance Sheet (Consolidated)

(Unit : KRW in 100 Millions)

	23.3Q	24.2Q	24.3Q	QoQ(%)	YoY(%)
Assets	48,055	43,069	41,524	-3.6%	-14%
Cash & Equiv.	5,299	4,120	4,774	16%	-9.9%
Inventories	11,327	7,485	6,802	-9.1%	-40%
Liabilities	30,927	26,545	25,975	-2.2%	-16%
Debts	21,751	20,326	21,630	6.4%	-0.6%
Equity	17,128	16,524	15,550	-5.9%	-9.2%

- Efforts to reduce inventory led to a 9.1% decrease in inventory value compared to 3Q
- Debt Ratio: 161% (2Q24) → 167% (3Q24)
 - Issuance of 336B KRW in perpetual bonds (29th Oct.) expected to improve financial structure in 4Q

Financial Results

3Q`24 Performance

Earnings Summary

Profit & Loss (Individual)

(Unit : KRW in 100 Millions)

과목	23.3Q	24.2Q	24.3Q	QoQ(%)	YoY(%)
Revenue	2,400	667	659	-1.2%	-73%
CoGS	2,402	618	962	56%	-60%
EBIT	-69	-37	-385	-	-
(%)	-2.9%	-5.5%	-58%	-	-
EBITDA	23	74	-276	-	-
(%)	1.0%	11%	-42%	-	-

EcoPro Materials

Analysis

[24.3Q Review]

- Began shipments to new customers, with a slight increase in captive sales volume
- Decline in nickel prices led to a reduced spread margin between selling price and raw material cost, leading to inventory valuation loss (15.2B KRW)
 - Average nickel price (\$/kg) : \$18.4 (2Q) → \$16.3 (3Q)

[24.4Q Outlook]

- Projected to improve in operational performance due to increased precursor sales volume to external customers
- Mitigation of fixed cost burden expected as nickel price volatility to be stabilized and sales volume to be grown

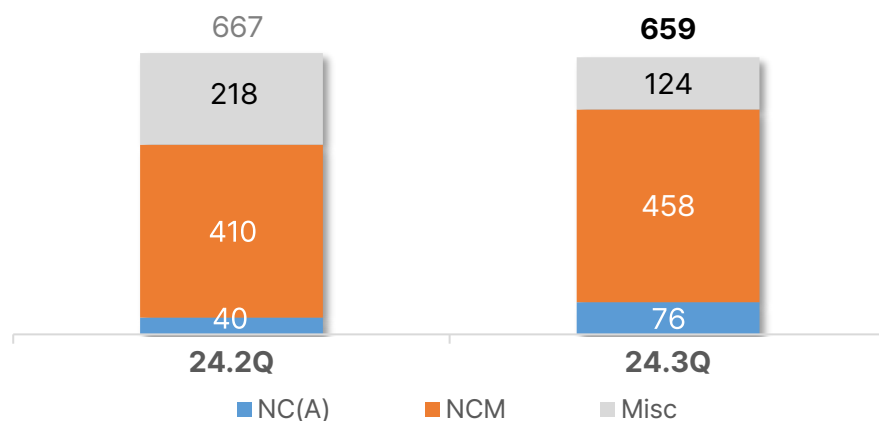
3Q`24 Performance



Revenue Structure

Revenue by Segments (Individual)

(Unit : KRW in 100 Millions)



- Precursor sales up by 21%, while ASP down by 1.5% QoQ
- Despite increase in precursor sales, total revenue stayed flat due to a decrease in other sales

Financial Status

Balance Sheet (Individual)

(Unit : KRW in 100 Millions)

	23.3Q	24.2Q	24.3Q	QoQ(%)	YoY(%)
Assets	6,905	11,140	11,199	0.5%	62%
Cash & Equiv.	5	1,269	507	-60%	10,053%
Inventories	1,355	2,401	2,351	-2.1%	74%
Liabilities	3,787	3,465	3,908	13%	3.2%
Debts	3,362	2,927	3,180	8.6%	-5.4%
Equity	3,118	7,676	7,291	-5.0%	134%

- Borrowings increased due to funding for Campus 4 investment to respond to new customers
 - Debt Ratio : 24.2Q 45% → 24.3Q 54%

Financial Results

3Q`24 Performance

EcoPro HN

Earnings Summary

Profit & Loss (Consolidated)

(Unit : KRW in 100 Millions)

과목	23.3Q	24.2Q	24.3Q	QoQ(%)	YoY(%)
Revenue	654	468	561	20%	-14%
CoGS	456	354	431	22%	-5.3%
EBIT	115	36	57	58%	-50%
(%)	18%	7.7%	10%	-	-
EBITDA	130	51	72	41%	-45%
(%)	20%	11%	13%	-	-

Analysis

[24.3Q Review]

- Revenue increased by 20% compared to previous quarter due to solid growth in Chemical Filter and Water Treatment businesses
- EBIT recovered to around 10% as a result of the impact of the sales product mix

[24.4Q Outlook]

- Sales growth expected to further expand as the business enters a seasonal peak demand period
- The prototype productions for the new business will take place at the Chopyeong factory in the fourth quarter

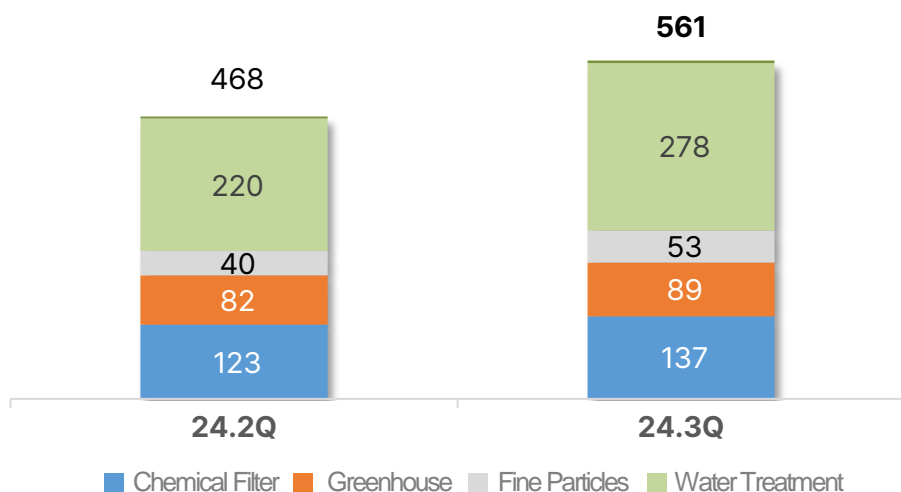
3Q`24 Performance



Revenue Structure

Revenue by Segments (Consolidated)

(Unit: KRW in 100 Millions)



- The strong demand for the Chemical Filter and Water Treatment businesses expected to continue
- The construction progress has increased compared to the previous quarter in the Greenhouse gas and Find Particles reduction business

Financial Status

Balance Sheet (Consolidated)

(Unit: KRW in 100 Millions)

	23.3Q	24.2Q	24.3Q	QoQ(%)	YoY(%)
Assets	2,009	2,280	2,671	17%	33%
Cash & Equiv.	211	70	108	55%	-49%
Inventories	158	120	128	7.0%	-19%
Liabilities	946	1,161	1,501	29%	59%
Debts	485	690	980	42%	102%
Equity	1,063	1,119	1,170	4.6%	10%

- Due to ongoing investments in the industrial complex (Chopyeong factory), borrowings have increased, but efforts are underway to improve financial structure through capital procurement

Financial Results

3Q`24 Performance

EcoPro

Earnings Summary

Profit & Loss (Consolidated)

(Unit : KRW in 100 Millions)

	23.3Q	24.2Q	24.3Q	QoQ(%)	YoY(%)
Revenue	19,038	8,641	5,943	-31%	-69%
CoGS	17,799	8,617	6,453	-25%	-64%
EBIT	650	-546	-1,088	-	-
(%)	3.4%	-6.3%	-18%	-	-
EBITDA	1,111	-87	-622	-	-
(%)	5.8%	-1.0%	-10%	-	-

Analysis

[24.3Q Review]

- Revenue decreased by 31% QoQ due to continued decline in overall revenue in battery materials business
- As lithium prices continued to decline, additional inventory valuation loss recorded in 3Q (app. 33.4B KRW)
- Increase in profits continued due to global resource investments
 - Equity method profit (QMB project) :
 - * 4.8B KRW (24.2Q) → 5.4B KRW (24.3Q)
 - Completed investments in 3 projects in 2024
 - * Secured Nickel sufficient for producing 400K EVs a year

[24.4Q Outlook]

- Additional inventory valuation provisions expected for lithium and recycling business at the end of the year
- Plan to launch extra Indonesian projects to specify innovative strategy
 - Expansion of nickel smelting business
 - Promotion of integrated cathode material business

Financial Results

3Q`24 Performance

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Financial Status

Balance Sheet (Consolidated)

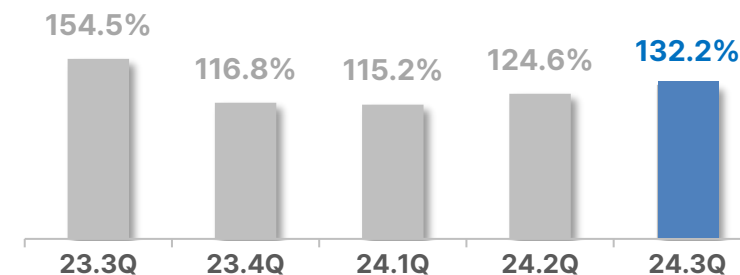
(Unit : KRW in 100 Millions)

	23.3Q	24.2Q	24.3Q	QoQ(%)	YoY(%)
Assets	75,725	76,932	75,363	-2.0%	-0.5%
Cash & Equiv.	8,141	7,856	6,908	-12%	-15%
Inventories	16,538	13,581	12,644	-6.9%	-23%
Liabilities	45,974	42,678	42,905	0.5%	-6.7%
Borrowings	30,861	31,282	33,071	5.7%	7.2%
Equity	29,751	34,254	32,457	-5.2%	9.1%

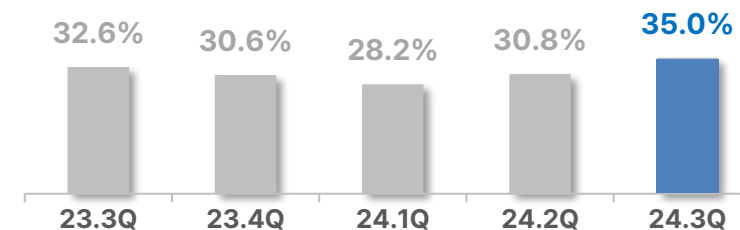
- Cash assets decreased due to ongoing overseas mining business and capacity expansion investment
- With inventory asset rationalization across subsidiaries, inventory assets decreased by 6.9% QoQ

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

2. Appendix

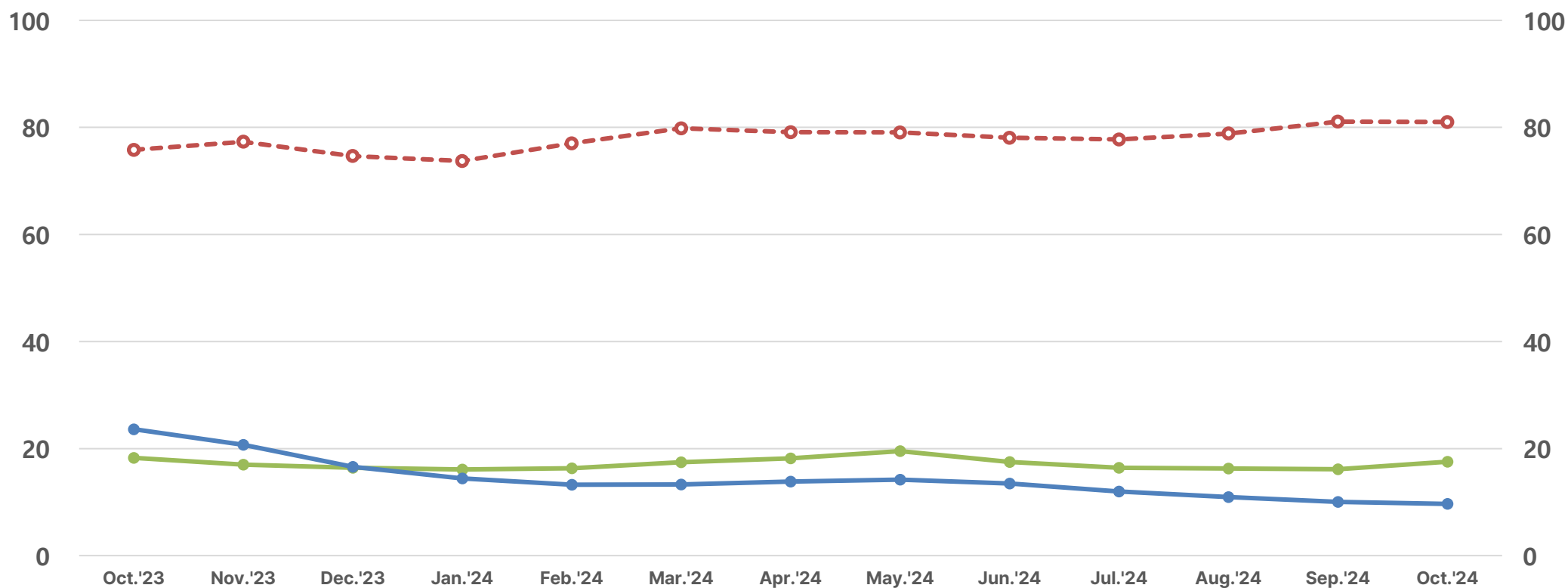
01 Metal Price Trend

02 Financial Statements

Metal Price Trend

Metal Price (Unit : USD / kg)

MHP Payable (Unit : %)



Source : LME, Fastmarkets

—●— Nickel
 —●— Lithium Hydroxide
 -○- MHP Payable

Financial Statements



Balance Sheet (Consolidated)

(Unit : KRW in 100 Millions)

	`23.1Q	`23.2Q	`23.3Q	`23.4Q	`24.1Q	`24.2Q	`24.3Q
Assets	41,420	42,682	48,055	43,618	42,792	43,069	41,524
Current	29,152	27,462	31,235	24,435	20,794	17,324	14,872
Cash & Equivalent	2,390	2,167	5,299	5,127	4,376	4,120	4,774
Account Receivable	11,470	9,603	12,157	7,670	6,228	5,013	2,376
Inventories	12,320	13,121	11,327	11,088	9,244	7,485	6,802
Non-Current	12,268	15,221	16,821	19,183	21,998	25,746	26,653
Tangible	11,228	14,117	16,215	18,242	20,936	24,561	25,250
Liabilities	25,816	25,982	30,927	27,624	26,600	26,545	25,975
Current	22,643	21,875	24,223	21,313	18,779	18,833	15,586
Account Payable	9,638	7,478	6,511	7,341	4,541	3,808	2,254
Borrowings	10,636	12,282	15,308	12,281	12,147	12,922	11,617
Non-Current	3,172	4,107	6,704	6,311	7,820	7,712	10,389
Borrowings	2,892	3,850	6,444	5,924	7,380	7,404	10,013
Equity	15,604	16,700	17,128	15,994	16,193	16,524	15,550
Shareholders' equity	14,056	14,692	14,934	13,715	13,786	14,016	12,960
Equity capital	489	489	489	489	489	489	489
Non-controlling Interests	1,548	2,008	2,194	2,279	2,407	2,509	2,590

※ These materials are prepared before external auditors' review, some of the contents may change during the auditing process.

Profit & Loss (Consolidated)

(Unit : KRW in 100 Millions)

	2023					2024			
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	2024
Revenue	20,110	19,062	18,033	11,804	69,009	9,705	8,095	5,219	23,019
Gross Margin	1,418	1,561	850	-895	2,934	440	402	-44	798
OPEX	344	414	391	224	1,374	373	363	368	1,104
EBIT	1,073	1,147	459	-1,119	1,560	67	39	-412	-306
(%)	5.3%	6.0%	2.5%	-9.5%	2.3%	0.7%	0.5%	-7.9%	-1.3%
EBITDA	1,251	1,369	716	-849	2,487	334	308	-138	504
(%)	6.2%	7.2%	4.0%	-7.2%	3.6%	3.4%	3.8%	-2.6%	2.2%
EBT	975	1,055	245	-1,498	777	-65	-113	-723	-924
Net Income	804	825	212	-1,294	547	-49	-88	-495	-475

Financial Statements



Balance Sheet (Individual)

(Unit : KRW in 100 Millions)

	`23.1Q	`23.2Q	`23.3Q	`23.4Q	`24.1Q	`24.2Q	`24.3Q
Assets	7,627	7,375	6,905	11,042	10,739	11,140	11,199
Current	3,528	3,015	2,474	5,763	5,178	4,572	3,798
Cash & Equivalent	99	99	5	3,774	1,588	1,269	507
Account Receivable	960	858	831	931	1,543	750	796
Inventories	2,141	1,680	1,355	955	1,831	2,401	2,351
Non-Current	4,099	4,360	4,432	5,279	5,562	6,568	7,401
Tangible	3,923	4,145	4,208	4,308	4,653	5,714	6,574
Liabilities	4,428	4,154	3,787	3,051	2,945	3,465	3,908
Current	3,819	3,656	3,304	2,674	2,598	3,157	3,621
Account Payable	197	209	134	138	121	104	55
Borrowings	3,211	3,173	3,012	2,217	2,217	2,717	3,004
Non-Current	609	499	483	377	347	308	287
Borrowings	553	404	350	303	257	210	176
Equity	3,199	3,221	3,118	7,991	7,794	7,676	7,291
Equity capital	290	290	290	351	351	352	352

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Profit & Loss (Individual)

(Unit : KRW in 100 Millions)

	2023					2024			
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	2024
Revenue	2,350	2,891	2,400	1,884	9,525	792	667	659	2,118
Gross Margin	138	140	-2	79	355	-48	49	-303	-302
OPEX	54	69	66	77	267	82	86	82	250
EBIT	84	71	-69	1	88	-130	-37	-385	-552
(%)	3.6%	2.5%	-2.9%	0.1%	0.9%	-16%	-5.5%	-58%	-26%
EBITDA	150	141	23	103	417	-23	74	-276	-225
(%)	6.4%	4.9%	1.0%	5.5%	4.4%	-2.9%	11%	-42%	-11%
EBT	62	35	-102	-27	-32	-123	-34	-387	-544
Net Income	54	37	-85	44	50	-85	-8	-277	-370

Financial Statements



Balance Sheet (Consolidated)

(Unit : KRW in 100 Millions)

	`23.1Q	`23.2Q	`23.3Q	`23.4Q	`24.1Q	`24.2Q	`24.3Q
Assets	1,826	1,865	2,009	2,258	2,301	2,280	2,671
Current	1,252	1,274	1,373	1,470	1,351	1,089	1,281
Cash & Equivalent	61	211	211	225	308	70	108
Account Receivable	969	901	984	1,083	913	868	1,019
Inventories	190	141	158	153	112	120	128
Non-Current	574	590	636	788	950	1,191	1,390
Tangible	461	484	528	660	818	1,061	1,263
Liabilities	953	903	946	1,152	1,216	1,161	1,501
Current	855	809	844	783	842	787	968
Account Payable	253	218	322	264	371	319	357
Borrowings	415	515	485	450	340	440	580
Non-Current	98	94	102	370	375	374	533
Borrowings	0	0	0	250	250	250	400
Equity	873	962	1,063	1,106	1,085	1,119	1,170
Equity capital	77	77	77	77	77	77	77

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Profit & Loss (Consolidated)

(Unit : KRW in 100 Millions)

	2023					2024			
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	2024
Revenue	595	565	654	476	2,290	515	468	561	1,544
Gross Margin	200	188	198	169	755	140	114	130	384
OPEX	81	76	83	98	338	66	78	73	217
EBIT	120	112	115	72	419	73	36	57	166
(%)	20%	20%	18%	15%	18%	14%	8%	10%	11%
EBITDA	135	127	130	88	480	89	51	72	212
(%)	23%	22%	20%	18%	21%	17%	11%	13%	13%
EBT	120	106	115	64	405	72	40	55	167
Net Income	97	84	97	57	335	66	34	48	148

Financial Statements



Balance Sheet (Consolidated)

(Unit : KRW in 100 Millions)

	`23.1Q	`23.2Q	`23.3Q	`23.4Q	`24.1Q	`24.2Q	`24.3Q
Assets	67,036	64,883	75,725	75,570	74,381	76,932	75,363
Current	43,341	37,532	45,399	39,771	34,029	29,964	25,969
Cash & Equivalent	3,505	3,706	8,141	11,160	7,610	7,856	6,908
Account Receivable	12,450	10,001	14,064	8,131	6,473	5,323	3,068
Inventories	17,299	18,184	16,538	15,975	14,997	13,581	12,644
Non-Current	23,695	27,351	30,326	35,799	40,352	46,967	49,394
Tangible	18,092	21,650	24,267	27,068	30,800	35,912	37,815
Liabilities	37,320	36,807	45,974	40,708	39,820	42,678	42,905
Current	29,683	29,898	31,864	27,436	24,092	24,723	23,106
Account Payable	8,827	7,021	5,752	6,693	3,461	3,174	1,781
Borrowings	17,224	19,641	22,321	17,979	17,756	18,541	18,680
Non-Current	7,637	6,909	14,110	13,273	15,728	17,955	19,799
Borrowings	4,942	5,240	8,539	8,179	10,475	12,741	14,391
Equity	29,715	28,077	29,751	34,861	34,560	34,254	32,457
Shareholders' equity	17,005	13,974	14,065	16,703	16,481	16,118	15,115
Equity capital	126	133	133	133	133	133	133
Non-controlling Interests	12,711	14,102	15,686	18,159	18,079	18,136	17,343

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Profit & Loss (Consolidated)

(Unit : KRW in 100 Millions)

	2023					2024			
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	2024
Revenue	20,644	20,172	19,038	12,748	72,602	10,206	8,641	5,943	24,790
Gross Margin	2,351	2,237	1,239	-785	5,042	283	24	-510	-203
OPEX	527	534	590	409	2,060	581	571	577	1,729
EBIT	1,824	1,703	650	-1,194	2,982	-298	-546	-1,088	-1,932
(%)	8.8%	8.4%	3.4%	-9.4%	4.1%	-2.9%	-6.3%	-18%	-7.8%
EBITDA	2,131	2,064	1,111	-680	4,626	153	-87	-622	-556
(%)	10%	10%	5.8%	-5.3%	6.4%	1.5%	-1.0%	-10%	-2.2%
EBT	5,396	-2,722	480	-1,713	1,442	-523	-783	-1,600	-2,929
Net Income	4,285	-2,172	175	-934	1,353	-425	-636	-1,199	-2,101

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