

Korea Zinc

4Q 2024 Earnings Release

February 2024



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Disclaimer

This presentation contains forward looking information and statements with respect to market conditions, financial conditions, results of operations and business, and plans of the management. Please note they may differ from actual results.

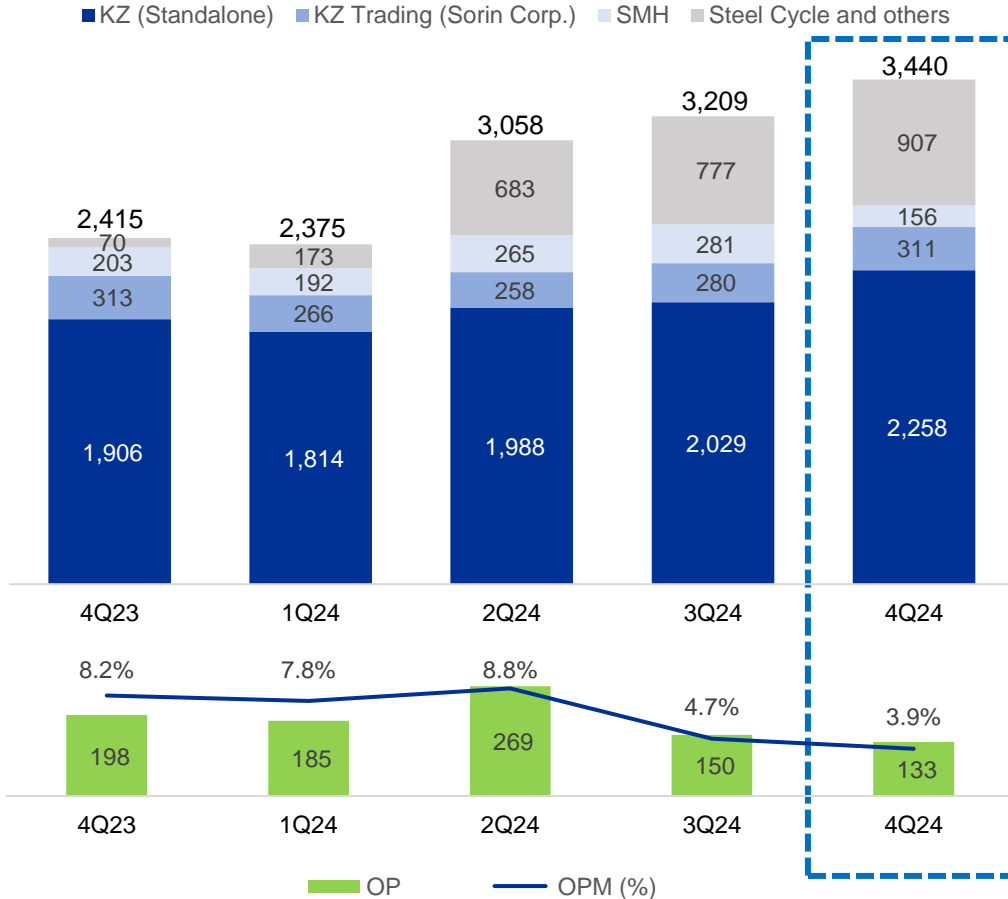
Financial results herein are under audit review, and therefore subject to change.

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4Q 2024 Business Results (Consolidated)

Sales by Business

(bn KRW)



Quarterly Results

(bn KRW)

	4Q23	1Q24	2Q24	3Q24	4Q24	QoQ	YoY
Sales	2,415	2,375	3,058	3,207	3,443	+236	+1,028
Gross Profit	297	266	362	270	260	-10	-36
GPM	12.3%	11.2%	11.8%	8.4%	7.6%	-0.9%p	-4.7%p
Operating Profit	198	185	269	150	133	-17	-65
OPM	8.2%	7.8%	8.8%	4.7%	3.9%	-0.8%p	-4.3%p
EBITDA*	264	260	356	252	221	-31	-43
Pre-Tax Profit	252	153	251	219	-303	-522	-555
Net Profit	193	112	175	153	-225	-378	-418

* Operating Profit + Depreciation

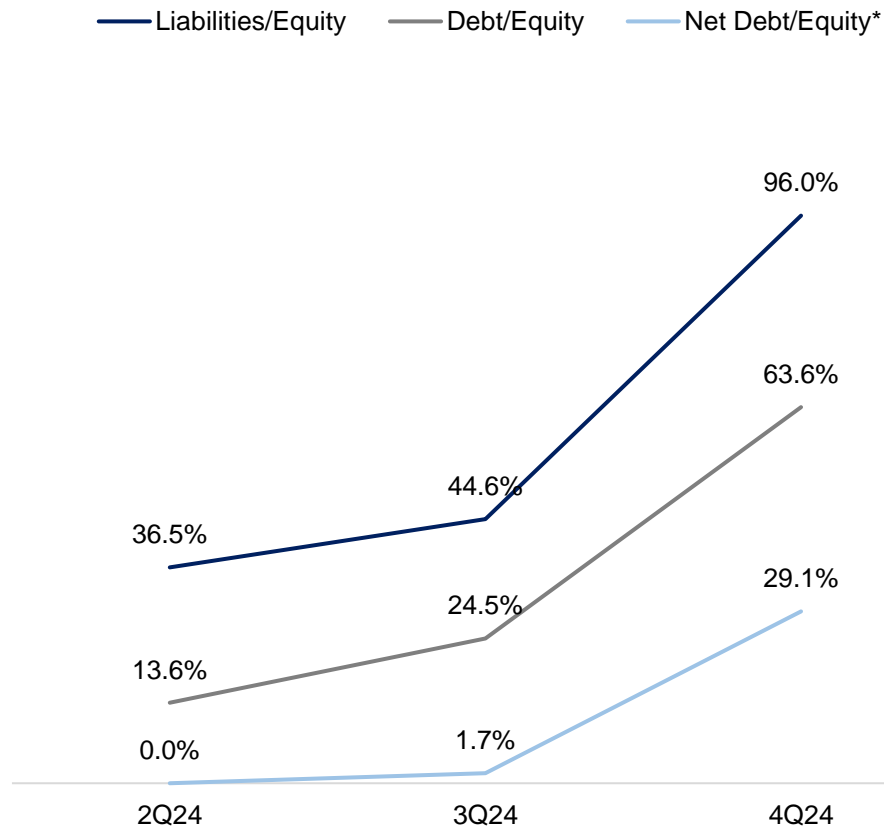
4Q 2024 Business Results (Consolidated)

Balance Sheet

(bn KRW)

	2Q24	3Q24	4Q24	QoQ
Asset	13,321	13,641	14,875	1,233
Current Assets	6,127	6,386	7,646	1,260
Cash and Equivalents	938	1,510	894	-616
Short-term Investments*	1,190	638	1,727	1,089
Non-current Assets	7,194	7,255	7,228	-27
PP&E	4,534	4,502	4,820	318
Liabilities	3,562	4,210	7,284	3,074
Debt	1,329	2,308	4,826	2,519
Net Debt	(799)	160	2,205	2,045
Shareholder's Equity	9,759	9,431	7,590	-1,841

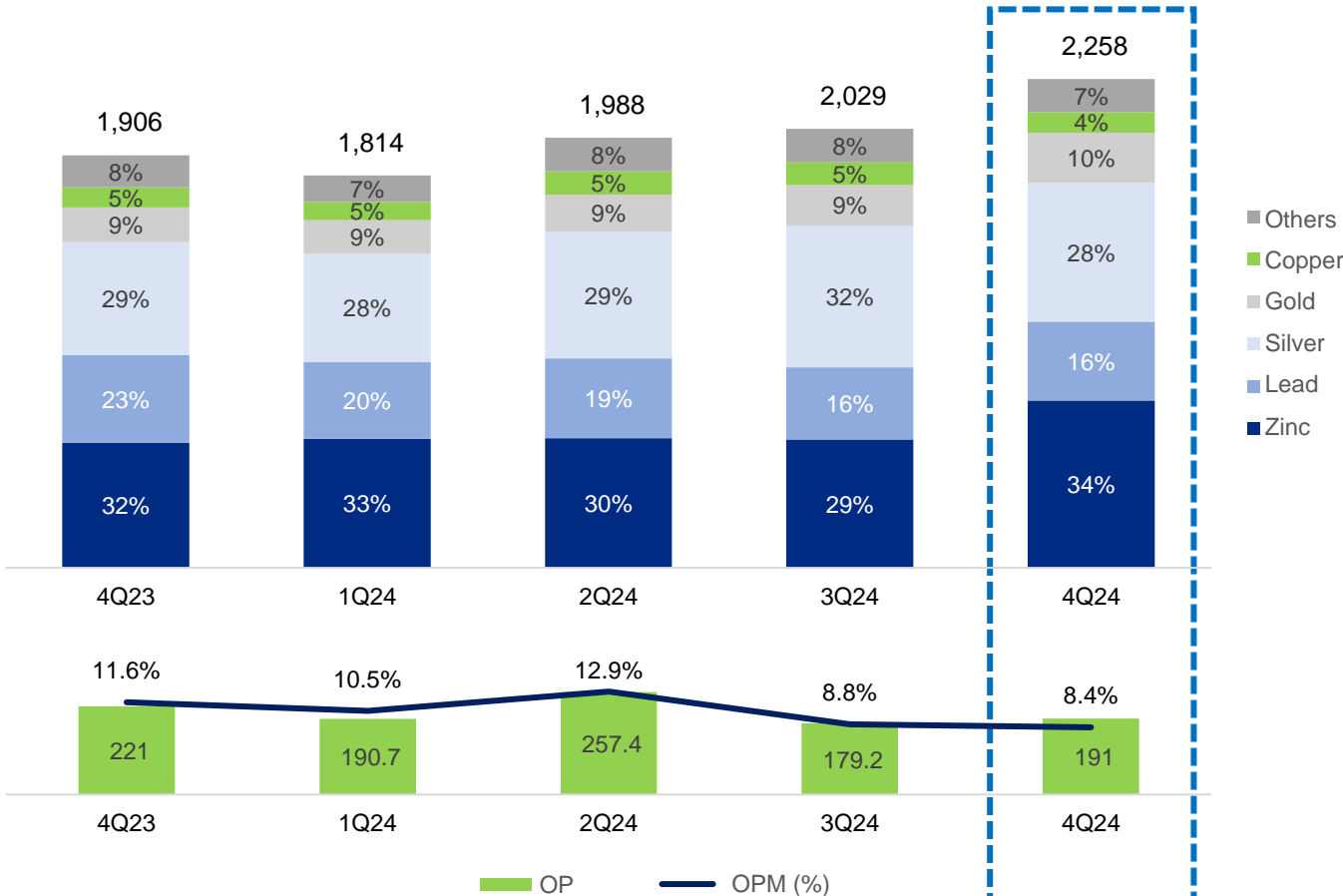
Financial Ratios



* Including Short-term Financial Instruments

* Including Short-term Investments

Sales by Product (bn KRW)



4Q Results

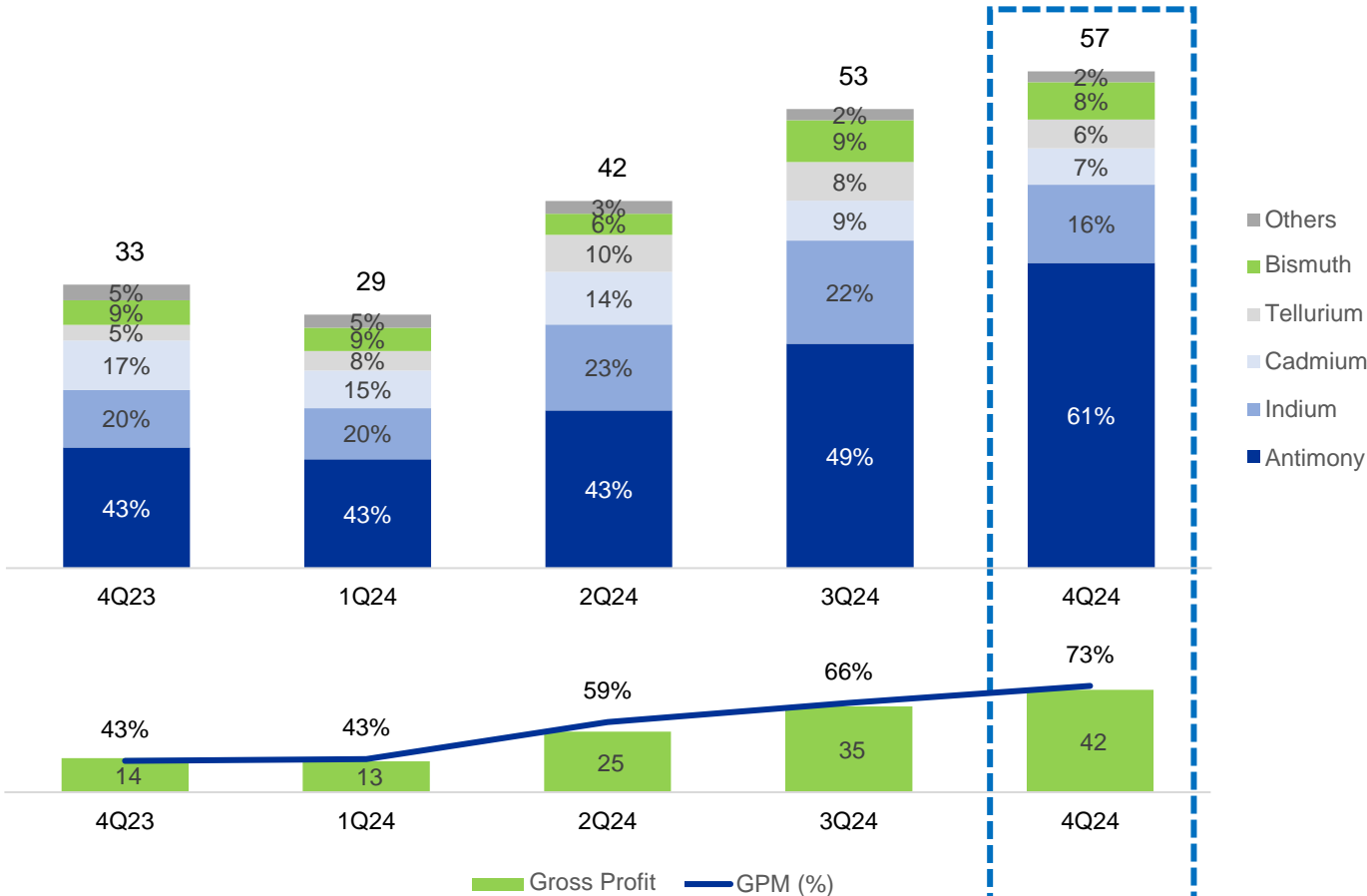
- Rise in metal prices and increased sales volume of zinc and lead, along with strong USD led to increase in revenue and operating profit
- Rise in operating profit was limited due to the weak TC



1H Outlook

- The suspension of domestic smelter operations, along with permanent closures and production cuts at overseas smelters, is expected to improve the global zinc supply-demand dynamics

Sales by Product (Other Metals) (bn KRW)



4Q Results

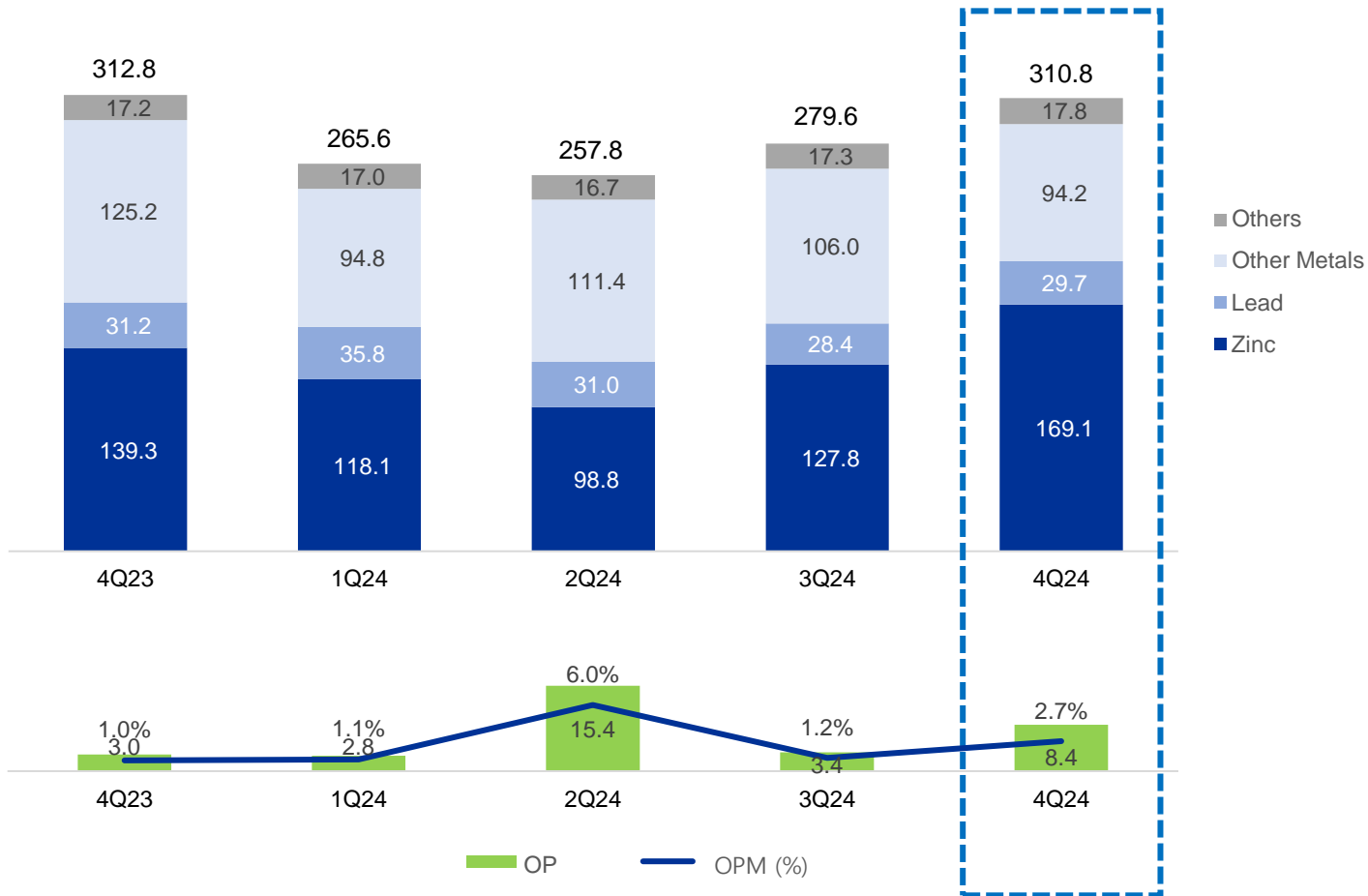
- Rise in antimony and other metals price with strong USD led to increased sales and profit contribution from other metals



1H Outlook

- Strong outlook for other metal prices due to China's export restrictions on antimony, bismuth, indium, and tellurium

Sales by Product (bn KRW)



4Q Results

- Increase in sales volume due to the easing of high-interest rates led to growth in sales revenue
- Improved profitability was driven by rise in metal prices and strong USD

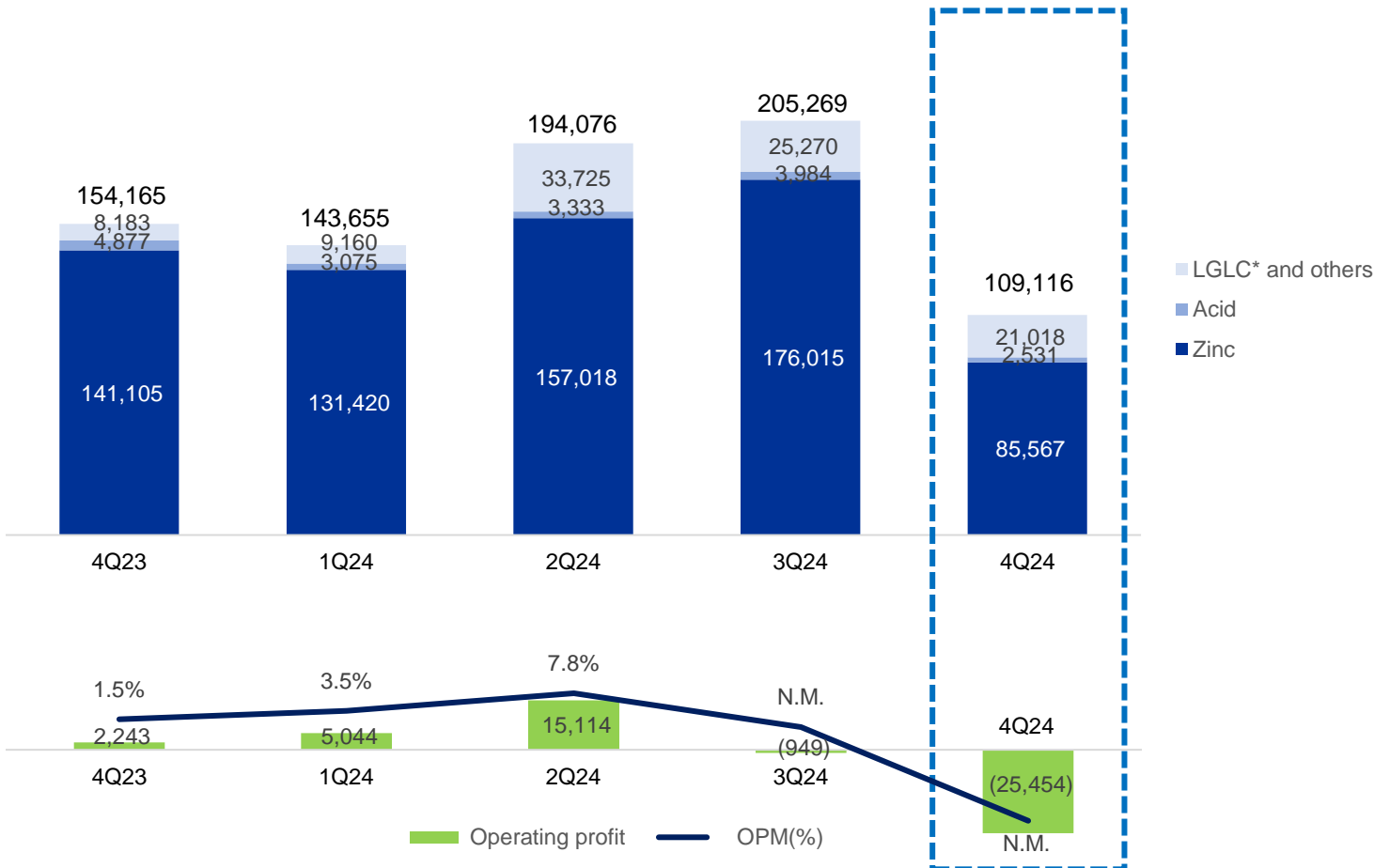


1H Outlook

- Increase in sales volume is expected to drive sales growth

Results & Outlook by Business

Sales by Product (bn KRW)



4Q Results

- Drop in production and sales revenue due to large-scale maintenance in 4Q (October-December)
- Operating profit decreased due to maintenance costs and drop in sales revenue



1H Outlook

- Production and profitability are expected to improve due to normalization of production and improved zinc recovery rates

* Low Grade Lead Concentrate

2025 Business Plan

2025 Business Plan

Troika Drive update



2025 Business Plan

2025 Sales Plan (KZ Standalone)

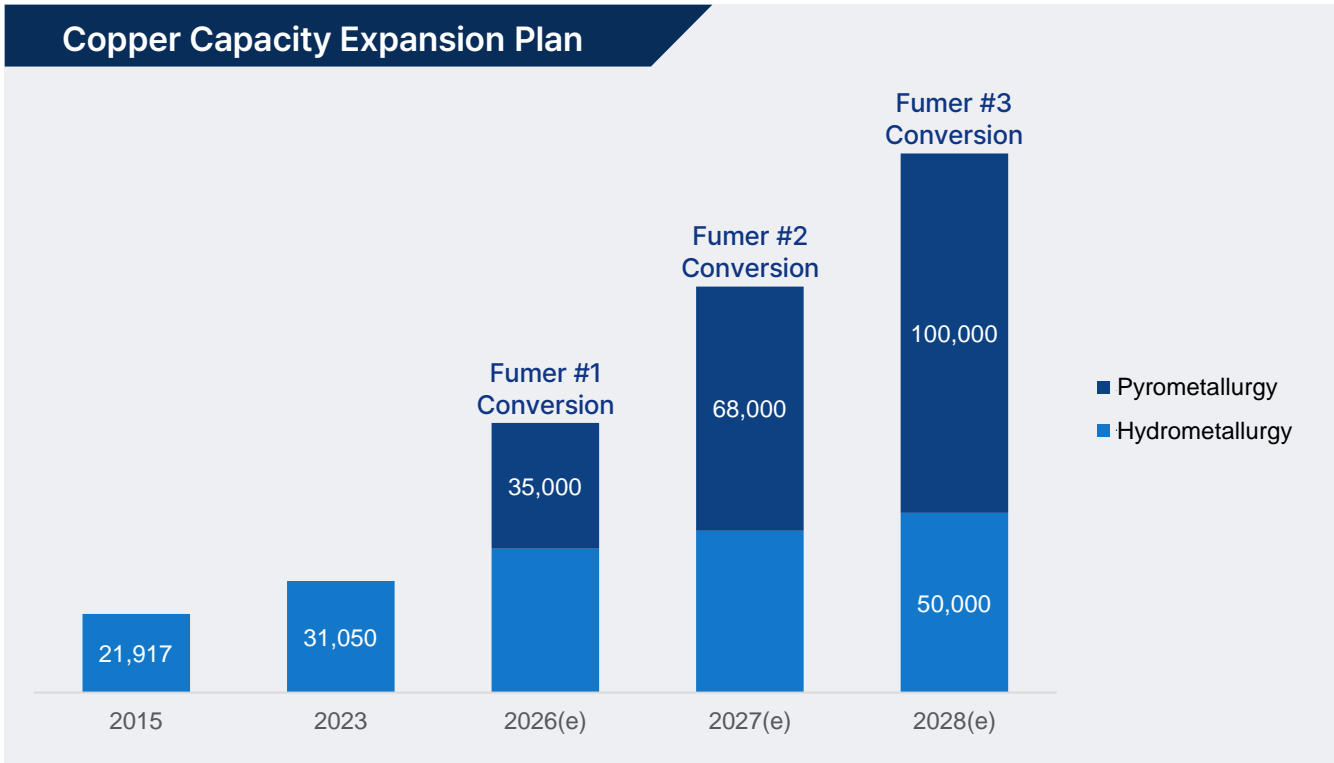
	2021 Plan	2021 Actual	2022 Plan	2022 Actual	2023 Plan	2023 Actual	2024 Plan	2024 Actual	Actual/Target	2025 Plan
Zinc (MT)	640,000	636,299	640,000	634,414	640,000	654,245	650,000	643,062	99%	630,000
Lead (MT)	426,000	429,022	430,000	422,463	430,000	410,930	450,000	445,662	99%	450,000
Silver (MT)	2,189	2,226	2,192	2,037	1,815	1,970	2,108	1,973	94%	1,935
Gold (KG)	8,741	13,886	10,060	11,899	8,600	9,298	9,008	7,113	79%	7,920
Copper (MT)	26,000	27,443	29,600	26,107	33,700	30,904	37,600	31,131	83%	34,500

Troika Drive update (Copper Capacity Expansion Plan)

Expansion of copper capacity through the conversion of Fumer facilities.

- The modification of Fumer #1 will add 35,000 tons of copper production capacity, expected to increase revenue by approximately KRW 450 billion
- By utilizing secondary raw materials sourced from Igneo and Kataman, an additional 100,000 tons of dry copper production capacity is expected to be secured by 2028

Copper Capacity Expansion Plan



- Converting 3 of 8 Fumers into Cu smelter to expand pyrometallurgy capacity to 100,000tons

- ① Fumer #1 Conversion
: Annual production of 35,000 tons starting January 2026
- ② Fumer #2 Conversion
: Annual production of 33,000 tons starting March 2027
- ③ Fumer #3 Conversion
: Annual production of 32,000 tons starting January 2028

- Securing secondary copper raw materials (PCB, metal scrap, etc.) through Igneo and Kataman.

- After establishing a production system for 150,000 tons of copper, revenue is expected to increase by approximately 2.1 trillion KRW*

* Based on the average LME and exchange rate in 4Q24

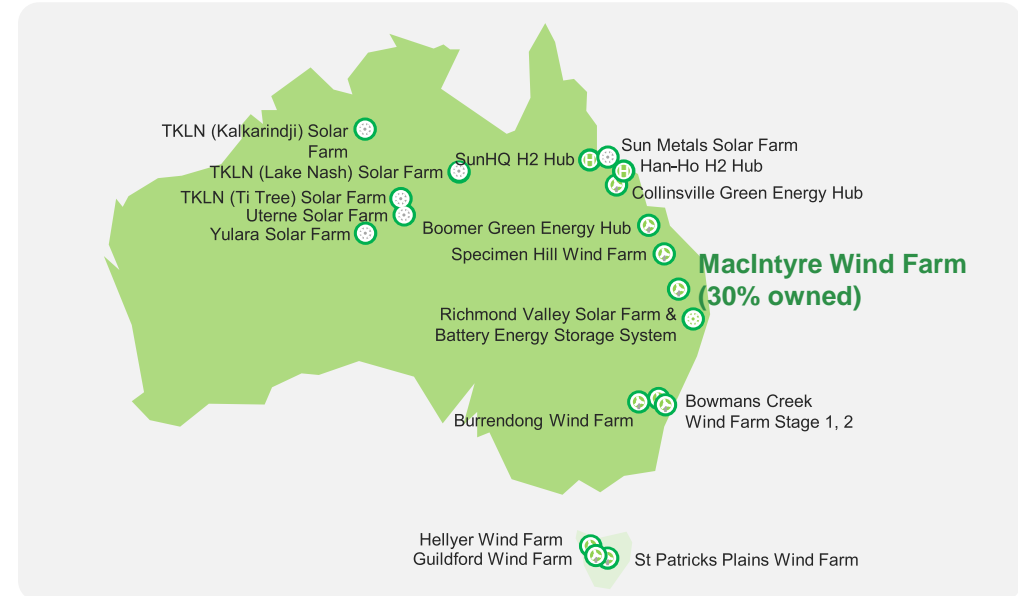
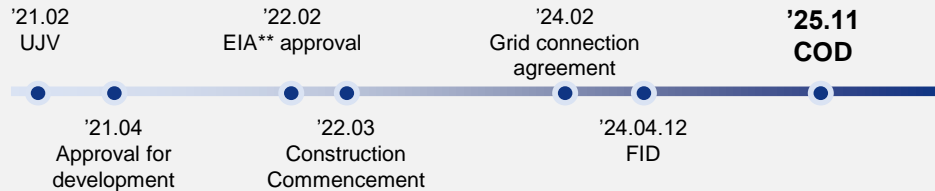
* Including revenue from other metals produced through pyrometallurgy smelting

Troika Drive update (Renewables)

MacIntyre Wind Farm Project

- Commercial operation of the MacIntyre Wind Farm (MWF) scheduled to begin in November 2025, accelerating Ark Energy's renewable-IPP business model
- Securing stable supply of large-scale clean power with economic viability
- Accelerating SMC's RE100 goal through MWF (renewable energy expected to satisfy more than 50% of SMC's power consumption by 2026)
- Building competitive advantage through the production of Green Zinc
- Price Premium* will likely further contribute given heady rush to '21.02 decarbonize steel and smelting industry

- Generation capacity
 - 923MW (Ark Energy 277MW)
 - 1st Year Generation: 2,951GWh (Ark Energy 885 GWh)
- PPA Contracts
 - 40% of generated power to be supplied to Telstra for 10 years
 - 30% of generated power to be supplied to SMC for 10 years



* Green Steel premium expected to be set at 5%~24% of sales price based on European Parliament's published report

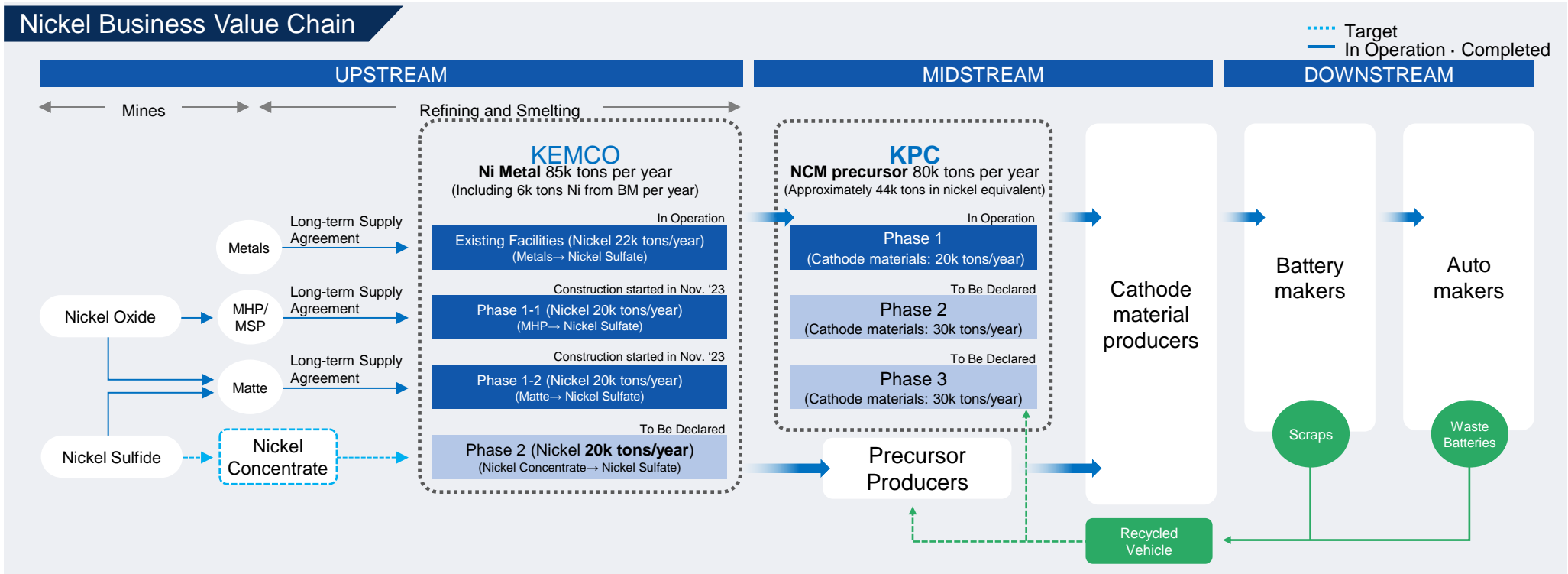
** Environmental Impact Assessment

Troika Drive update (Secondary Battery Materials)

All-In-One Nickel Smelter & KPC commercial operation

- All-In-One Nickel Smelter scheduled to be completed by the end of 2026 and initiate full-scale nickel production (Ni Metal 43kt)
- KPC, completed in 2024, began commercial operation in January (NCM precursor 20kt)

Nickel Business Value Chain



- Securing non-China raw materials given the elevated geopolitical tension and trade conflicts
- Nickel refinery +43kt Ni capacity accounts for 4.9% of global nickel production for battery use in 2026 (Source: Wood Mackenzie)

Troika Drive update (Secondary Battery Materials)

KEMCO & KPC 2025 Business Plan

- KEMCO's nickel sulfate sales increase is expected to drive 2025 revenue to KRW 382.5 billion (YoY +36%) and operating profit to KRW 10.8 billion (YoY +124%).
- KPC, with the start of commercial production, 2025 revenue is projected at KRW 347 billion and operating profit at KRW 12.6 billion

KEMCO	Unit	2024	2025 (Plan)	Diff.
Key Index				
- Ni LME Price	\$/ton	16,841	16,000	-5.0%
- FX	KRW/\$	1,367	1,400	2.4%
Sales (NiSO4)	ton/year	55,653	80,881	45.3%
Sales	KRW bn	281.2	382.5	36.0%
Gross Profit	KRW bn	12.1	19.3	59.3%
Operating Profit	KRW bn	4.8	10.8	124.0%
OPM	%	1.7%	2.8%	1.1%p

KPC	Unit	2024	2025 (Plan)
Sales (Precursor)	ton/year	-	17,800
Sales (LiOH·H2O)	ton/year	-	643
Sales	KRW bn	-	347.0
Gross Profit	KRW bn	-	17.8
Operating Profit	KRW bn	-	12.6
OPM	%	-	3.6%

EGM Results

Voting Results by Agenda Item

Expected Effect of Approved Agenda



Voting Results by Agenda Item

Item #	Agenda	Proposer	Results	Remarks
No. 1	Partial amendment to the Articles of Incorporation	-	-	
No.1-1	Amendment to the Articles of Incorporation to adopt a cumulative voting system (shareholder proposal by Yumi Development Co., Ltd.)	Yumi Development	Approved	
No.1-2	Amendment to the Articles of Incorporation regarding the maximum number of directors in order to prevent inefficiencies in management caused by an oversized Board of Directors	Korea Zinc	Approved	
No.1-3	Amendment to the Articles of Incorporation to adopt an executive officer system (shareholder proposal by Young Poong Co., Ltd.)	MBK & YP	Rejected	
No.1-4	Stock split and amendment to the Articles of Incorporation for stock split	Korea Zinc	Approved	
No.1-5	Amendment to the Articles of Incorporation to stipulate the protections for minority shareholders	Korea Zinc	Rejected	
No.1-6	Amendment to the Articles of Incorporation to appoint an outside director as the Chairman of the Board of Directors	Korea Zinc	Approved	
No.1-7	Amendment to the Articles of Incorporation to change the record date for dividends	Korea Zinc	Approved	
No.1-8	Amendment to the Articles of Incorporation to adopt quarterly dividends	Korea Zinc	Approved	
No.2	Appointment of seven (7) Directors through cumulative voting under the assumption that the maximum number of Directors is nineteen (19)	-	-	Non-Agenda Item Due to Injunction Decision*
No.3	Appointment of Directors through cumulative voting under the assumption that there is no maximum number of Directors	-	-	Non-Agenda Item Due to Injunction Decision*
No.4	Appointment of Directors under the assumption that the maximum number of Directors is nineteen (19)	-	-	
No.4-1 ~ No.4-7	Seven (7) Directors (Korea Zinc's Proposal)	Korea Zinc	Approved	
No.4-8 ~ No.4-21	Fourteen (14) Directors (Shareholder Proposal)	MBK & YP	Rejected	
No.5	Appointment of Directors under the assumption that there is no maximum number of Directors	-	-	Non-Agenda Item Due to approval of item 1-2
No.6	Appointment of Audit Committee member	Korea Zinc	Approved	

* Seoul Central District Court Decision on January 21, 2025, Case No. 2024카합21996 regarding prohibition of agenda items

Expected Effect of Approved Agenda

Agenda	Overview	Expected Effect
No.1-1 Adoption of Cumulative voting system	<ul style="list-style-type: none"> In cases where two or more directors are appointed, each shareholder will have voting rights equal to the number of directors they can appoint per share, allowing them to concentrate their votes on one or multiple director candidates. 	<ul style="list-style-type: none"> Increases the likelihood of minority shareholders securing representation on the board and reflects the opinions of diverse shareholders, thereby protecting the rights of common shareholders.
No.1-2 Limiting maximum number of directors to 19	<ul style="list-style-type: none"> Before: The number of directors shall be not less than 3 After: The number of directors shall be not less than 3 and not more than 19 	<ul style="list-style-type: none"> Prevents impairment of the board's deliberative function and the weakening of directors' responsibilities and powers due to excessive board enlargement.
No.1-4 Stock split	<ul style="list-style-type: none"> The par value of 5,000 KRW per share will be split into 500 KRW (10:1). 	<ul style="list-style-type: none"> Increasing the circulation volume without diluting existing shareholders' equity, thereby expanding the shareholder base and laying the groundwork for potential increases in the corporate value of Korea Zinc in the future.
No.1-6 Appointment of outside director as the Chairman of the Board	<ul style="list-style-type: none"> Before: The chairperson of the board will be the CEO After: The chairperson of the board will be determined by a resolution of the board among outside directors. 	<ul style="list-style-type: none"> Appointment of the outside director as chairperson is expected to enhance the board's independence and supervisory functions.
No.1-7 Changing the record date for dividends	<ul style="list-style-type: none"> Allowing the establishment of a record date to confirm the shareholders entitled to dividends through board resolution. 	<ul style="list-style-type: none"> Increasing predictability regarding dividends and mitigating stock price volatility.
No.1-8 Adoption of quarterly dividends	<ul style="list-style-type: none"> Before: Dividend paid twice a year (Interim & Year-end) After: Dividend paid quarterly (Quarterly dividends) 	<ul style="list-style-type: none"> Laying the foundation for long-term corporate value enhancement by increasing demand for shares through demonstration of high financial stability and excellent cash flow generation.

APPENDIX

Holding Structure

Shareholder Return Policy

Historical Sales Volume

Metal Prices & FX

Zinc TC & Earnings

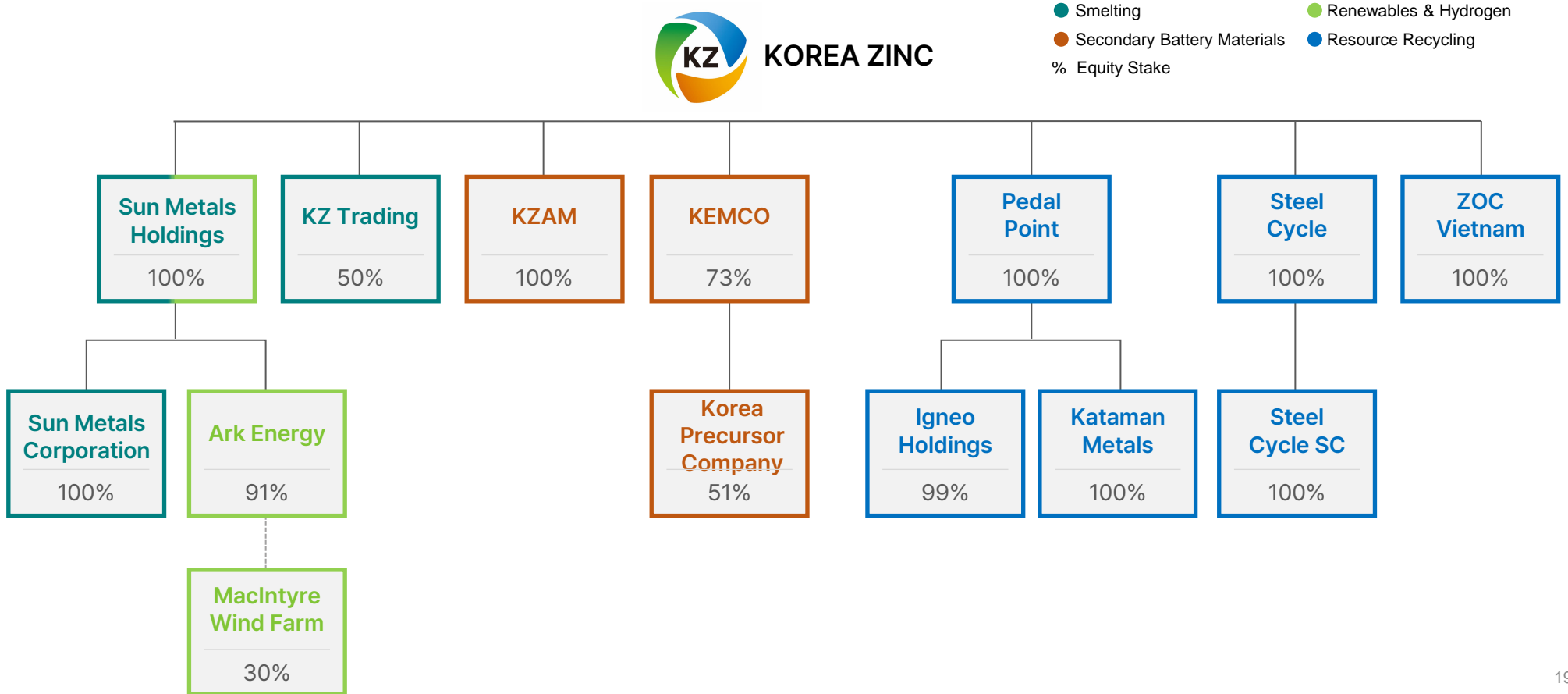
Sales Volume by Metal

Sales Revenue by Metal

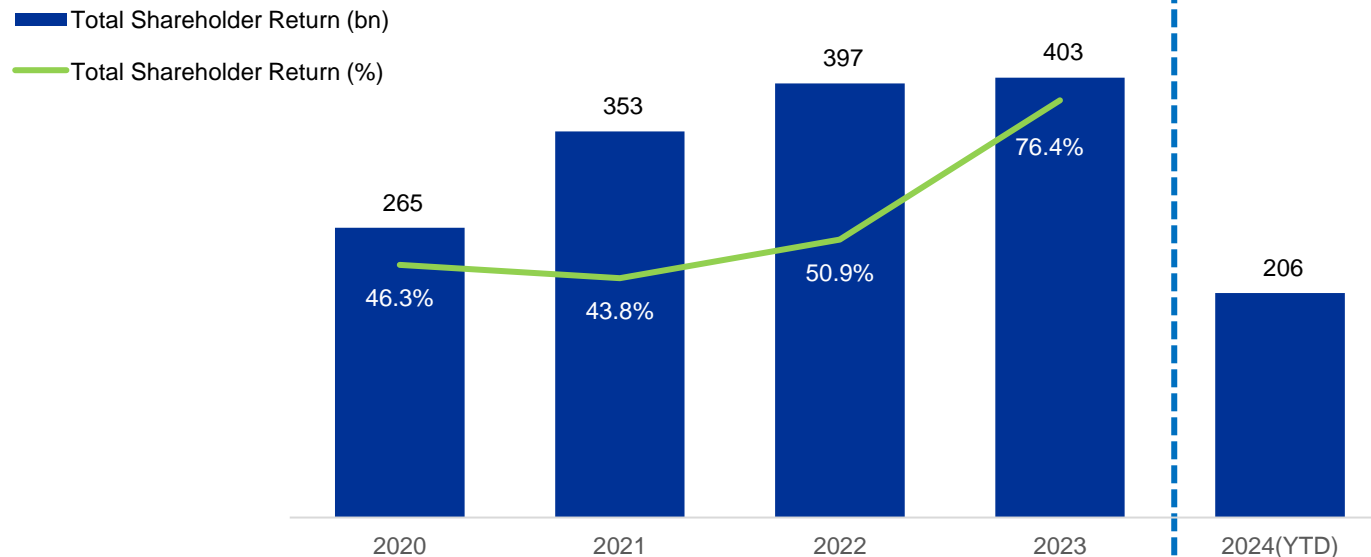
Financials



Holding Structure



Historical Shareholder Return



Shareholder Return (KRW)	2020	2021	2022	2023	2024(YTD)
Interim (a)	-	-	-	10,000	10,000
Year-end (b)	15,000	20,000	20,000	5,000	TBD
Annual Dividend (a+b)	15,000	20,000	20,000	15,000	TBD
Cancellation of Shares (bn)	-	-	-	100	TBD
Total Shareholder Return (bn)	265	353	397	403	206
Total Shareholder Return (%) (Consolidated basis)	46.3%	43.8%	50.9%	76.4%	-



Shareholder Return Highlights

- Maintaining 3-year average total shareholder return rate above 40% (Consolidated basis) (2025-2027)
- Cancellation of all treasury shares acquired through the tender offer
- Target to maintain reserve ratio below 8,000% (2023 9,054%)
- FY24 Interim Dividend
 - DPS : KRW 10,000
 - Total Shareholder Return : 71.4% (2024 1H)

Historical Sales Volume

Holding Structure

Shareholder Return Policy

Historical Sales Volume

Metal Prices & FX

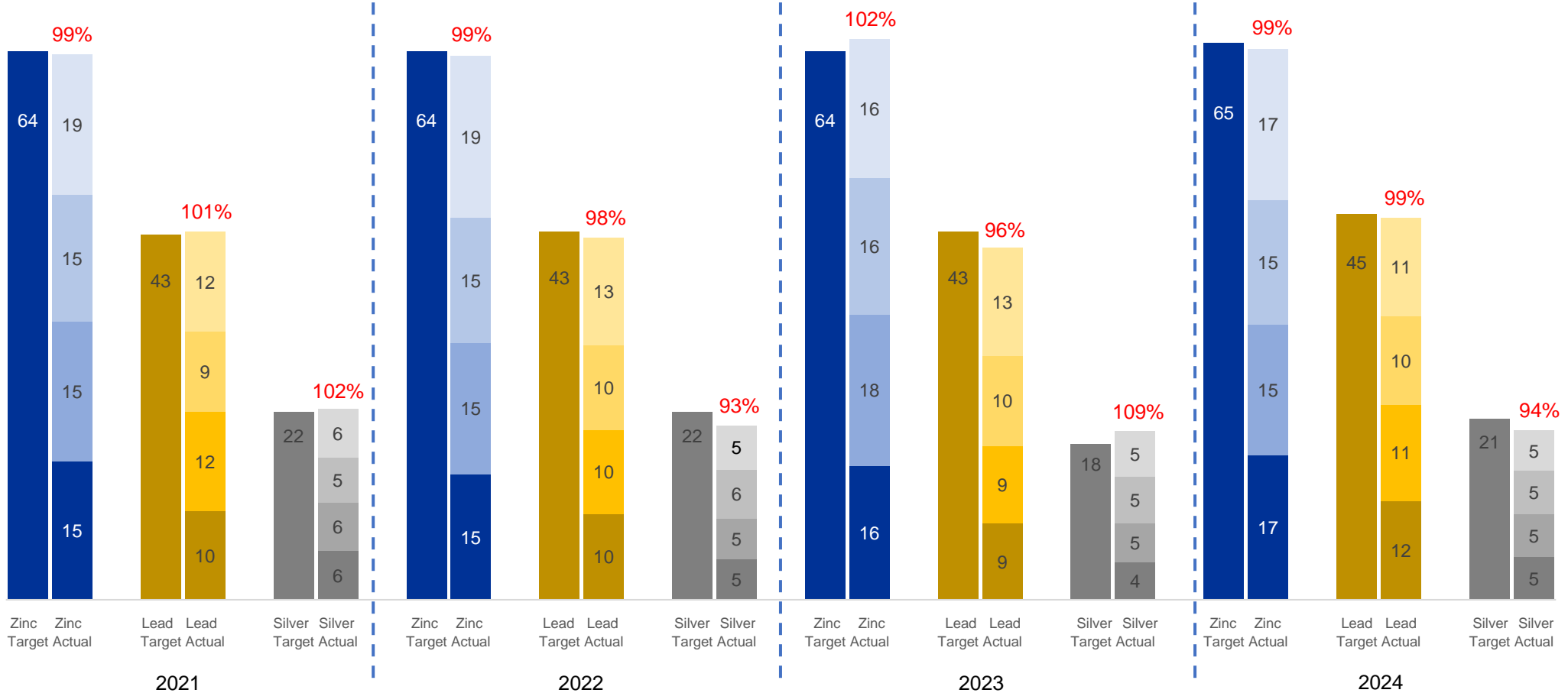
Zinc TC & Earnings

Sales Volume by Metal

Sales Revenue by Metal

Financials

Unit : 10kt(Zinc, Lead), 100t(Silver), %(Actual/Target)



Metal Prices & FX

Holding Structure

Shareholder Return Policy

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Zinc TC & Earnings

Sales Volume by Metal

Sales Revenue by Metal

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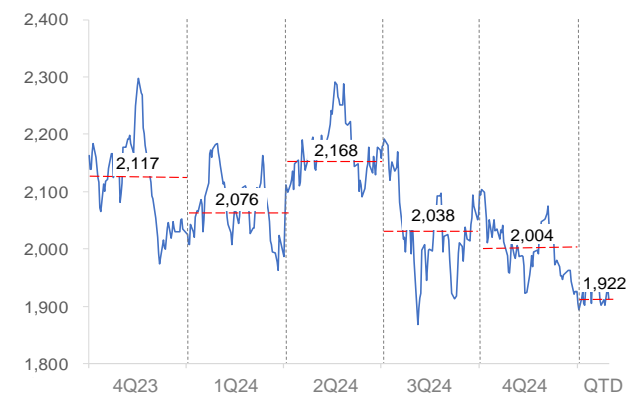
USD/KRW (Avg.)



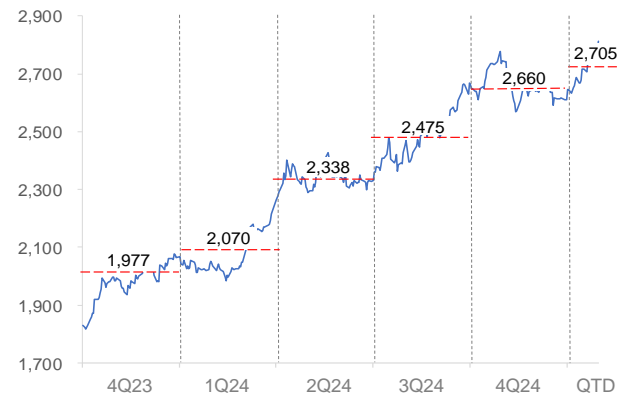
Zinc (USD/MT)



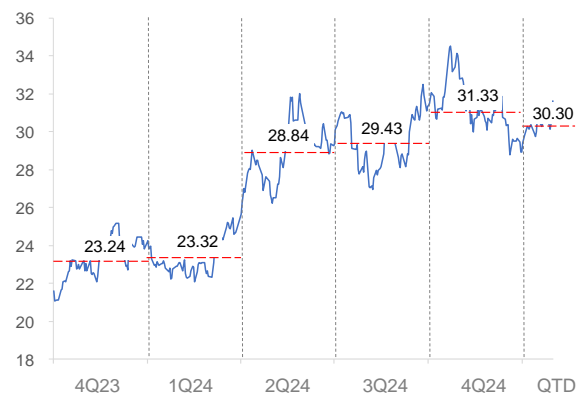
Lead (USD/MT)



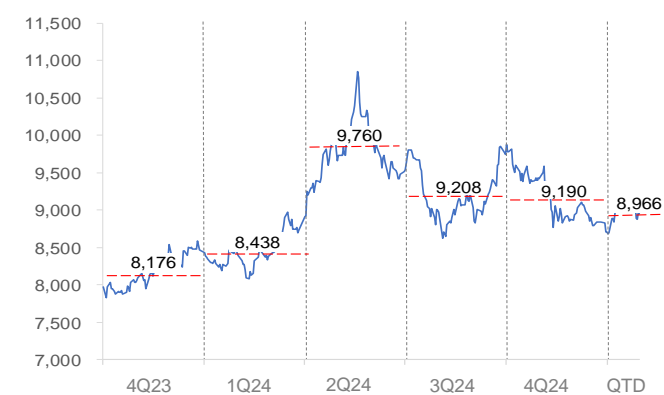
Gold (USD/oz)



Silver (USD/oz)

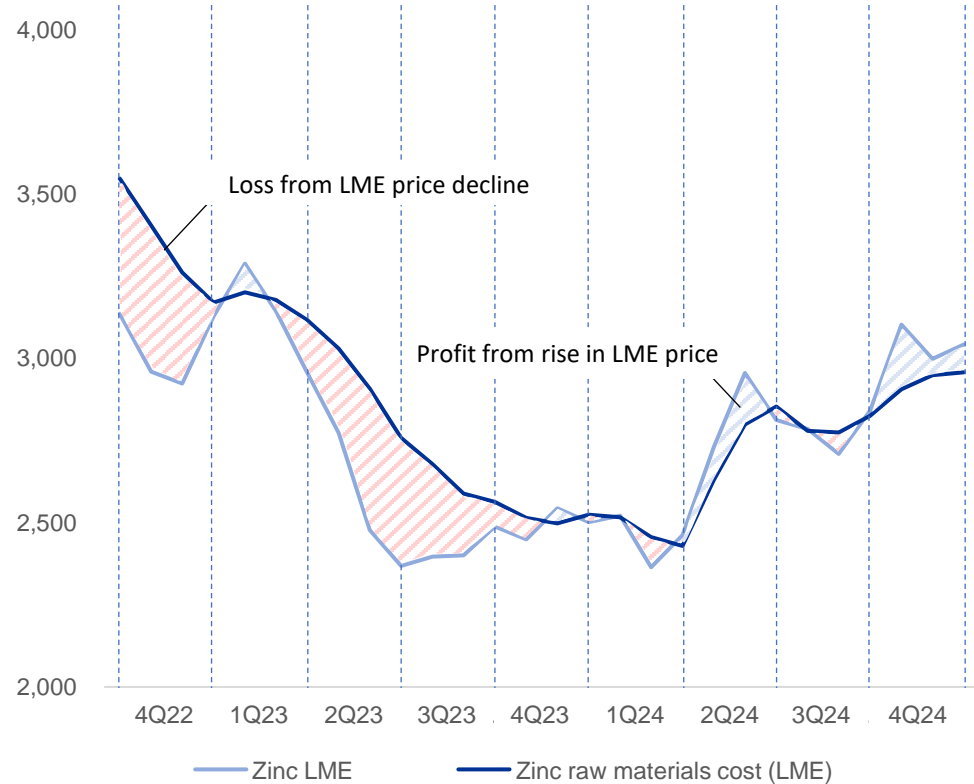


Copper (USD/MT)

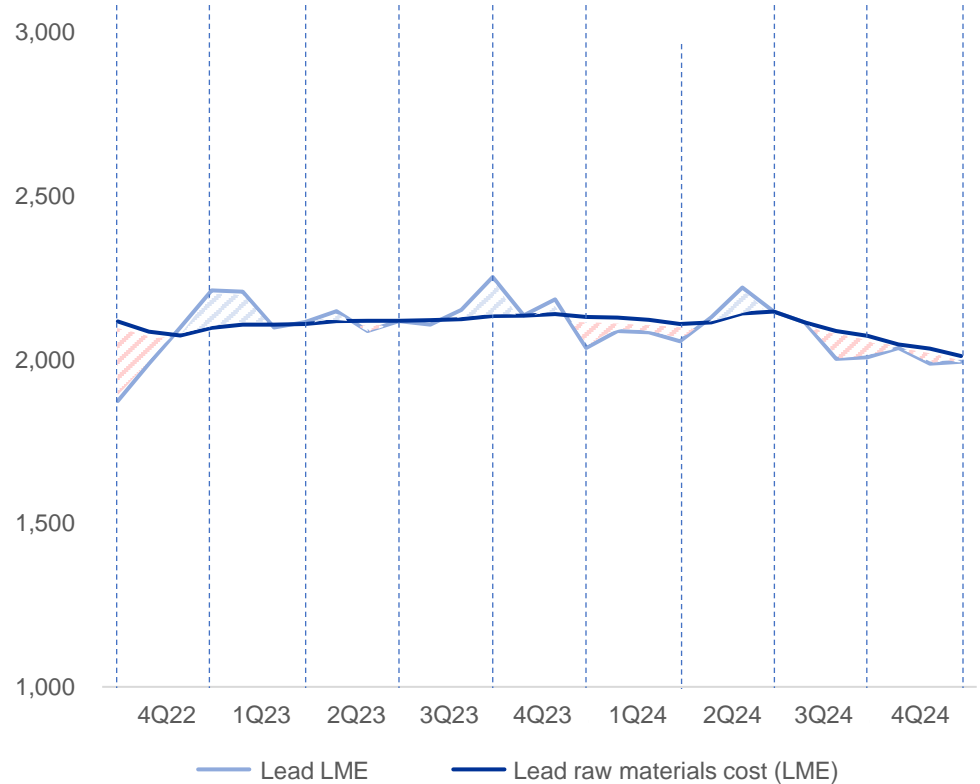


LME Price & Raw Materials Cost Trend (USD/t)

Zinc

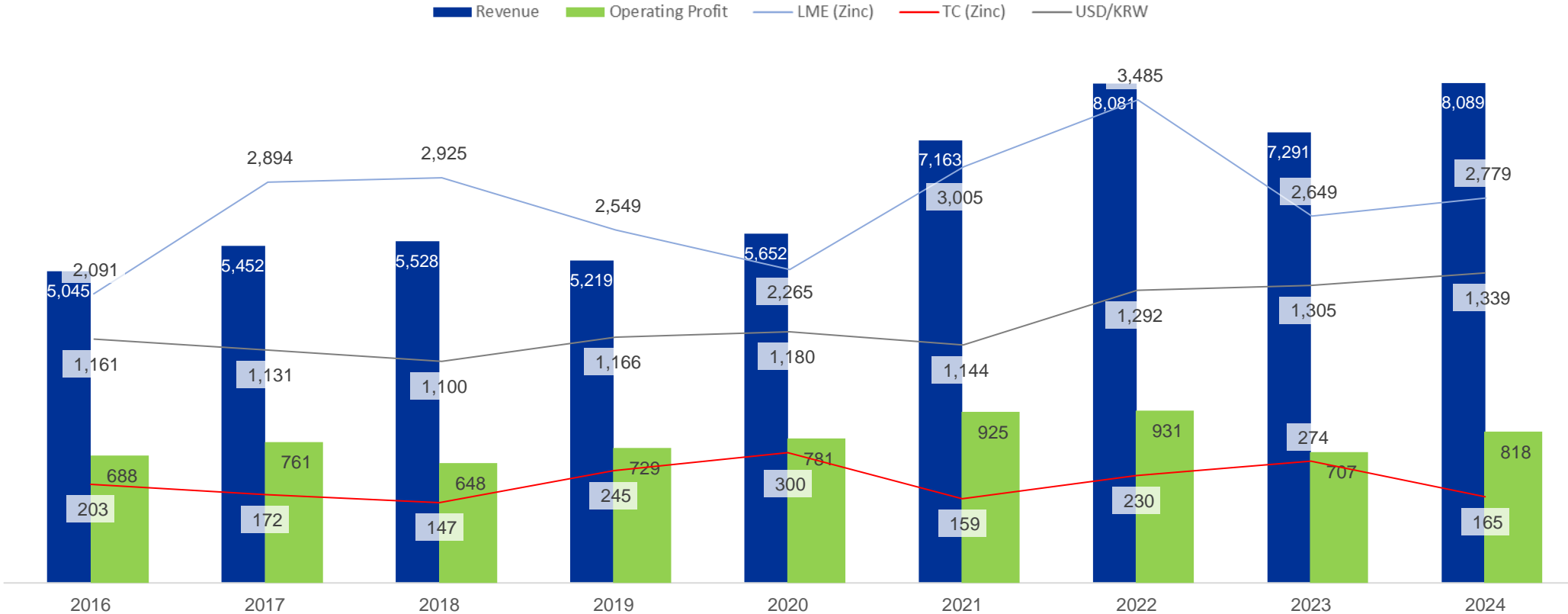


Lead



Benchmark TC, FX & OP (Standalone)

(bn KRW, USD/t)



Source: Bloomberg, Metal Bulletin
TC (Zinc) : Asian Benchmark T/C

Sales Volume by Metal

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Metal Prices
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Sales Volume
by Metal

Sales Revenue
by Metal

Financials

KZ (Standalone)

		4Q23	1Q24	2Q24	3Q24	4Q24	QoQ	YoY
Zinc(MT)	Domestic	49,188	60,305	59,526	62,097	67,885	9.3%	38.0%
	Export	112,683	108,616	92,904	83,626	108,102	29.3%	-4.1%
	Total	161,871	168,921	152,430	145,723	175,987	20.8%	8.7%
Lead(MT)	Domestic	32,425	34,392	34,926	30,645	33,115	8.1%	2.1%
	Export	94,030	80,901	77,574	72,308	81,801	13.1%	-13.0%
	Total	126,455	115,293	112,500	102,953	114,916	11.6%	-9.1%
Silver(KG)	Domestic	8,095	6,460	6,974	11,230	6,110	-45.6%	-24.5%
	Export	523,881	494,395	489,617	499,972	458,156	-8.4%	-12.5%
	Total	531,976	500,855	496,591	511,202	464,266	-9.2%	-12.7%
Gold(KG)	Domestic	1,582	1,753	1,667	1,740	1,953	12.2%	23.5%
	Export	350	-	-	-	-	-	-100.0%
	Total	1,932	1,753	1,667	1,740	1,953	12.2%	1.1%
Copper(MT)	Domestic	6,853	6,382	6,702	6,710	5,015	-25.3%	-26.8%
	Export	1,601	1,147	1,272	1,622	2,280	40.6%	42.4%
	Total	8,454	7,529	7,974	8,332	7,296	-12.4%	-13.7%

Sales Revenue by Metal

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Shareholder Return Policy

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Metal Prices & FX

Zinc TC & Earnings

Sales Volume by Metal

Sales Revenue by Metal

Financials

KZ (Standalone)

(bW)		4Q23	1Q24	2Q24	3Q24	4Q24	QoQ	YoY
Zinc	Domestic	179	216	234	254	295	16.0%	64.5%
	Export	398	381	365	339	478	41.2%	20.0%
	Total	578	596	599	592	773	30.4%	33.8%
Lead	Domestic	105	105	115	99	103	4.0%	-1.7%
	Export	301	248	254	235	261	11.2%	-13.1%
	Total	406	354	369	334	364	9.1%	-10.2%
Silver	Domestic	8	6	9	14	8	-40.4%	6.9%
	Export	514	495	577	641	633	-1.2%	23.2%
	Total	522	501	586	655	642	-2.0%	23.0%
Gold	Domestic	132	155	172	188	233	23.7%	75.9%
	Export	29	-	-	-	-	-	-100.0%
	Total	161	155	172	188	233	23.7%	44.4%
Copper	Domestic	74	72	90	83	64	-23.0%	-13.7%
	Export	18	13	17	21	30	44.1%	68.5%
	Total	92	85	107	104	94	-9.7%	2.0%
Others	-	148	123	155	156	153	-1.9%	3.4%

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OPM(%)	8.2%	7.8%	8.8%	4.7%	3.9%	-0.8%p	-4.3%p
EBITDA	264	260	356	252	221	-12.2%	-16.2%
Net Profit	193	112	175	153	-225	-247.3%	-216.7%

Korea Zinc (Standalone)

PL (bn KRW)	4Q23	1Q24	2Q24	3Q24	4Q24	QoQ	YoY
Sales	1,906	1,814	1,988	2,029	2,258	11.3%	18.5%
Gross Profit	267	237	301	236	271	15.0%	1.6%
Operating Profit	221	191	257	179	191	6.5%	-13.7%
OPM(%)	11.6%	10.5%	12.9%	8.8%	8.4%	-0.4%p	-3.2%p
EBITDA	272	248	315	238	243	2.3%	-10.6%
Net Profit	198	140	198	195	-77	-139.5%	-139.0%

BS (bn KRW)	4Q23	1Q24	2Q24	3Q24	4Q24	QoQ	YoY
Assets	10,178	10,146	10,843	11,355	12,265	8.0%	20.5%
Current Assets	4,224	4,147	4,457	4,902	5,957	21.5%	41.0%
Cash and Financial instruments	316	396	163	1,079	462	-57.1%	46.3%
Short-term Investments*	1,223	1,437	1,053	432	1,600	270.4%	30.8%
Inventories	2,121	1,830	2,414	2,570	2,956	15.0%	39.4%
Non-current Assets	5,954	5,999	6,387	6,453	6,308	-2.2%	6.0%
Liabilities	1,387	1,377	1,994	2,689	5,549	106.4%	300.0%
Current Liabilities	1,355	1,346	1,964	2,654	5,461	105.8%	303.1%
Non-current Liabilities	32	32	30	35	87	147.7%	170.5%
Shareholder's Equity	8,791	8,769	8,849	8,666	6,717	-22.5%	-23.6%

* Including Short-term Financial Instruments

KZ Trading

PL (bn KRW)	4Q23	1Q24	2Q24	3Q24	4Q24	QoQ	YoY
Sales	312.8	265.6	257.8	279.6	310.8	11.2%	-0.6%
Operating Profit	3.0	2.8	15.4	3.4	8.4	148.9%	176.6%
OPM(%)	1.0%	1.1%	6.0%	1.2%	2.7%	1.5%p	1.7%p
Net Profit	5.3	6.3	0.3	-1.3	14.0	1209.2%	164.9%

SMC

PL ('000 USD)	4Q23	1Q24	2Q24	3Q24	4Q24	QoQ	YoY
Sales	154,165	143,655	194,076	205,269	109,116	-46.8%	-29.2%
Operating Profit	2,243	5,044	15,114	-949	-25,454	2582.6%	-1234.9%
OPM(%)	1.5%	3.5%	7.8%	-0.5%	-23.3%	-22.9%p	-24.8%p
Net Profit	4,673	2,438	10,251	-1,198	-19,396	1518.6%	-515.1%

Operation	4Q23	1Q24	2Q24	3Q24	4Q24	QoQ	YoY
Zinc Production (MT)	56,749	49,982	58,618	59,998	28,253	-52.9%	-50.2%
Zinc Sales (MT)	54,145	50,790	56,176	60,827	27,386	-55.0%	-49.4%
LGLC Sales (MT)	21,021	15,290	31,627	30,239	18,956	-37.3%	-9.8%

Steel Cycle Corporation

PL (bn KRW)	4Q23	1Q24	2Q24	3Q24	4Q24	QoQ	YoY
Sales	14.4	17.0	26.3	41.1	46.4	12.9%	222.2%
Operating Profit	-5.2	-1.2	1.3	2.7	4.0	48.1%	176.4%
OPM(%)	-36.3%	-7.1%	5.0%	6.6%	8.6%	2.1%p	45.0%p
Net Profit	-13.2	-0.6	1.8	2.2	3.2	45.5%	124.2%



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