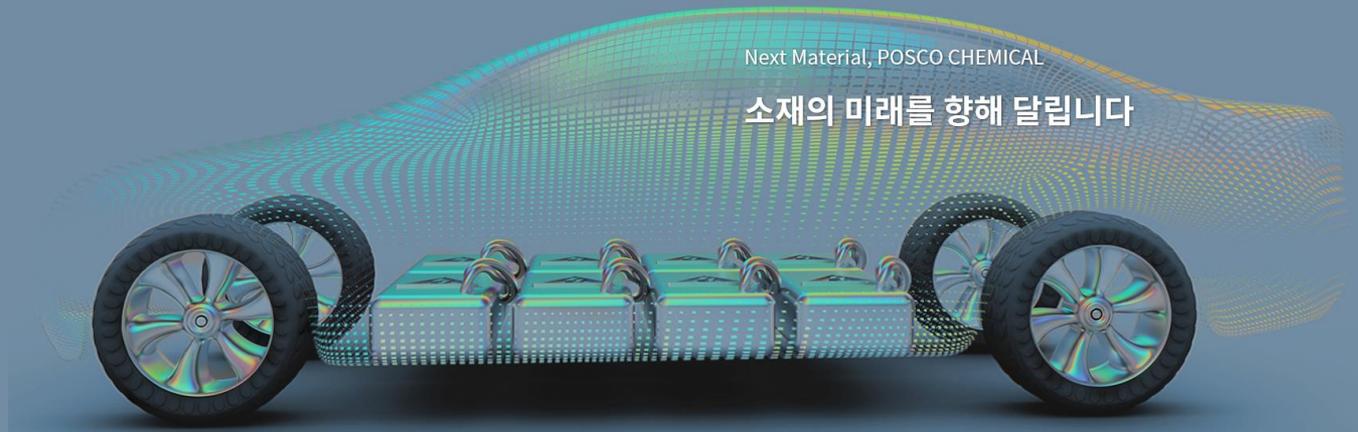


# 1Q 2022 Earnings Release

April 25, 2022



Next Material, POSCO CHEMICAL

소재의 미래를 향해 달립니다

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**[Appendix] Summarized Consolidated F/S**

# 1Q 2022 Earnings Result

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- Business Performance (P/L)
- Financial Position

# Business Performance\_ Consolidated P/L

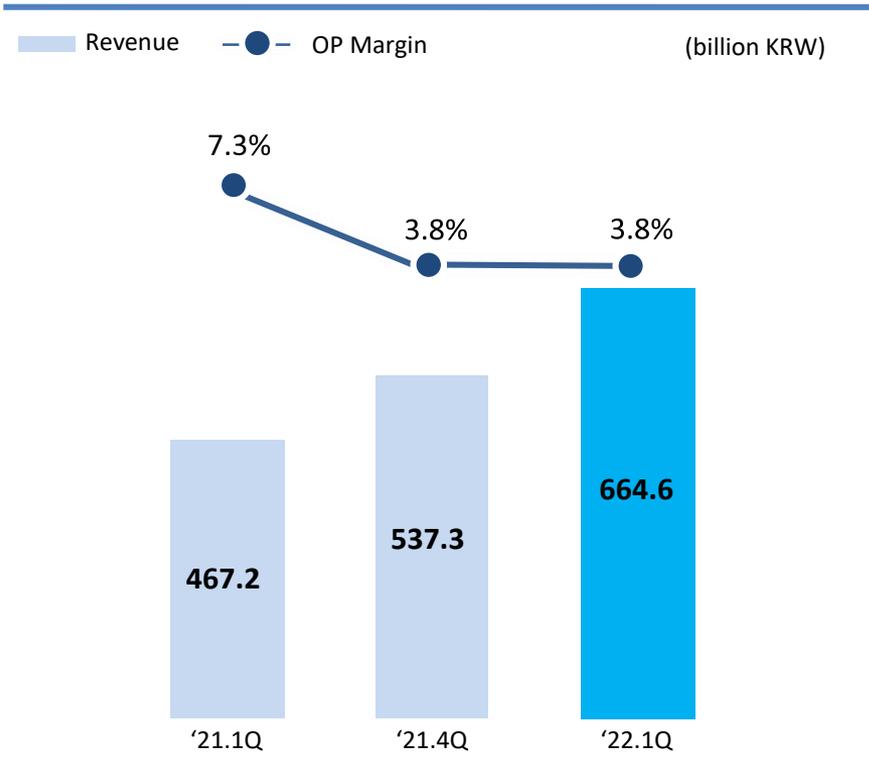


• Revenue improved in all business divisions with increased sales price of cathode, refractory, chemical products to record the highest quarterly revenue

## Business Performance

(billion KRW)	'21.1Q	'21.4Q	'22.1Q	QoQ
Revenue	467.2	537.3	664.6	+127.3
COGS	407.3	484.9	605.8	+120.9
Operating Profit	34.1	20.5	25.5	+5.0
(OP Margin)	7.3%	3.8%	3.8%	-
Non-Operating Profit	13.5	-5.5	13.4	+18.9
Equity Method Gain	4.9	3.5	9.2	+5.7
Net Profit	39.8	19.2	36.0	+16.8
(Net Margin)	8.5%	3.6%	5.4%	+1.8%p
EBITDA	54.4	41.3	46.3	+5.0

## Revenue / Margin



# Financial Position \_ Consolidated B/S

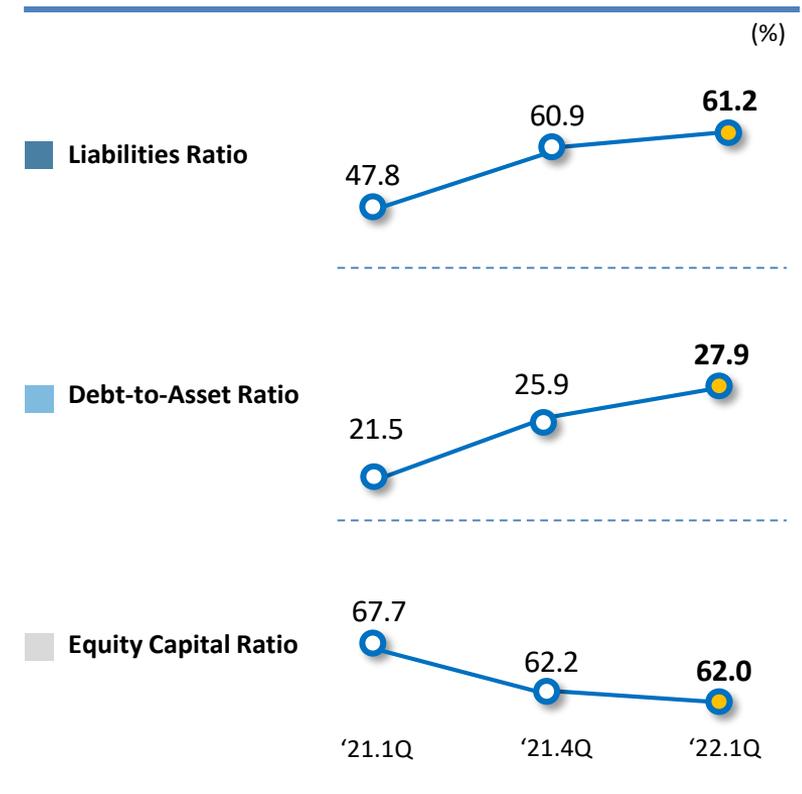


- Tangible assets increased with investment activities in energy material business
- Maintained financial soundness

## Consolidated Balance Sheet

(billion KRW)	'21.1Q	'21.4Q	'22.1Q	QoQ
<b>Assets</b>	3,448.3	3,922.5	<b>3,970.2</b>	+47.7
Current	2,100.3	2,084.2	<b>1,909.0</b>	-175.2
Cash Balance	1,527.0	1,351.2	<b>952.1</b>	-399.1
Non-Current	1,348.0	1,838.3	<b>2,061.2</b>	+222.9
Tangible Assets	1,104.9	1,550.2	<b>1,664.4</b>	+114.2
<b>Liabilities</b>	1,114.6	1,484.1	<b>1,507.3</b>	+23.2
Interest-bearing Debt	740.7	1,014.6	<b>1,107.7</b>	+93.1
Net-Debt	-786.3	-336.6	<b>155.6</b>	+492.2
<b>Equity</b>	2,333.7	2,438.4	<b>2,462.9</b>	+24.5

## Financial Ratio



\* Issued 300 bn KRW ESG bonds (4.14)

# Earnings by Business Division

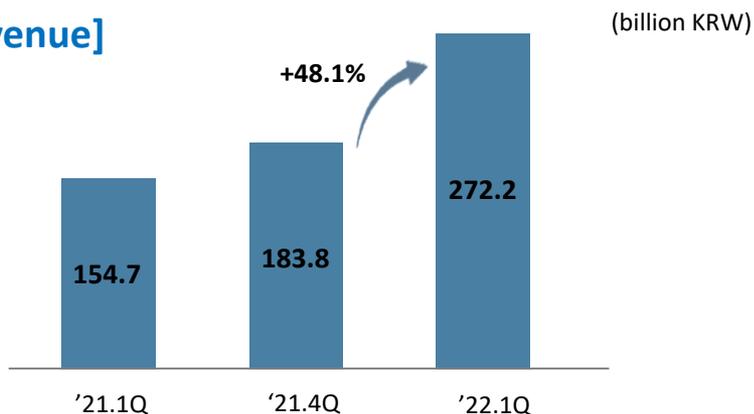
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- **Business Performance by Division**
- **PMCTech**

# Business Performance by Division

## Cathode

### [Revenue]



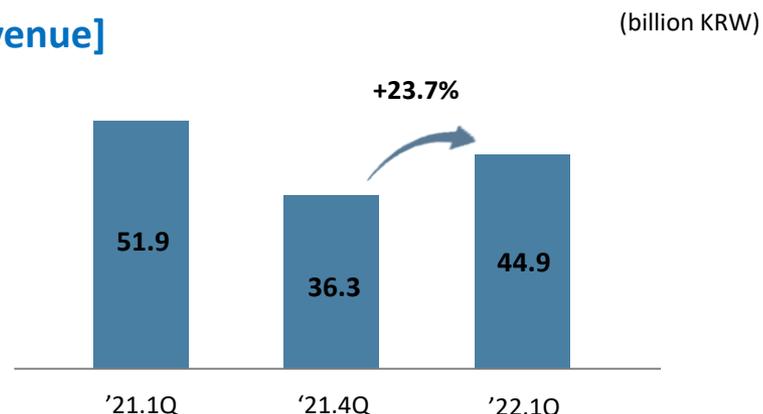
- Revenue and OP hiked on increased sales volume(+27%) and sales price(+14%) with strong raw material prices and rising exchange rate  
\* 1,155 → 1,200 KRW/US\$
- Gwangyang Cathode Line #3(30kt) test operation finished (March 7)
- Pohang Cathode Line #5(29kt) construction began (April 7)

### [Sales by application]

(Billion KRW)		'21.1Q	'21.4Q	'22.1Q	QoQ
Cathode Revenue		154.7	183.8	272.2	<b>+88.4</b> <b>(+48.1%)</b>
USE	IT/Power tool	8%	9%	10%	<b>+1%p</b>
	EV	92%	91%	90%	<b>-1%p</b>

## Anode

### [Revenue]



- Revenue went up with increased sales volume(+24%) on the recovery of operation rate which fell along with the semiconductor issue in previous quarter and rising exchange rate
- Heightened graphite price due to continuous environment regulations in China resulted in lower margin
- Investment made in low-swelling natural graphite 2<sup>nd</sup> line, 2<sup>nd</sup> phase

### [Sales by application]

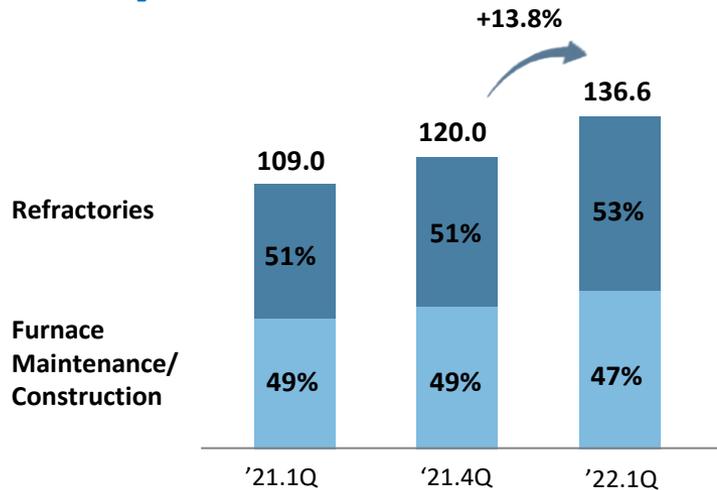
(Billion KRW)		'21.1q	'21.4Q	'22.1Q	QoQ
Anode Revenue		51.9	36.3	44.9	<b>+8.6</b> <b>(+23.7%)</b>
USE	IT/Power tool	19%	35%	30%	<b>-5%p</b>
	EV	64%	43%	45%	<b>+2%p</b>
	ESS	17%	22%	25%	<b>+3%P</b>

# Business Performance by Division

## Refractories, Furnace Maintenance/Construction

### [Revenue]

(billion KRW)



- **Refractories** : Revenue gained driven by rising price of refractory materials to pass through and new orders for steel and non-steel  
\* CFM 23.8%, DBM +16.9%
- **Furnace Maintenance/Construction** : Revenue and OP improved on reflected retroactive settlement of raised unit price in maintenance contract and earlier-than-scheduled construction of the 6<sup>th</sup> coke plant in Pohang

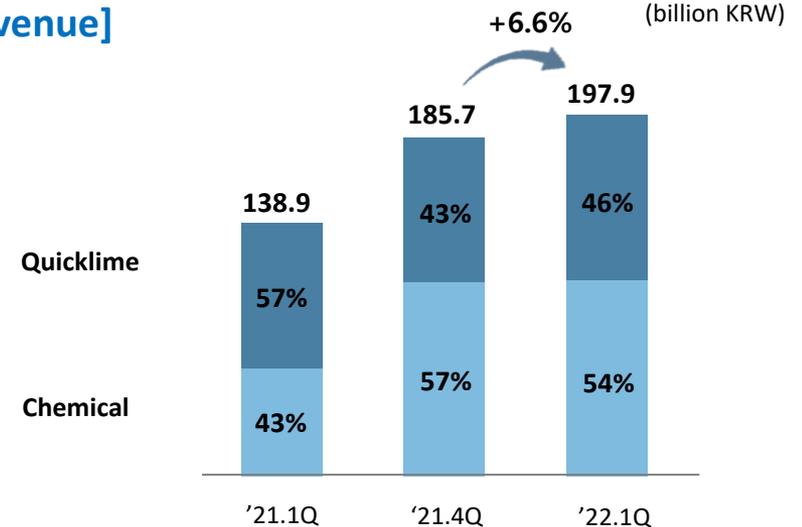
### [Major activities]

- Develop new refractory with low-HMR and high-Manganese operation  
\* HMR : Hot Metal Ratio

## Quicklime / Chemical

### [Revenue]

(billion KRW)



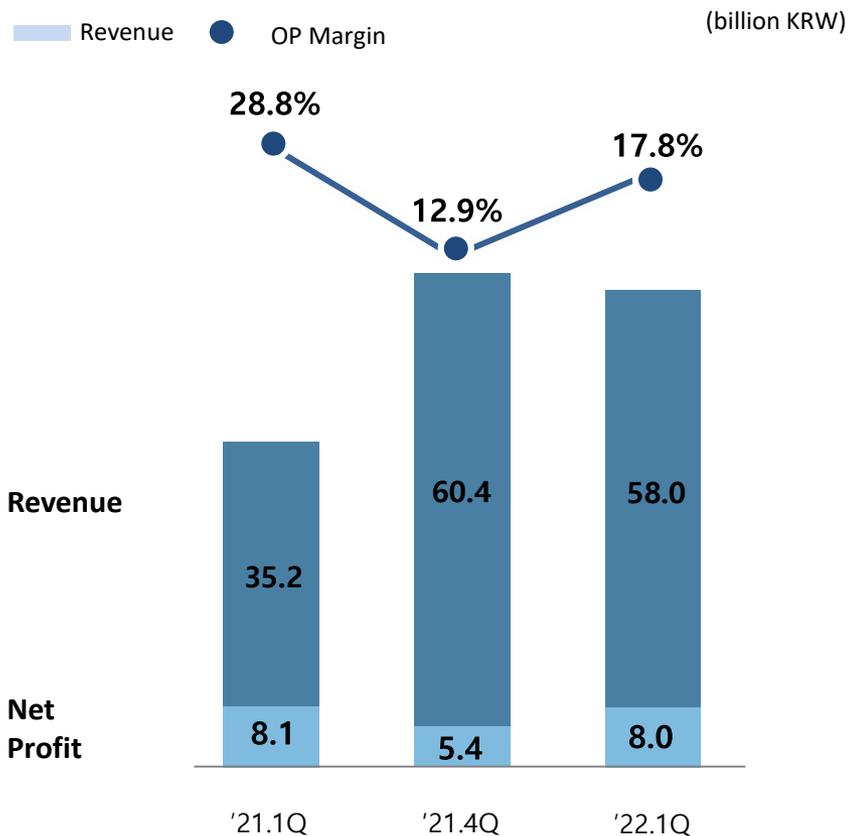
- **Quicklime** : Sales volume of quicklime decreased slightly while revenue hiked with lifted sales price. OP decreased due to rising material costs
- **Chemical** : Despite rising oil price and tar product sales price, OP decreased amid falling price and sales volume of BTX products. Volume of refinery reduced in Gwangyang chemical plant with revamping 4<sup>th</sup> blast furnace

\* Coal tar price : +8.2%, BTX price : -5.8%

### [Major activities]

- Production index weakened due to the revamping of blast furnace #4 in Gwangyang(Feb 11~Jun 10)

## Revenue / Margin



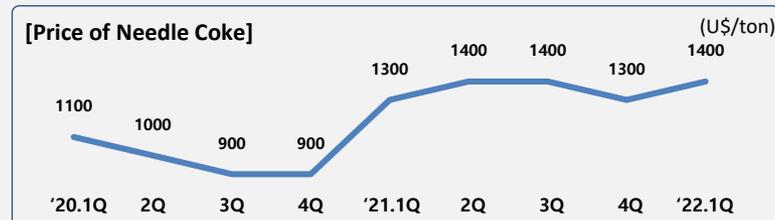
## Business Performance & Outlook

### ○ 1Q 2022 Performance

- Sales price of needle coke hiked with increased EAF utilization rate QoQ
- Revenue decreased QoQ with lower sales volume of needle coke for synthetic graphite with the Winter Olympics and environmental regulations by Feb
- Sales volume of needle coke for electrode rod went up with larger restocking demand in line with increased EAF utilization rate
- OP, net profit gained with rising oil price and improved market condition

### ○ Needle coke market outlook

- EAF utilization rate is on recovery with the Olympics and seasonality ended
- Long-term outlook is positive on the accelerated transition to EAF in China such as environmental regulations and increased supply of scraps, and demand of needle coke for synthetic graphite
- Uncertainties also linger such as lockdown policies in China due to the COVID-19



\*Based on average sales price of coal based needle coke in China (Source : ICCSINO)

# Energy Material Business

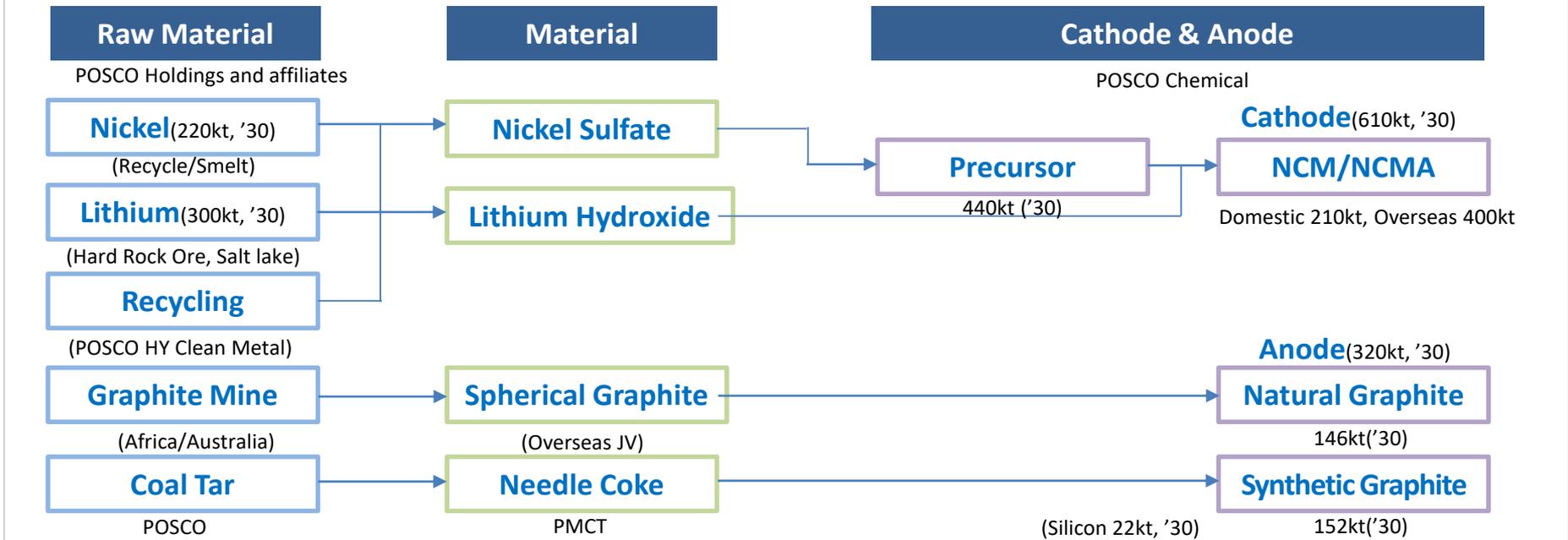
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- Energy Material Full Value Chain
- Energy Material Technology Roadmap

# Energy material Full Value Chain



## Build up Full Value Chain from raw materials to final products



### Cathode

**[Expansion plan for '30]**

Previous 420kt → +190 → 610kt

- **Increase capacity with global expansion plan**
  - Build diversified product types, Develop new demand(domestic)
  - Expand production capacity based on customer partnership(North America)
  - Take new orders based on partnership with global OEMs
- **Focus on high-nickel NCM products while aiming to expand portfolio to mid-to-low end LFP, high-end NCA, and high-manganese products**

### Anode

**[Expansion plan for '30]**

Previous 260kt → +60 → 320kt

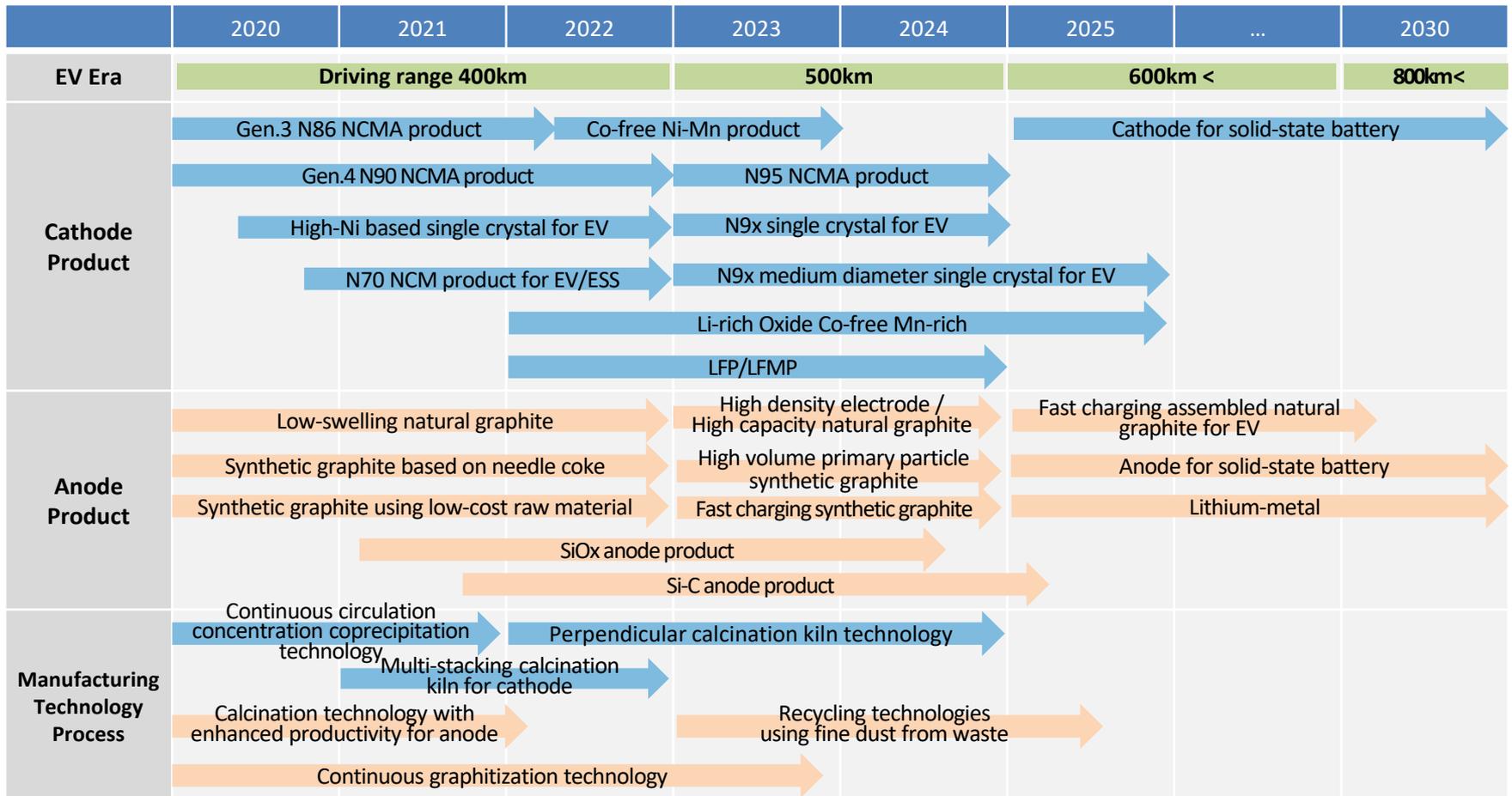
- **Maintain a leading position by expanding portfolio and securing raw material supply chain**
  - (Natural) Focus on low-swelling natural graphite
  - (Synthetic) Stabilize Pohang Plant early, expand in phases
  - (Silicon) Promote Si-additive business in full swing
  - (Raw material) Lower dependence on China by investing in graphite mine

# Energy Material Technology Roadmap



[Cathode] Diversify strategic products for global sales, Develop highly productive innovation process  
 [Anode] Develop products in Two-Track : High-performance next-generation products and cost-competitive products

## [Product and Process Development Plan]



# Summarized Consolidated F/S

## Consolidated P/L

(billion KRW)	2020					2021					2022	
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	
Revenue	387.4	340.2	388.7	449.9	1,566.2	467.2	480.0	505.0	537.3	1,989.5	664.6	664.6
Operating Profit	16.0	4.1	19.4	20.8	60.3	34.1	35.6	31.5	20.5	121.7	25.5	25.5
OP Margin	4.1%	1.2%	5.0%	4.6%	3.9%	7.3%	7.4%	6.2%	3.8%	6.1%	3.8%	3.8%
Net Profit	14.2	-7.2	6.9	15.8	29.7	39.8	33.9	40.9	19.2	133.8	36.0	36.0

## Consolidated B/S

(billion KRW)	2020				2021				2022
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Assets	1,680.1	2,122.7	2,063.3	2,088.1	3,448.3	3,496.0	<b>3,767.1</b>	<b>3,922.5</b>	<b>3,970.2</b>
Current	549.3	959.0	906.1	810.6	2,100.3	2,014.3	<b>2,141.4</b>	2,084.2	1,909.0
Cash Balance	67.5	501.9	423.8	126.6	1,527.0	1,421.3	<b>1,489.4</b>	1,351.2	952.1
Non-Current	1,130.8	1,163.7	1,157.2	1,277.5	1,348.0	1,481.7	<b>1,625.7</b>	1,838.3	2,061.2
Liabilities	682.3	1,133.2	1,053.4	1,064.5	1,114.6	1,130.1	<b>1,355.8</b>	<b>1,484.1</b>	<b>1,507.3</b>
Current	215.1	163.4	183.5	220.7	272.9	295.7	<b>314.6</b>	634.7	627.4
Non-Current	467.2	969.8	869.9	843.8	841.7	834.4	<b>1,041.2</b>	849.4	881.7
Equity	997.7	989.5	1,009.9	1,023.6	2,333.7	2,365.9	<b>2,411.3</b>	<b>2,438.4</b>	<b>2,462.9</b>
Interest-bearing Debt	415.7	921.2	817.1	736.6	740.7	739.1	<b>959.6</b>	1,014.6	1,107.7
Liabilities ratio	68.4%	114.5%	104.3%	104.0%	47.8%	47.8%	<b>56.2%</b>	60.9%	61.2%
Net- Debt ratio	34.9%	42.4%	38.9%	60.1%	- 33.7%	- 28.8%	<b>-22.0%</b>	-13.8%	6.3%

\* Cash Balance : Cash and cash equivalents + Short-term financial products