Korea Zinc

2Q 2026 Earnings Release

August 6th, 2026

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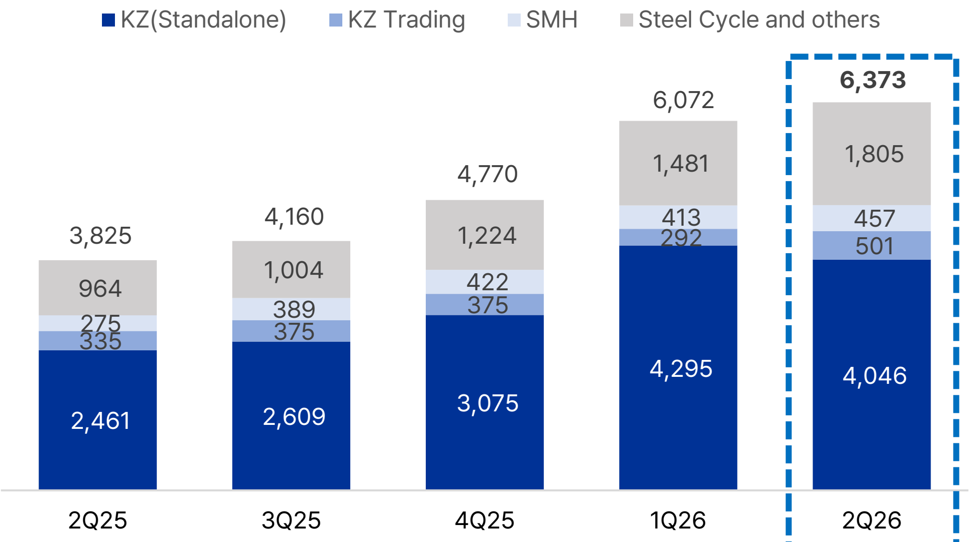
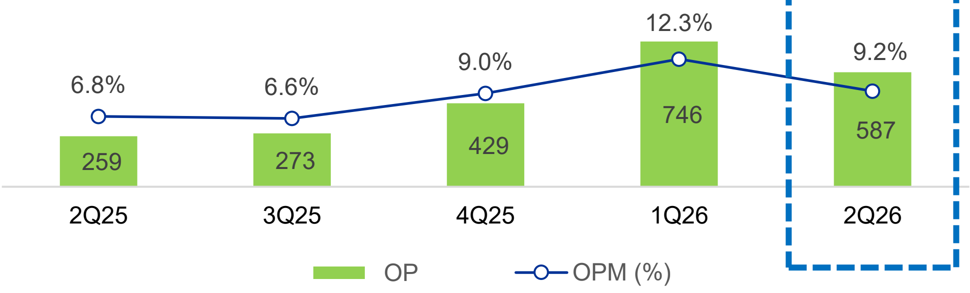
1. 2Q 2026 Business Results (Consolidated)

Earnings by Business

(Billion Won)





Quarterly Results

(Billion Won)

	2Q25	3Q25	4Q25	1Q26	2Q26	QoQ	YoY
Sales	3,825	4,160	4,770	6,072	**6,373**	**+301**	**+2,547**
Gross Profit	390	390	616	953	**809**	**-145**	**+419**
GPM	*10.2%*	*9.4%*	*12.9%*	*15.7%*	*12.7%*	*-3.0%p*	*+2.5%p*
Operating Profit	259	273	429	746	**587**	**-159**	**+328**
OPM	*6.8%*	*6.6%*	*9.0%*	*12.3%*	*9.2%*	*-3.1%p*	*+2.4%p*
EBITDA	353	367	497	847	**696**	**-151**	**+343**
Pre-Tax Profit	423	99	269	518	**507**	**-11**	**+84**
Net Profit	330	71	212	354	**352**	**-3**	**+22**

* Operating Profit + Depreciation + Amortization

2. Financial Position

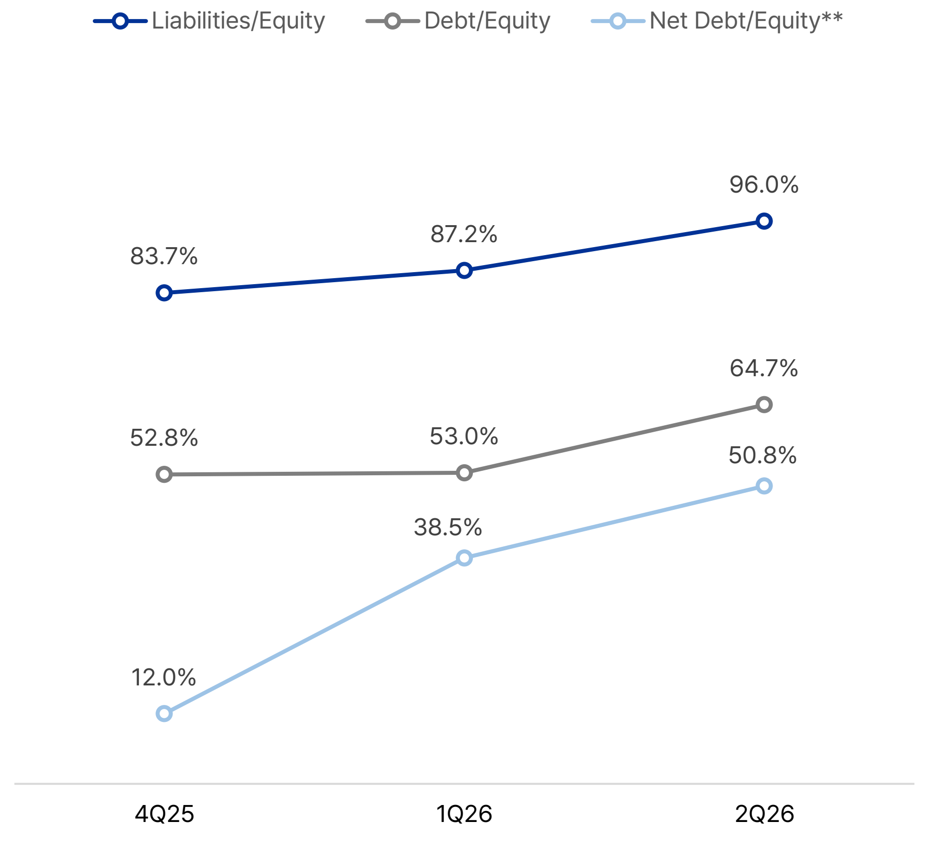
Balance Sheet

(Billion Won)

	3Q25	4Q25	1Q26	2Q26	QoQ
Asset	15,773	20,396	21,496	**22,721**	+1,226
Current Assets	7,962	12,069	9,860	**10,453**	+594
Cash and Equivalents	653	3,451	1,032	**905**	-126
Short-term Investments*	782	1,038	633	**701**	+67
Non-current Assets	7,811	8,326	11,595	**12,268**	+673
PP&E	5,105	5,365	5,631	**6,064**	+434
Liabilities	7,738	9,212	10,037	**11,128**	+1,136
Debt	5,000	5,805	6,079	**7,496**	+1,417
Net Debt	3,565	1,316	4,414	**5,890**	+1,476
Shareholder's Equity	8,035	11,184	11,459	**11,594**	+135

* Including Short-term Financial Instruments

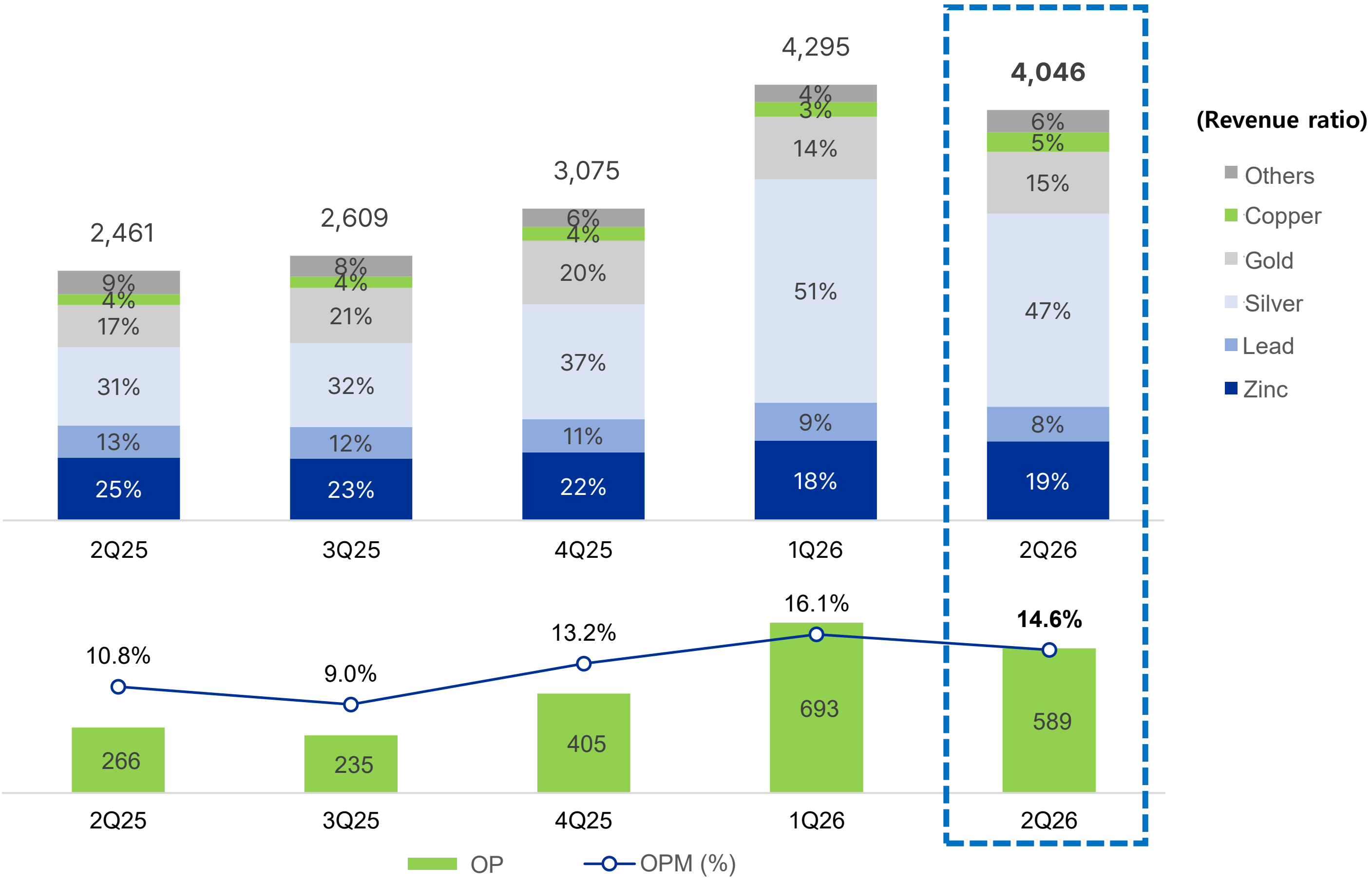
Financial Ratios



** Including Short-term Investments

3-1. Korea Zinc Standalone

Quarterly Earnings by Product (bn KRW)



2Q Results

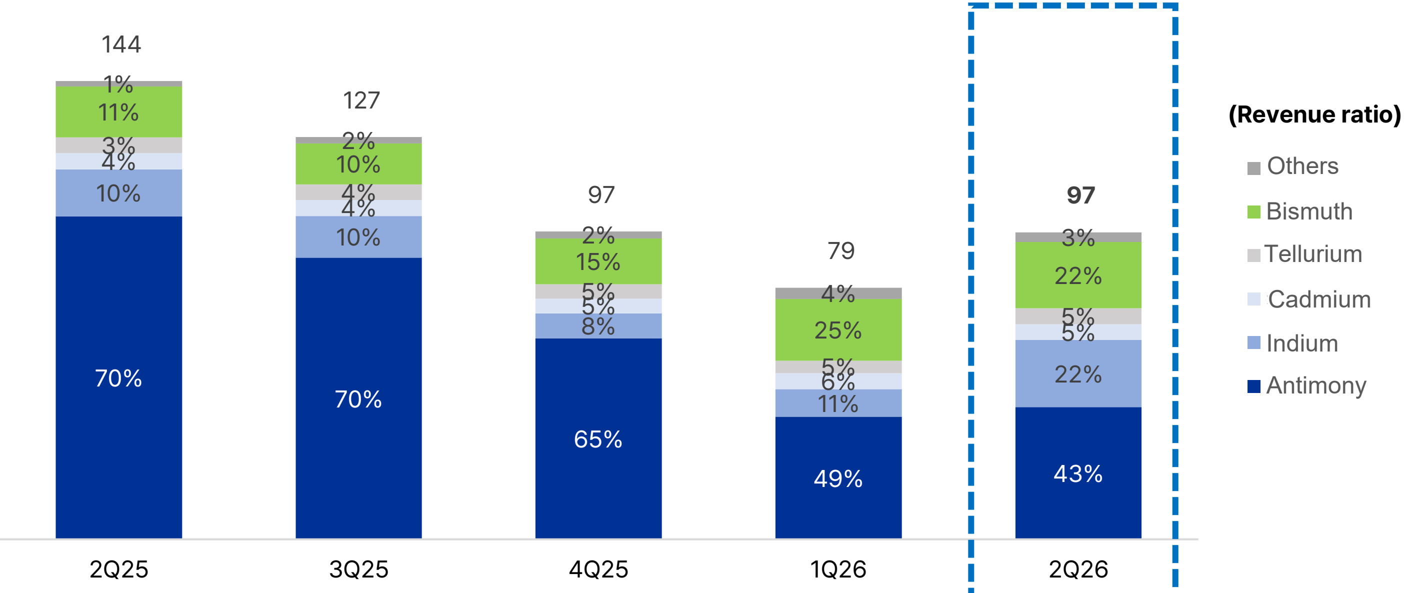
- Despite **softer precious metal prices** due to higher U.S. interest rates and prolonged geopolitical tensions in the Middle East, the company delivered solid quarterly revenue and operating profit, supported by **firm zinc and minor metal prices and higher copper sales volume**

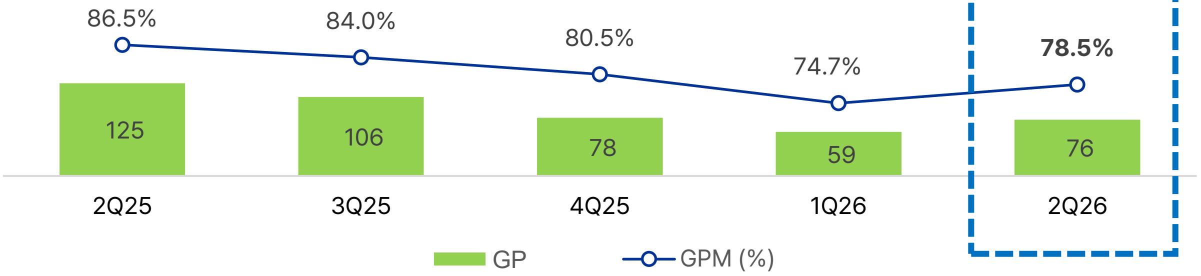
3Q Outlook

- Continued to enhance production volume and profitability by securing **high-grade concentrate** for precious and minor metals and improving **recovery rates**
- As **copper recovery facilities have stabilized**, we expect improved production reliability and a further increase in copper sales volumes

3-2. Korea Zinc Standalone

Quarterly Earnings by Product (bn KRW)





2Q Results

- **Antimony and bismuth sales increased** by having advanced facilities and higher recovery rates
- Proactive inventory management enabled **a significant rise in indium sales** despite lower concentrate intake

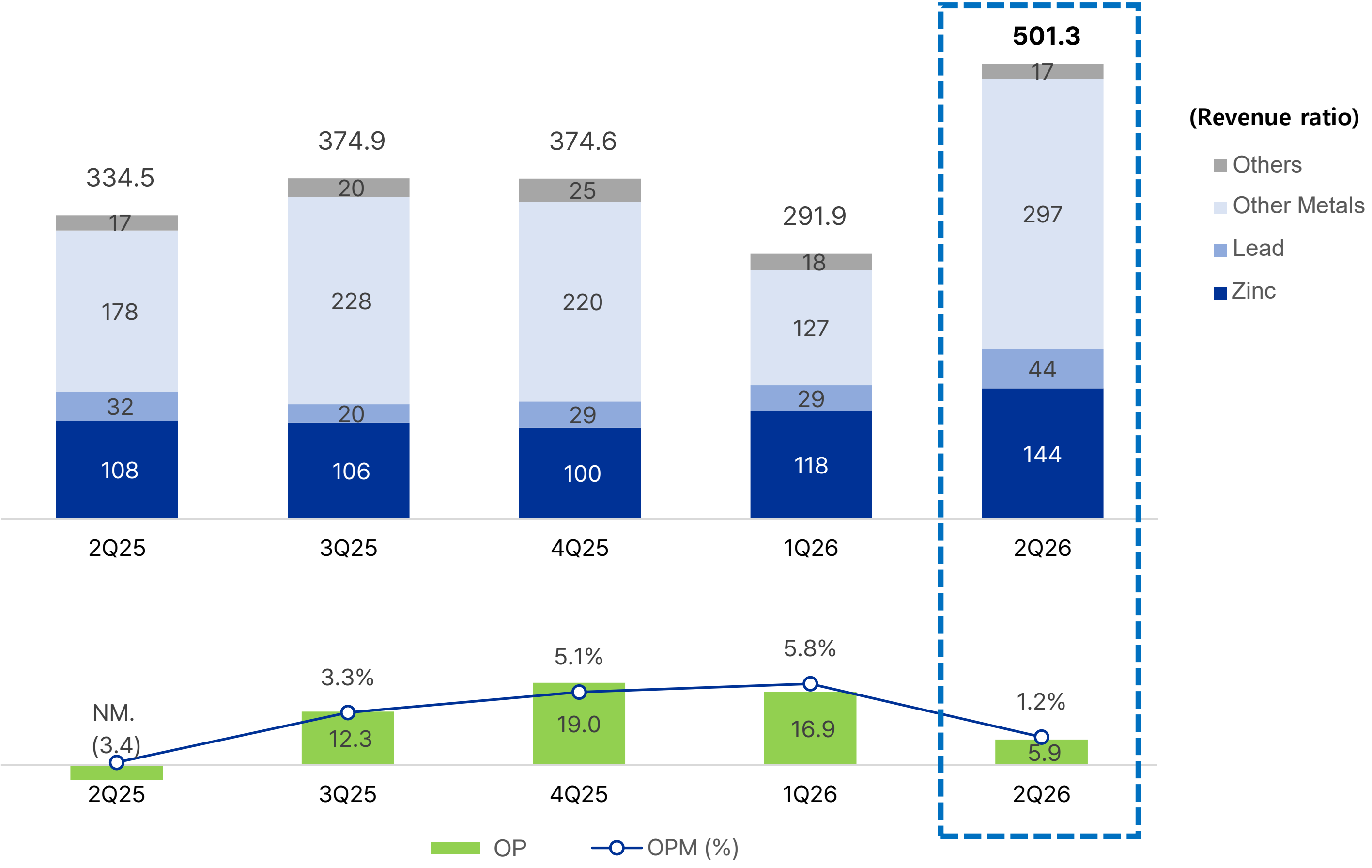
*** 2Q26 Production Volume (QoQ)**
- Antimony +7%, Indium +51%

3Q Outlook

- Continued efforts to improve profitability **by maximizing production of strategic minerals, such as antimony, bismuth, and indium**, for which structural supply shortages are expected

3-3. KZ Trading

Quarterly Earnings by Product (bn KRW)



2Q Results

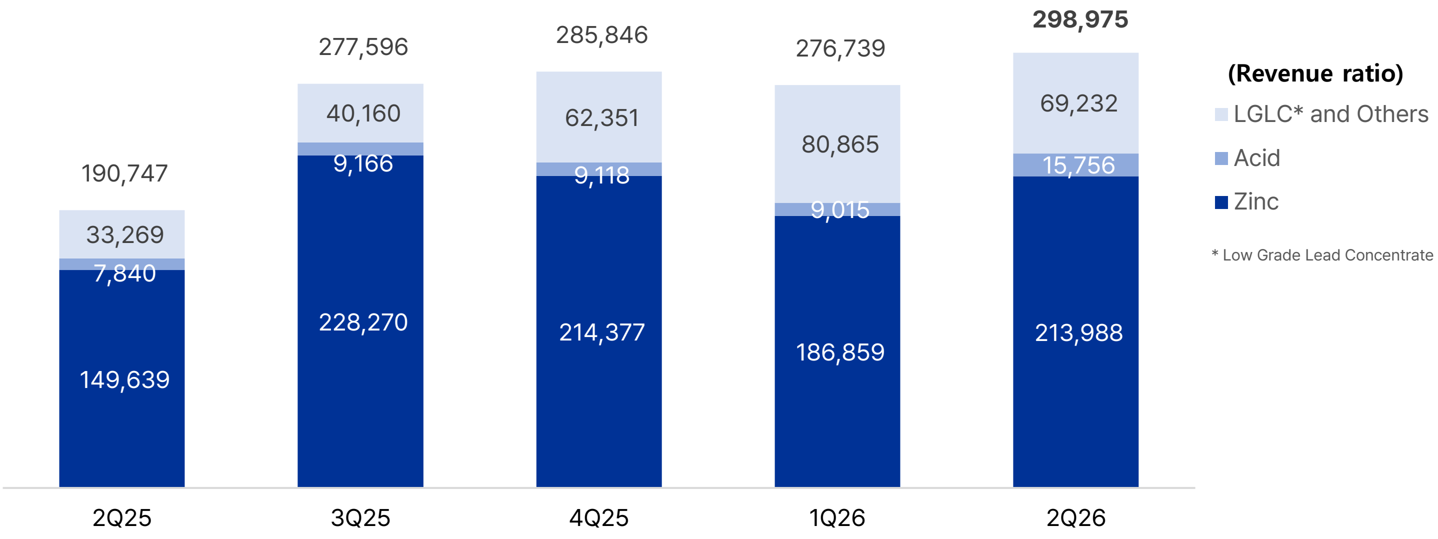
- Revenue grew sharply, driven by **higher sales of key non-ferrous metals including aluminum, zinc and lead**, but profitability declined due to inventory valuation losses following **a drop in aluminum prices**

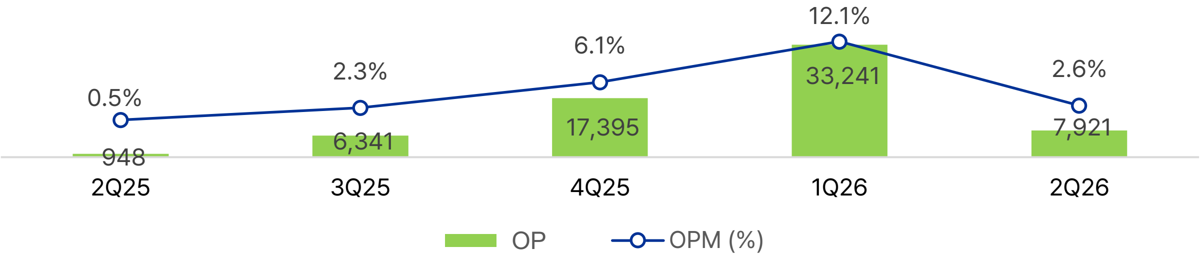
3Q Outlook

- **Supported by firm zinc prices and stable prices for major non-ferrous metals**, we remain committed to a profitability-focused sales strategy

3-4. SMC

Quarterly Earnings by Product ('000USD)





2Q Results

- With logistics normalization, production recovered and **revenue increased quarter-on-quarter**, but operating profit declined, mainly reflecting **lower silver prices and a decrease in zinc treatment charges**

3Q Outlook

- Production recovery driven by **operational stabilization, and higher sulfuric acid prices**
- Profitability is expected to improve, supported by **robust zinc prices.**

Business Highlight

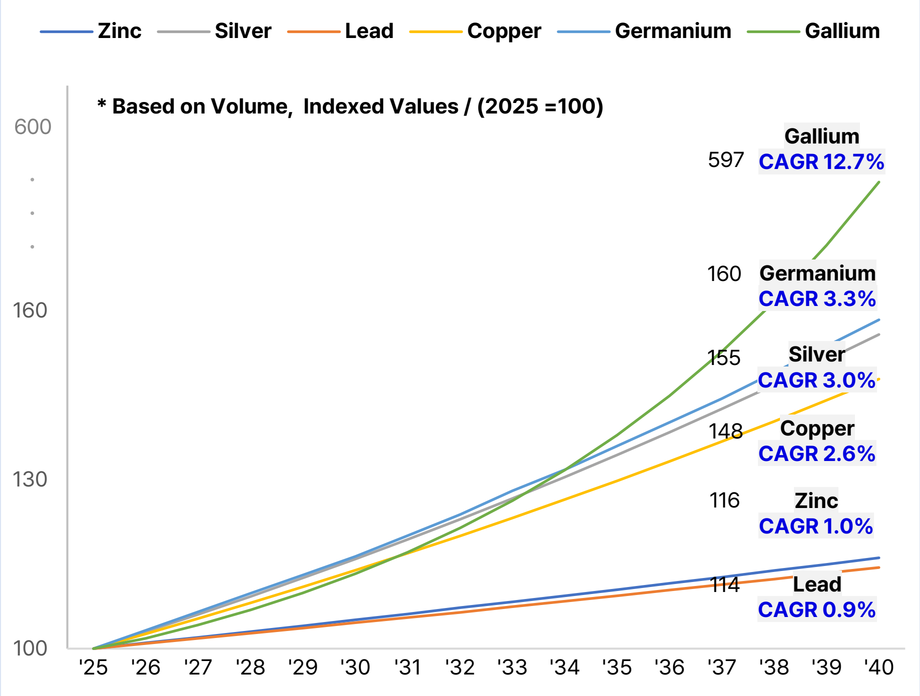
Critical Metal Forecast

Minor Metal Business Update

1. Demand Outlook for major critical metals

- Demand for critical metals such as copper, germanium, and gallium, structurally increases with the growth of advanced industries
- Rising supply chain risks are expected to position Korea Zinc to benefit as a key supplier of critical industrial metals

1. Outlook for demand of key critical metals



2. Market Share of major critical metals[1)]

	Metal	Country	2025 M/S	Status of Export Control
Base metal	Copper	China	47 %	Sulfuric acid exports suspended (May 2026)
Base metal	Aluminum	China	60%	Export VAT rebates abolished (Dec 2024)
Base metal	Nickel	Indonesia	31% China 2nd, 45%	Sulfuric acid exports suspended (May 2026)
Rare metal	Antimony	China	44%	Export ban to U.S. suspended(Nov 2026)
Rare metal	Bismuth	China	73%	Export licensing introduced (Feb 2025)
Rare metal	Indium	China	86%	Export licensing introduced (Feb 2025)
Rare metal	Tellurium	China	73%	Export licensing introduced (Feb 2025)
Rare metal	Germanium	China	94%	Export ban to U.S. deferred until Nov 2026
Rare metal	Gallium	China	99%	Export ban to U.S. deferred until Nov 2026
Rare metal	Rare Earth	China	91%	Export licensing introduced (April 2025)

* Source: Bloomberg, IEA Global Critical Minerals Outlook 2026, Silver Institute 2026
1) Smelting Basis

2. Critical Metal Updates

- **Korea Zinc plans to begin germanium production from 2027, strengthening its position in critical industry supply chain.**
- **At the same time, Korea Zinc is working to maximize output of ultra-high-purity indium to address AI and optional communication demand**

1. Germanium

1. Market Trend

- Germanium is a minor metal recovered as a **byproduct of zinc** and serves as a **key metal for defense, space, and advanced communications** industries, like infrared optics and night-vision equipment, optical fiber, and satellite solar cells
- **China accounts for over 90% of global germanium production, while major countries like the U.S rely on imports for more than 50% of their needs**
- **China's tightening control over germanium supply chains** has driven prices sharply higher, **from about $3,000/kg in 1Q25 to $11,000/kg in 2Q26,** significantly amplifying the strategic value of non-Chinese germanium supply

2. Business Update

Production Plan

1) Announced KRW 140B investment in refining facilities in Aug 2025
2) KEMCO plans to produce crude GeO_2 (tolling) from Aug 2026 and plans to begin sales from January 2027

* For high-purity 5N GeO_2, target production and sales from 2H27

Sales

1) Signed an MOU with Lockheed Martin (August 2025)
2) In negotiations for offtake contracts with major U.S. customers

2. Indium

1. Market Trend

- **Indium, a minor metal recovered as a by-product in the zinc**, is primarily used for transparent electrodes (ITO) in display applications. **Recently, its use has been expanding into advanced semiconductor fields such as indium phosphide (InP)-based optical communication lasers for data denter**
- Amid ongoing supply shortages caused by limited production and tighter export controls, growing demand is highlighting the importance of supply
- Driven by rising demand from advanced industries, indium prices have surged from $355/kg in 1Q25 to $800/kg in 2Q26

2. Business Update

Production Status

1) Producing high-purity metallic indium ingots
   - Volume: 93 tons ('23) → 92 tons ('24E) → 97 tons (2025E)
2) Purity of 4N (99.99%) for ITO/solder/adhesive applications

Sales

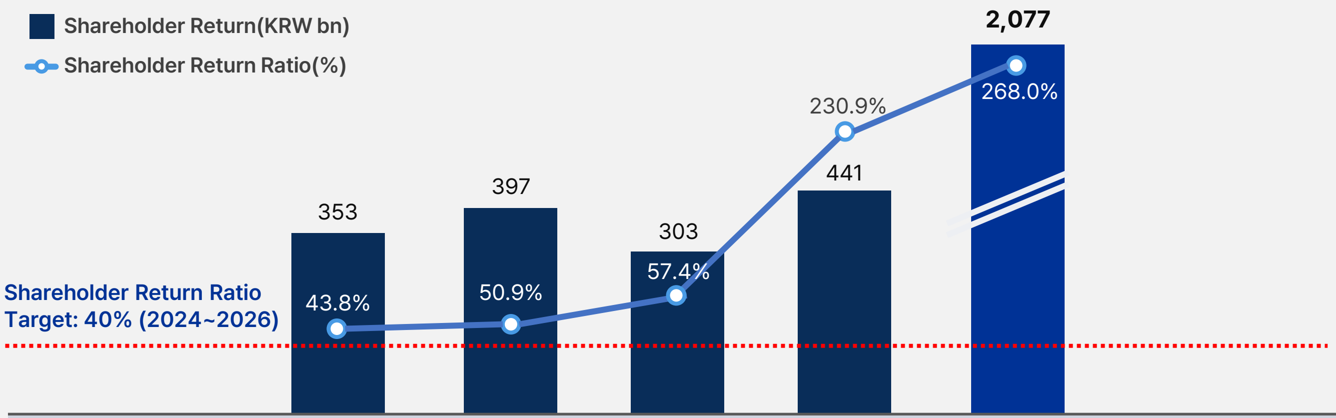
Due to tighter export controls and supply shortages, demand is significantly surpassing supply, and global indium prices remain at elevated levels

APPENDIX

Holding Structure

Shareholder Return Policy

- **Shareholder return policy raised from 30% dividend payout ratio to maintaining 3-year average shareholder return rate above 40%**
- **2025-year end dividend is proactively set at KRW 20,000 per share to enhance predictability and reinforce shareholder-friendly policy**



(KRW bn)	2021	2022	2023	2024	2025	2026	
						1Q26	2Q26
Total Dividend(a)	353.5	397.3	302.7	341.8	407.9	102.0	102.0
DPS(b)	KRW 20,000	KRW 20,000	KRW 15,000	KRW 17,500	KRW 20,000	KRW 5,000	KRW 5,000
Cancellation of Shares[1](c)	-	-	-	99.0	1,668.9	-	-
Shareholder Return(a+c)	353.5	397.3	302.7	440.8	2,076.8	102.0	102.0
Shareholder Return Ratio (consolidated basis)	43.8%	50.9%	57.4%	230.9%	268.0%	-	-

1) Treasury share cancellation reflected based on the actual completion date

Shareholder Return Highlights

Shareholder Return Ratio

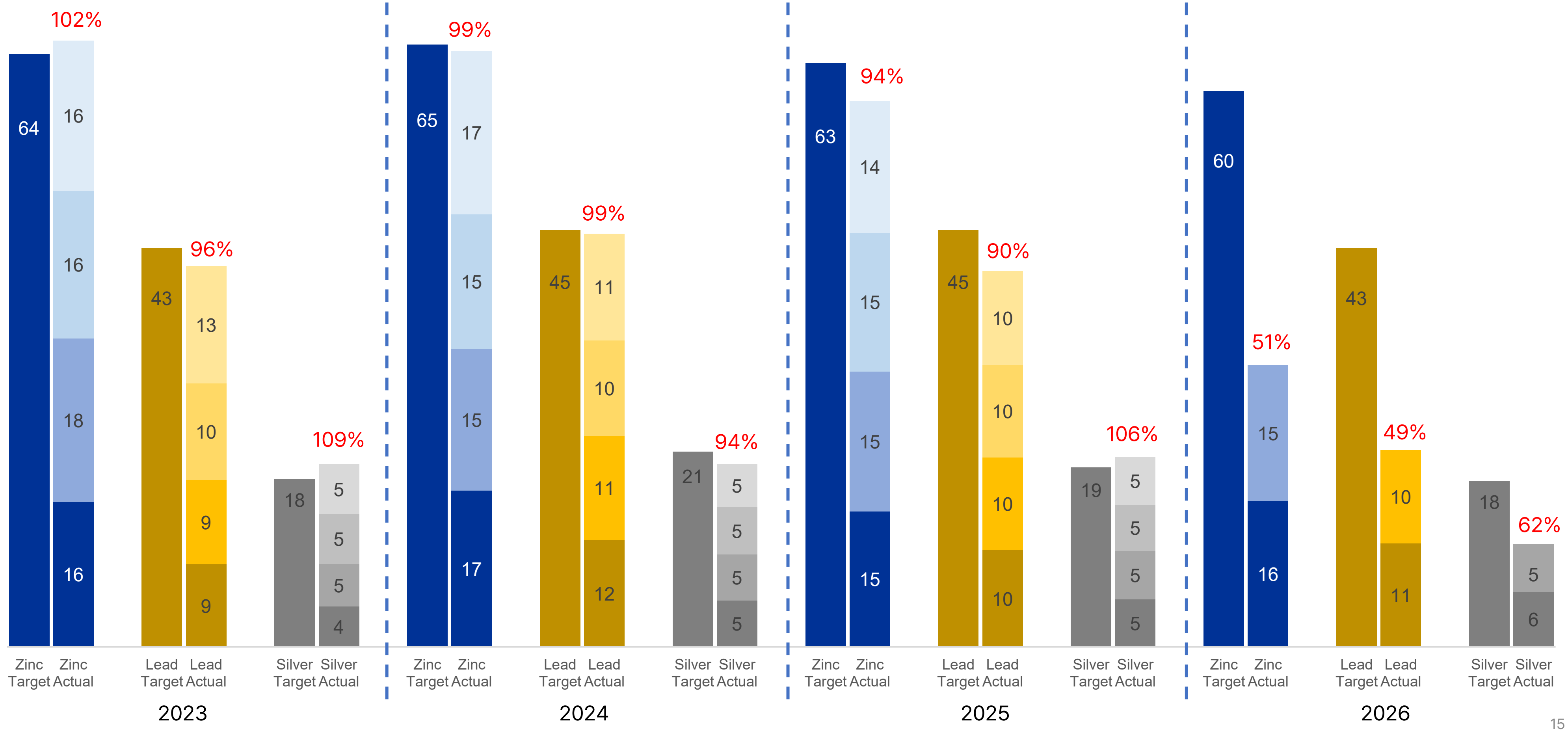
- **Maintain consolidated total shareholder return ratio of 40% or higher on a three-year average basis from 2024 to 2026**
- Completed cancellation in 2025 of all 2,040,030 treasury shares acquired through 2024 tender offer
  - Cancelled 680,010 shares each in June/Sep/Dec
- Announced 246,665 share cancellation plan(2026)
  - Board approved the plan on Feb 23rd
  - The approved cancellation will be completed within one year from the resolution

Dividends

- **Quarterly dividend resolved at the regular Board meeting in May 2026**
  - Dividend per share: KRW 5,000
  - Record date: August 20, 2026
  - Dividend Payment date: Sep 4, 2026

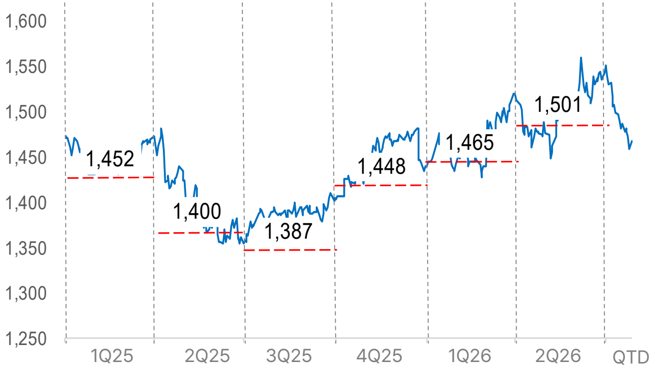
Historical Sales Volume

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



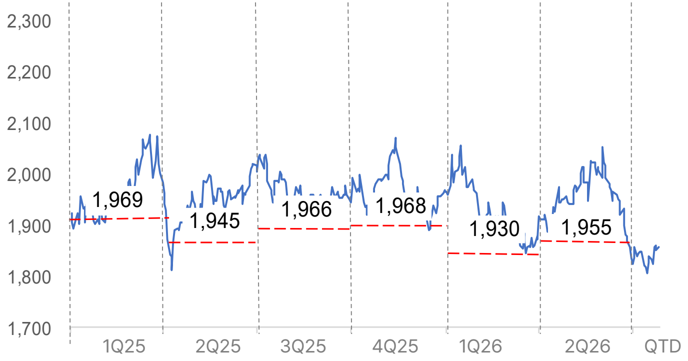
Metal Prices & FX

USD/KRW(Avg.)

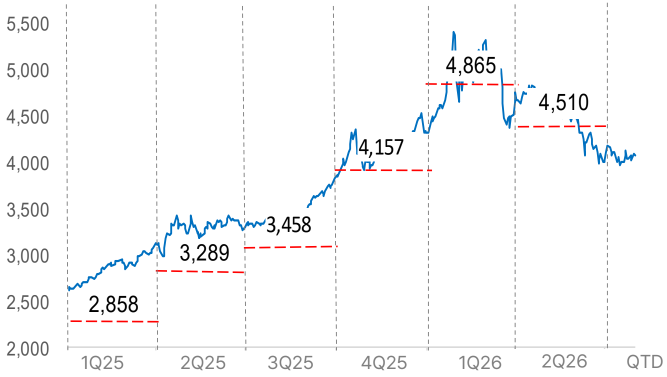


Zinc(USD/MT)

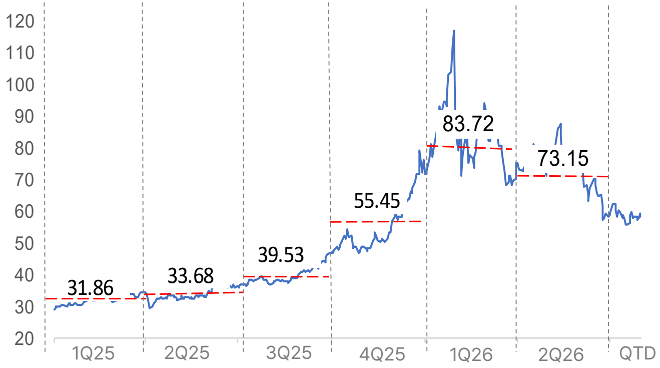
Lead(USD/MT)



Gold(USD/oz)



Silver(USD/oz)

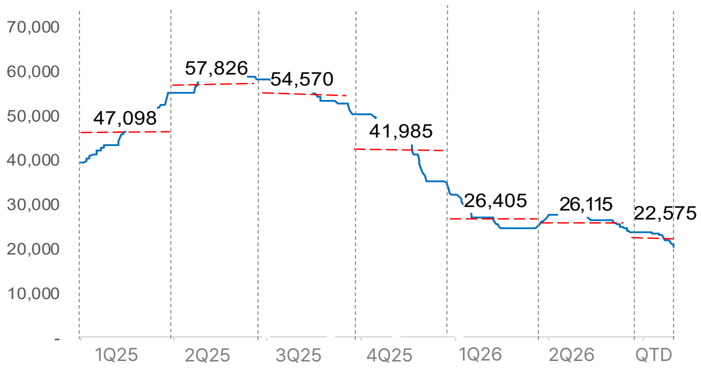


Copper(USD/MT)

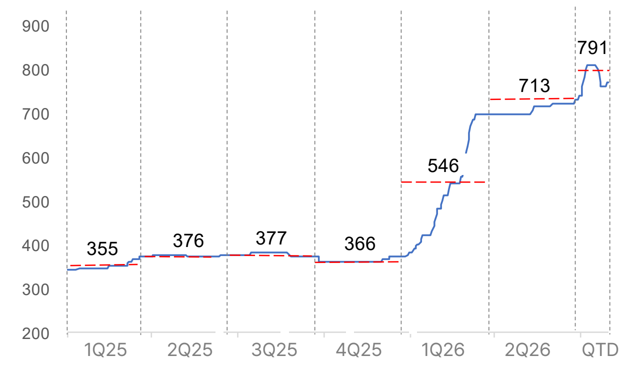
1) Bloomberg, Fast Market

Metal Prices & FX

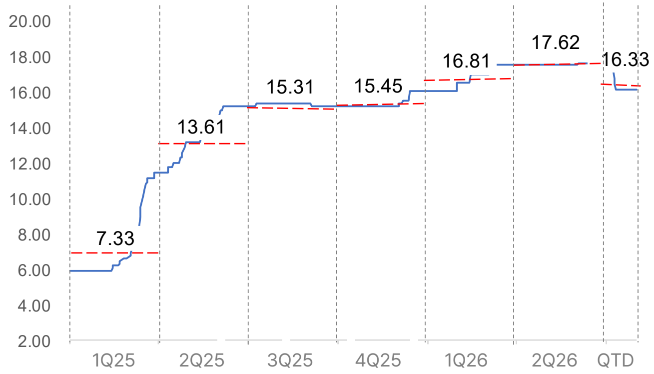
Antimony(USD/MT)



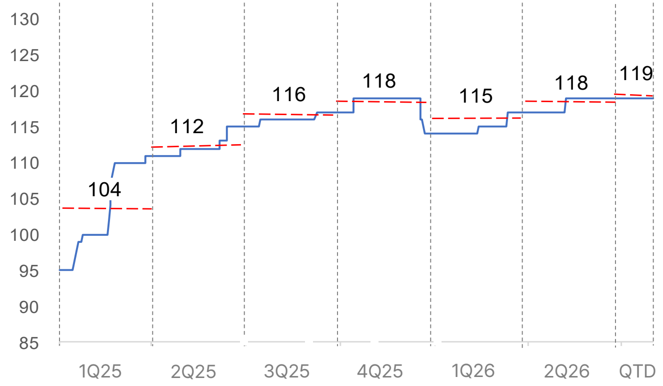
Indium(USD/kg)



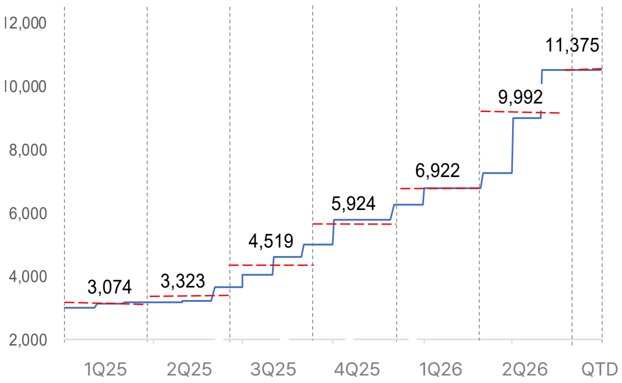
Bismuth(USD/lb)



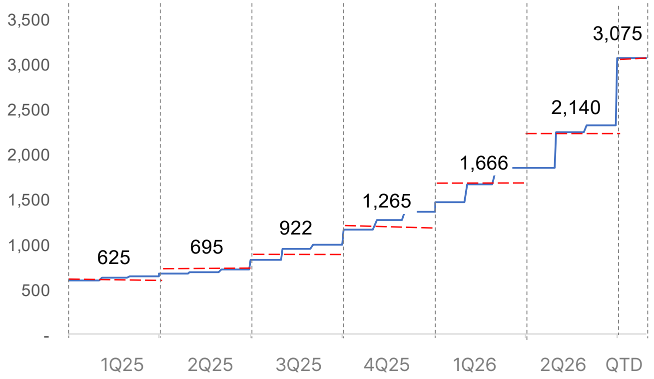
Tellurium(USD/kg)



Germanium(USD/kg)



Gallium(USD/kg)

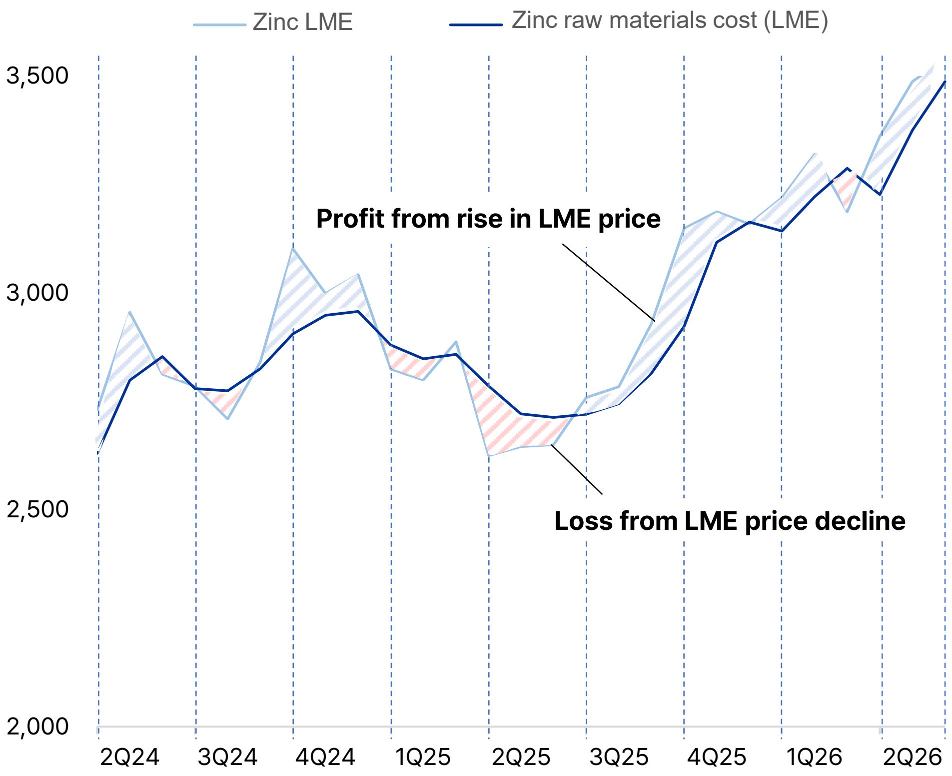


1) Bloomberg, Fast Market

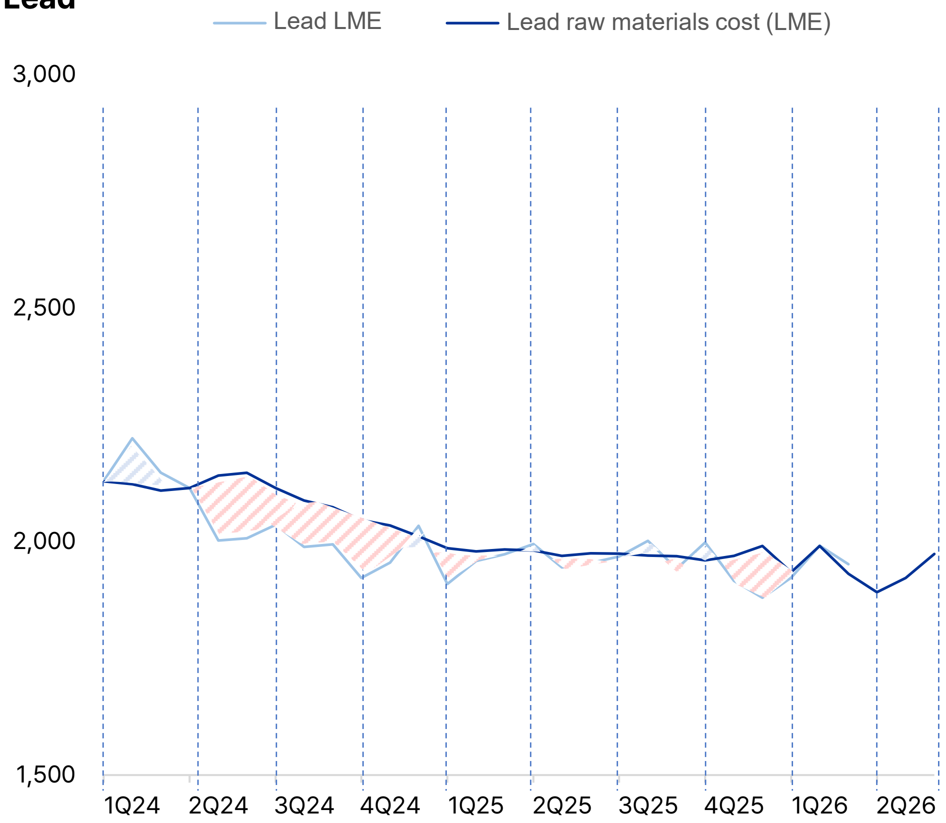
Metal Prices & FX

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

Zinc



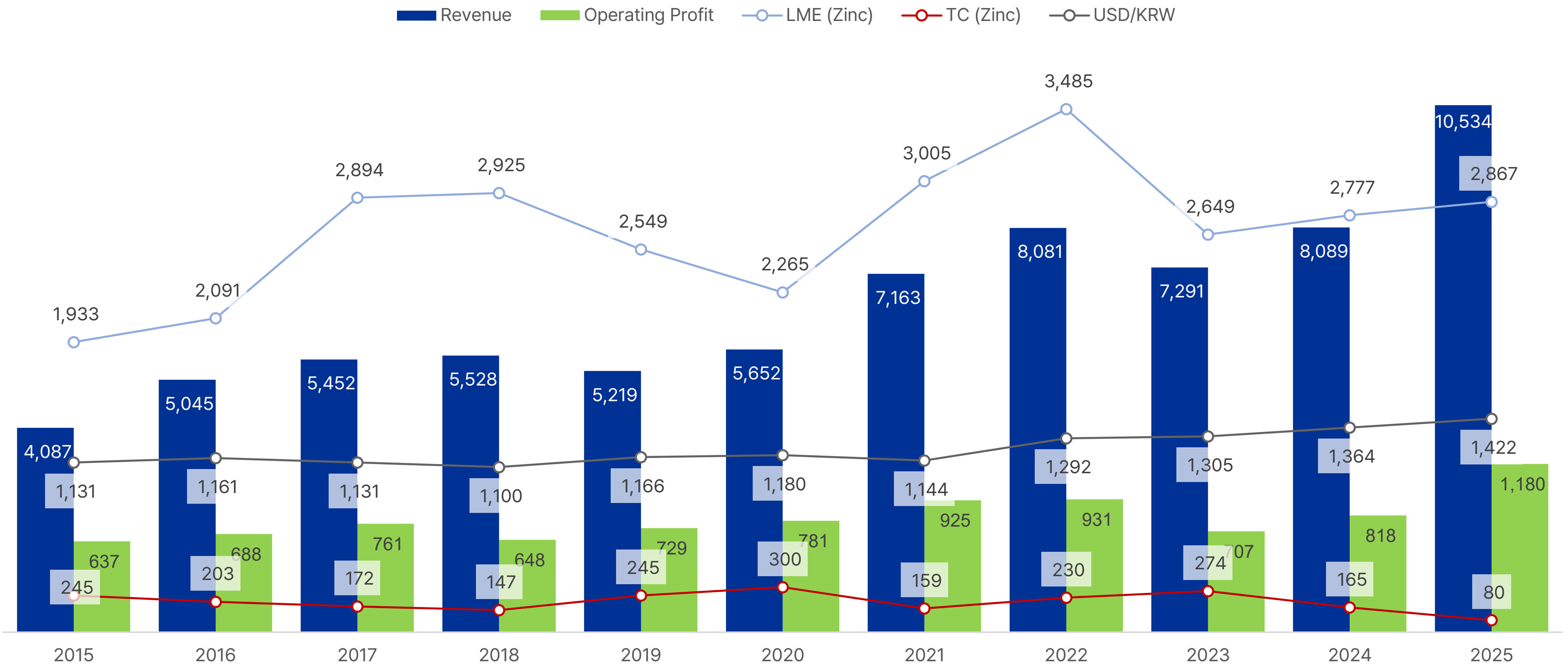
Lead



Zinc TC & Earnings

Benchmark TC, FX & OP(Standalone)

(bn KRW, USD/t)



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

Sales Volume by Metal

Korea Zinc (Standalone)

		2Q25	3Q25	4Q25	1Q26	2Q26	QoQ	YoY
Zinc(MT)	Domestic	62,761	70,517	63,010	61,476	**67,231**	*+9.4%*	*+7.1%*
	Export	87,890	79,464	79,364	95,972	**79,144**	*-17.5%*	*-10.0%*
	Total	150,651	149,981	142,374	157,448	**146,374**	*-7.0%*	*-2.8%*
Lead(MT)	Domestic	31,094	29,183	31,549	29,792	**29,775**	*-0.1%*	*-4.2%*
	Export	68,961	70,328	69,770	82,176	**70,616**	*-14.1%*	*+2.4%*
	Total	100,054	99,511	101,319	111,968	**100,391**	*-10.3%*	*+0.3%*
Silver(KG)	Domestic	12,310	11,910	33,430	82,949	**43,214**	*-47.9%*	*+251.1%*
	Export	507,857	488,678	477,811	511,161	**471,981**	*-7.7%*	*-7.1%*
	Total	520,167	500,588	511,241	594,110	**515,196**	*-13.3%*	*-1.0%*
Gold(KG)	Domestic	2,225	2,430	3,250	2,518	**1,720**	*-31.7%*	*-22.7%*
	Export	575	1,150	-	180	**1,040**	*+477.8%*	*+80.9%*
	Total	2,800	3,580	3,250	2,698	**2,760**	*+2.3%*	*-1.4%*
Copper(MT)	Domestic	5,948	5,270	5,140	5,012	**5,779**	*+15.3%*	*-2.8%*
	Export	2,135	2,854	3,229	2,568	**3,586**	*+39.6%*	*68.0%*
	Total	8,084	8,124	8,369	7,580	**9,365**	*+23.5%*	*+15.9%*

Sales Revenue by Metal

Korea Zinc (Standalone)

bn KRW		2Q25	3Q25	4Q25	1Q26	2Q26	QoQ	YoY
Zinc	Domestic	262	285	293	306	**352**	*+15.1%*	*+34.2%*
	Export	358	324	377	479	**425**	*-11.3%*	*+18.9%*
	Total	620	609	670	785	**777**	*-1.0%*	*+25.4%*
Lead	Domestic	99	89	102	99	**101**	*2.2%*	*2.1%*
	Export	218	221	226	276	**242**	*-12.6%*	*+10.8%*
	Total	317	310	328	375	**342**	*-8.7%*	*+8.1%*
Silver	Domestic	19	22	80	330	**159**	*-51.9%*	*745.8%*
	Export	753	806	1,051	1,872	**1,747**	*-6.7%*	*131.8%*
	Total	772	827	1,131	2,203	**1,905**	*-13.5%*	*146.7%*
Gold	Domestic	331	372	630	575	**383**	*-33.4%*	*+15.5%*
	Export	84	176	-	42	**225**	*+438.8%*	*+169.4%*
	Total	415	548	630	617	**608**	*-1.4%*	*+46.5%*
Copper	Domestic	79	72	83	95	**117**	*+22.8%*	*+47.3%*
	Export	29	39	51	49	**73**	*+49.7%*	*+153.8%*
	Total	108	111	135	144	**190**	*+31.8%*	*+75.5%*
Others	-	230	205	182	171	**223**	*+30.0%*	*-3.0%*

Income Sheet (Consolidated)

(bn KRW)	2Q25	3Q25	4Q25	1Q26	2Q26	QoQ	YoY
Sales	3,825	4,160	4,770	6,072	**6,373**	5.0%	66.6%
Gross Profit	390	390	616	953	**809**	-15.2%	+108%
Operating Profit	259	273	429	746	**587**	-21.3%	126.8%
OPM(%)	*6.8%*	*6.6%*	*9.0%*	*12.3%*	***9.2%***	*-3.1%p*	*+2.4%*
EBITDA	353	367	497	847	**696**	-17.9%	97.2%
Net Profit	330	71	212	354	**355**	-0.9%	6.6%

Balance Sheet (Consolidated)

(bn KRW)	2Q25	3Q25	4Q25	1Q26	2Q26	QoQ	YoY
Assets	14,838	15,773	20,396	21,451	**22,721**	5.9%	53.1%
Current Assets	7,285	7,962	12,069	9,856	**10,453**	6.1%	43.5%
Cash and Financial instruments	740	653	3,451	1,032	**905**	-12.2%	22.3%
Short-term Investments*	921	782	1,038	633	**701**	10.6%	-23.9%
Inventories	4,388	5,148	6,221	6,485	**6,724**	3.7%	53.2^
Non-current Assets	7,553	7,811	8,326	11,595	**12,268**	5.8%	62.4%
Liabilities	6,983	7,738	9,212	9,992	**11,128**	11.4%	59.3%
Current Liabilities	4,971	5,408	6,128	6,892	**7,412**	7.5%	49.1%
Non-current Liabilities	2,013	2,330	3,084	3,100	**3,716**	19.9%	84.7%
Shareholder's Equity	7,855	8,035	11,184	11,459	**11,594**	1.2%	47.6%

* Including Short-term Financial Instruments

Korea Zinc (Standalone)

PL(bn KRW)	2Q25	3Q25	4Q25	1Q26	2Q26	QoQ	YoY
Sales	2,461	2,609	3,075	4,295	**4,046**	-5.8%	64.4%
Gross Profit	333	293	484	805	**678**	-15.7%	+103.8%
Operating Profit	266	235	405	693	**589**	-15.0%	+121.0%
OPM(%)	*10.8%*	*9.0%*	*13.2%*	*16.1%*	***14.6%***	*-1.6%p*	*+3.7%p*
EBITDA	328	296	459	759	**655**	-13.7%	99.7%
Net Profit	328	78	160	396	**427**	7.8%	30.3%

SMC

PL('000 USD)	2Q25	3Q25	4Q25	1Q26	2Q26	QoQ	YoY
Sales	190,747	277,597	285,846	276,739	**298,975**	+8.0%	57%
Operating Profit	948	6,341	17,057	33,241	**7,921**	-76.2%	+736%
OPM(%)	0.5%	2.3%	6.0%	12.0%	**2.6%**	*-9.4%p*	+2.2%p
Net Profit	-18,493	2,649	9,183	22,603	**2,541**	146.1%	54.6%

KZ Trading

PL(bn KRW)	2Q25	3Q25	4Q25	1Q26	2Q26	QoQ	YoY
Sales	334.5	374.9	374.6	291.9	**501.3**	+72%	50%
Operating Profit	*-3.4*	*12.3*	*19.0*	*16.9*	***5.9***	-65%	-274%
OPM(%)	*NM.*	*3.3%*	*5.1%*	*5.8%*	***1.2%***	-4.6%p	+2.2%p
Net Profit	*-0.6*	*-0.3*	*2.7*	*8.4*	***9.7***	15.7%	-1,717%

Steel Cycle Corporation

PL(bn KRW)	2Q25	3Q25	4Q25	1Q26	2Q26	QoQ	YoY
Sales	57.0	53.3	76.2	80.1	**82.9**	3.6%	45.5%
Operating Profit	5.6	1.3	4.9	2.7	**11.7**	329%	110%
OPM(%)	*9.8%*	*2.4%*	*6.5%*	*3.4%*	***14.1%***	10.7%p	4.3%p
Net Profit	7.1	0.6	3.9	3.1	**9.4**	204%	33%

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