

IR PRESENTATION

Q3 2024 Earnings Release

October 30, 2024



Disclaimer

The financial and business information in this document is consolidated earnings results based on K-IFRS.

Please note that some of the contents provided in this document are for the convenience of investors only before the external review on our Q3 2024 financial results is completed. Some of the information presented in this document may be subject to change during the external review process.

This document is based on the facts as of the date of its preparation and should not be used as legal evidence for the investment outcomes under any circumstances.

Contents

- 1. Business Highlights**
- 2. Financial Results**
- 3. Business Issues**
- 4. Market Status**
- 5. Appendix**

Q3 2024 Highlights

Global Market Status

New Car Sales
-2.7%
(Q3, YoY)

Deferred demands
(Election & Rate
Cut in US)

OE
-2%
(YTD)

Slump new car
production and sales
in key regions

RE
3%
(YTD)

Demand growth
led by Europe

Financial Results

Revenue
KRW 709bn

Continued Strong Sales
of Winter Tires and OE

OP
KRW 52bn

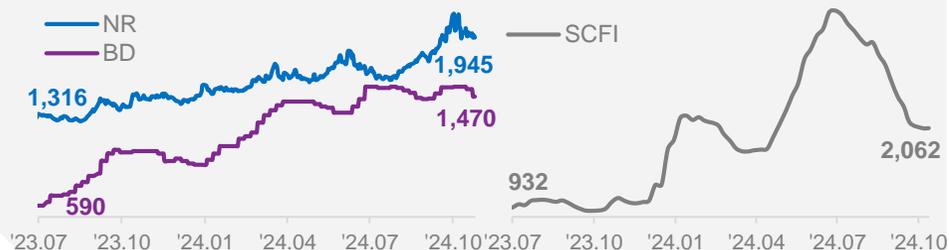
Surge of
Logistic Costs

≥18"
36%

Increasing sales of
≥ 18" across the region

Raw materials - Maritime logistics

- Natural rubber prices rise due to rain, EUDR, etc.
- Potential factors such as regional disputes still remain despite the decline in SCFI



Key Updates



Cutting Edge
Technology
(VR · AI)



Tire Inspection
Automation



Foundation for
Global Marketing

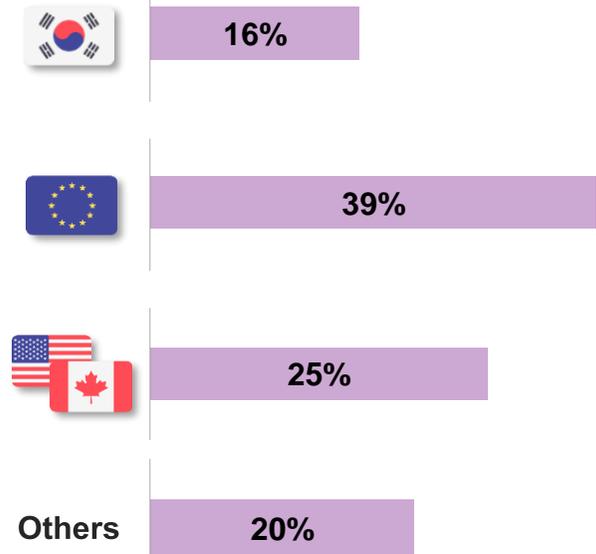
2. Financial Results

Q3 2024 Financial Results

- External growth (YoY) through increased sales of products with high profit margins and stable ASP management
- Stable COGS achieved through efforts to defend rising cost factors and improve product mix despite uncertainties in export logistics and strong raw material markets

(Unit: bn KRW)	Q3 2023	Q2 2024	Q3 2024	QoQ	YoY
Revenue	692.6	763.8	708.5	-7.2%	+2.3%
COGS	488.9	539.8	497.6	-7.8%	+1.8%
(%)	70.6%	70.7%	70.2%	-0.4%p	-0.3%p
Operating Profit	69.7	62.9	52.3	-16.9%	-25.0%
(%)	10.1%	8.2%	7.4%	-0.9%p	-2.7%p
Income Taxes	13.6	22.2	4.1	-81.3%	-69.7%
EBITDA	120.1	120.3	111.0	-7.8%	-7.6%
(%)	17.3%	15.8%	15.7%	-0.1%p	-1.7%p

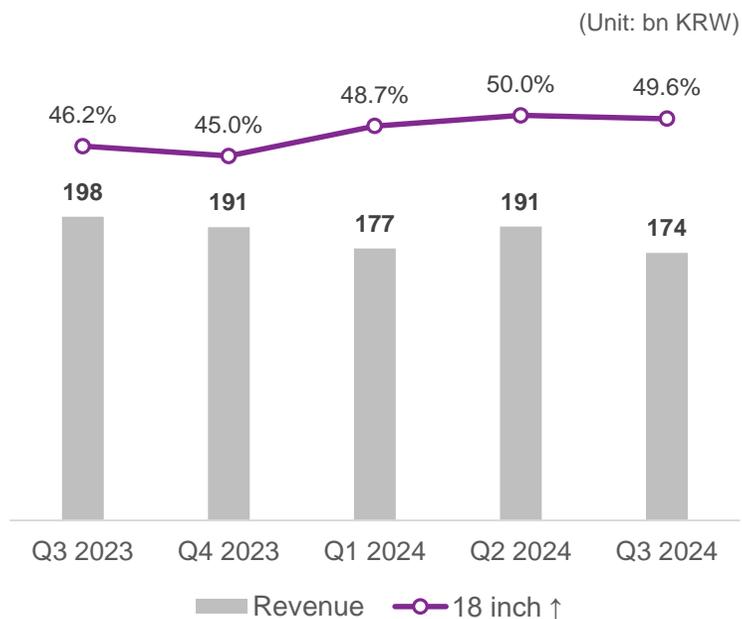
Sales by Region



Sales by Region (1/2)

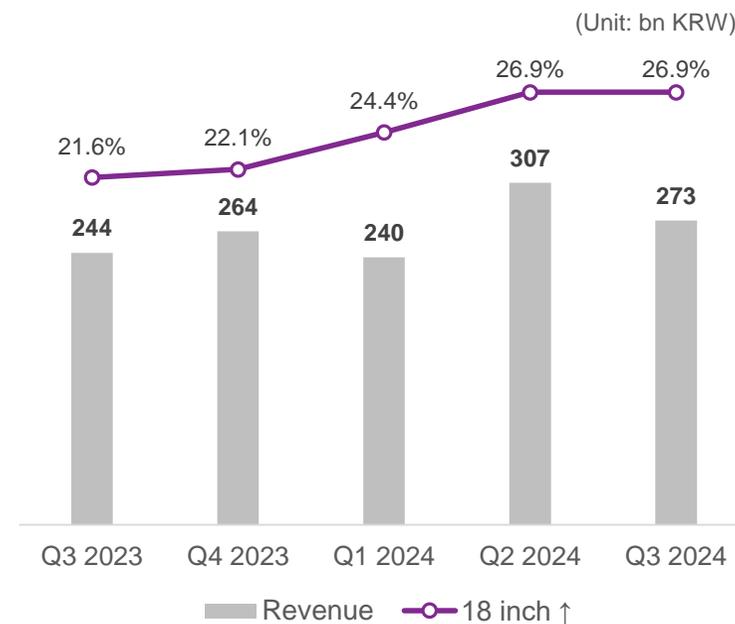
North America

- (OE) Production plan of major OEMs adjusted by weak new car sales (hurricanes, presidential election)
- (RE) Adjustment of sales due to financial strain of one of the major distribution channels
- Stabilizing sales, including preemptive volume redistribution



Europe

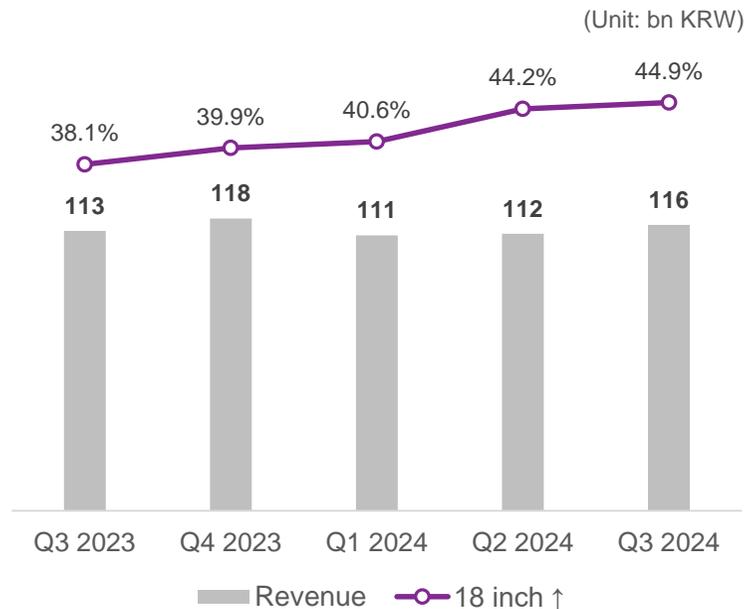
- (OE) European OEMs' production declined due to increased sales of EVs from China in Europe, while our OE continued to sell solidly
- (RE) Securing growth engines, responding to solid demand for premium segments: Prioritizing sales of 18 inch (or higher) products
- Natural rubber for EUDR began to be used as a raw material in Q3, but an immediate response system secured in case the implementation of EUDR is deferred



Sales by Region (2/2)

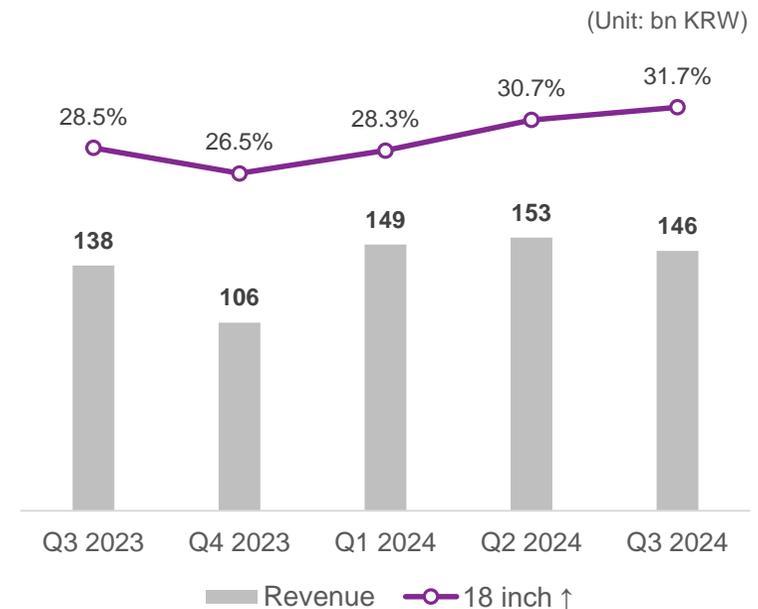
Korea

- (OE) Some impact from partial strikes by automakers vs. Expansion of new supply to EVs (KIA EV3)
- (RE) 18-inch (above) product focused sales (N'FERA Supreme, AU7, GTX)
- Developing new products and generating sales synergy through various online and offline distribution channels to strengthen the Company's competitiveness amid competition with imported brands



Others

- (OE) Steady supply to export bases such as Mexico and China
- (RE) Surging export freights disrupted shipments to some regions, including Latin America, but allocating volumes centered on profitability within limited volumes
- To keep a close eye on the market trend following Mexico's initiation of anti-dumping tariffs against China



3. Business Issues

Original Equipment Competency

- Supplying to 118 car models worldwide, including Middle East, Latin America and China as well as major regions
- Leads to RE consumption and lays the foundation for expanding customer exposure and revenue growth

New OE Supply in Q3

BMW	1 Series	
	2 Series GT	
	X3	
	X4	
KIA	K4	
	EV3	
Renault	Grand Koleos	

Major Products

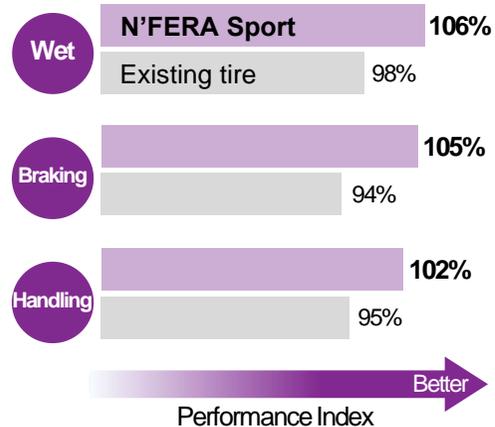
N'FERA Supreme S (KIA EV3)

AI-based NRS

- Application of NEXEN's own Noise Reduction System
- Block noise inflow by low-noise tread pattern
- Engrave 'EV' & 'AI Technology' signs



N'FERA Sport (BMW)

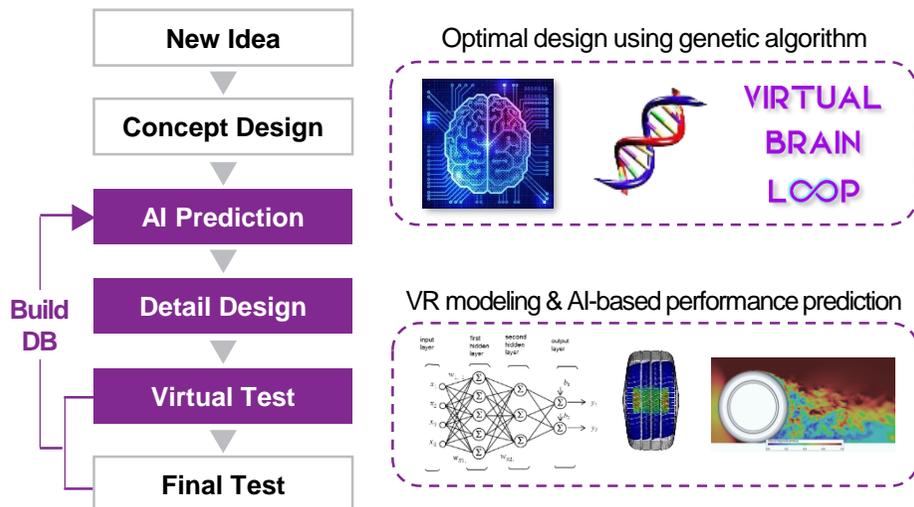


R&D

- By incorporating the latest technologies such as VR and AI into the tire development process, not only proactively respond to advances in the mobility industry but also strengthen cooperation with OEMs
- Contributes to ESG management practice by reducing the number of actual vehicle tests and prototypes produced

Paradigm Shift in the Tire Development

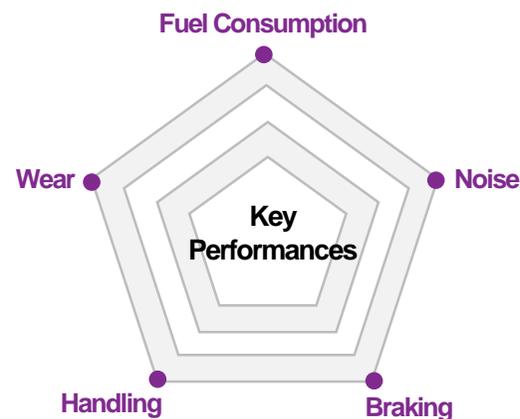
Virtual Brain Loop



3D Printing based Mold Manufacturing



High Dynamic Driving Simulator



Actual Vehicle Tests

- Utilize worldwide proving ground
- Climate constraints
- Vast amounts of time and cost

Driving Simulator

- Real-life virtual test environment
- A wide range of evaluation factors
- Time and cost savings

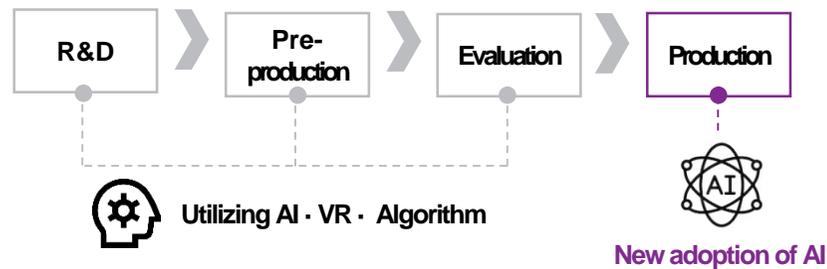


Quality Competitiveness

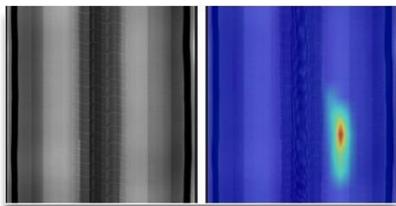
- Expand high-tech applications from tire development to finished product inspection process, adopting AI-based automated tire product inspection system for all global production plants
- Improve customers' safety and satisfaction through manufacturing process innovation and quality enhancement leading the industry

AI-driven Tire Inspection Automation

AI in the manufacturing process



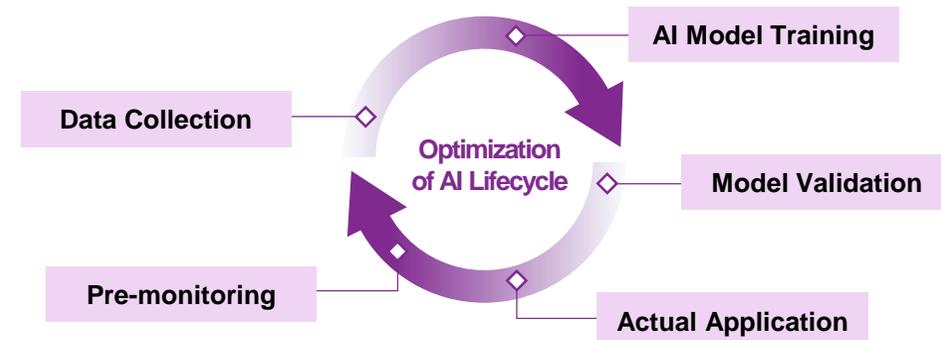
- AI interprets inspection images relied on workers' visual sense
- The first application of platform-based system in the tire industry
- Defect detection reproducibility rate up to 99.96%



Result of tire inspection automation system

MLOps⁽¹⁾ Technology

- Shortening deep-learning model generation period from 6~12 months to 2 days
- Early stabilization of manufacturing process based on immediate use in plants and facilities



⁽¹⁾ Machine Learning Operations

Magazine Test & Sports Marketing

- N'BLUE 4 Season2 obtained 'Good' rating for 18 inch all-weather tires from 'AutoBild Sportcars', a German automobile magazine; Proves competitive advantage in expanding demand for global high-inch tires
- Establish a virtuous cycle for raising brand awareness and expanding sales through regional expansion of sports marketing activities

2024 TOP 10 All-weather Tires (18 inch)

Rank	Brand	Rating
1	Pirelli	Exemplary
2	Michelin	Exemplary
3	Goodyear	Exemplary
4	Bridgestone	Exemplary
5	Kleber	Good
6	NEXEN	Good
7	Continental	Satisfactory
8	Falken	Conditionally recommendable
9	Vredestein	Conditionally recommendable
10	Toyo	Conditionally recommendable

※ Test dimension: 225/40R18

New Partnership

Žalgiris Kaunas



Europe	Lithuania	Basketball
<ul style="list-style-type: none"> ▪ A representative sport club with a record of winning the Euroleague ▪ Utilized as a customer communication channel in the EU including major Euroleague viewing countries such as Spain, Turkey and Greece 		

Al Nasr SC



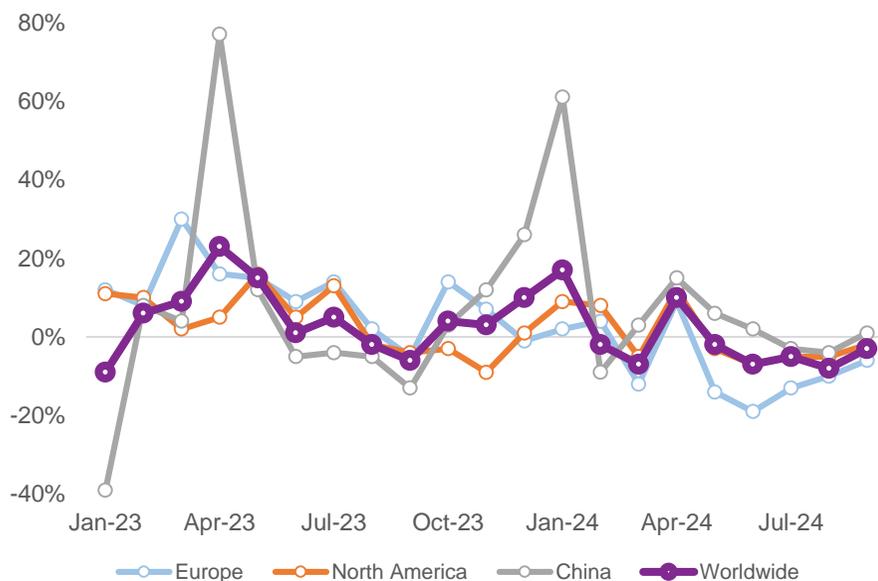
Middle East	UAE	Football
<ul style="list-style-type: none"> ▪ Joint partnership with local distributor 'Al Saeedi' ▪ As the first case of sports marketing in Middle East, NEXEN's strategic sales hub, expect to diversify global influence 		

4. Market Status

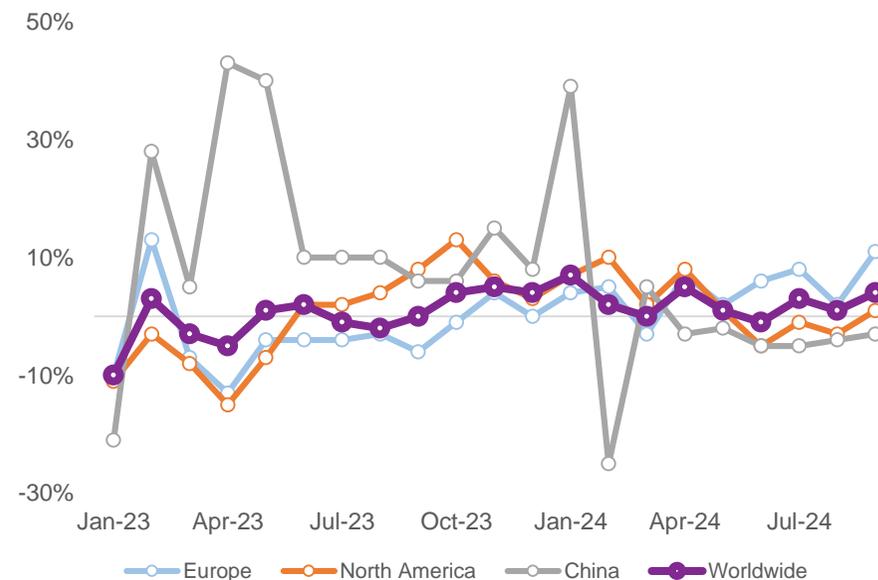
Global Tire Market

- Following low global new car production and sales, OE demand was relatively sluggish in Q3 as even China, which had been recording growth, turned to reverse growth
- RE demand has expanded, especially in the European market, where the tire market is shifting to 18 inch(or higher)
- Higher interest rates dampen consumer economy; Major countries' visible rate cuts may drive higher consumption of new cars and tires

Growth Rate of OE (YoY)



Growth Rate of RE (YoY)



* Sources: PC & LT only, Estimation based on data provided by regional tire manufacturers' associations and research firms

Raw Materials

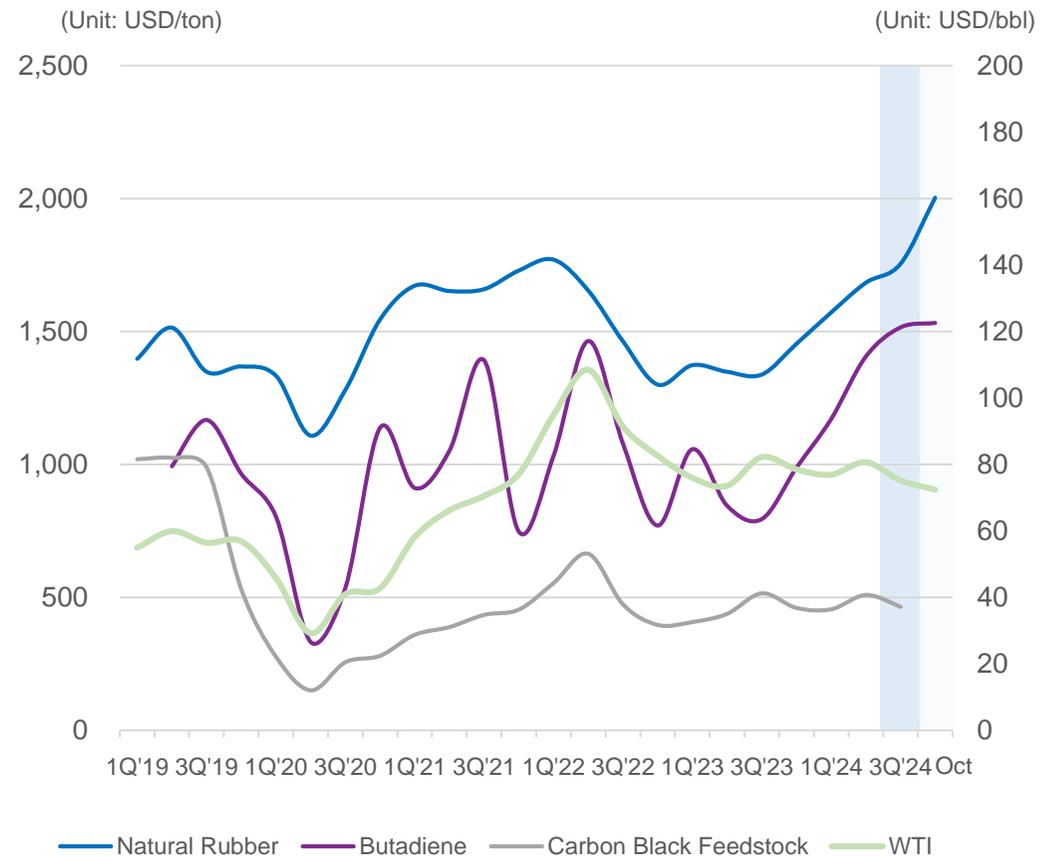
- Market prices centered on rubbers are expected to remain strong in 2H, but the Company manages input costs in consideration of reasonable purchasing activities and market price trends for raw materials other than rubbers

Natural Rubber

- Long-term rainfall in Southeast Asia since mid-August led price increases due to supply and demand imbalance
- September to November is the usual rainy season, with price increases likely to continue
- Market stabilization expected due to possible delays in EUDR⁽¹⁾ enforcement

Synthetic Rubber

- Strong natural rubber prices and stable tire business drove synthetic rubber prices higher
- Regular maintenance plans by major Asian synthetic rubber manufacturers (Oct-Nov) likely to lead strong prices due to short-term supply and demand imbalances



(1) EU Deforestation Regulation

* Sources: Natural Rubber(TSR20, SICOM), Butadiene(FOB Korea), Carbon Black Feedstock(Means of Platts Singapore)

Maritime Logistics

- The freight index has surged since late May, its highest reading in July, and fell for the 14th straight week, but it's still strong year-on-year
- The stabilization of transportation costs by the fall in the freight index to be reflected in Q4

SCFI (Shanghai Containerized Freight Index)

- Early shipments of peak season supplies from Q2 curtailed the effect of peak season in Q3
- Container freight continues to fall without rebound as U.S. east ports strike ends in three days
- Expectations for lower (stable) index through the end of the year; However, be aware of trends such as continuing detour via the Cape of Good Hope



* Sources: Korea Customs Logistics Association

5. Appendix

Global Production Capacity

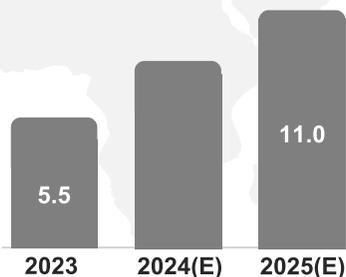
- Production capacity of 50mn+ units by 2025, through the 2nd phase expansion of Europe plant and productivity improvement
- As a global tire manufacturer specializing in Passenger Car and Light Truck, NEXEN is prepared to secure volume & profit

Europe 11M



2nd phase Ramp-up

(Unit: mn Units)



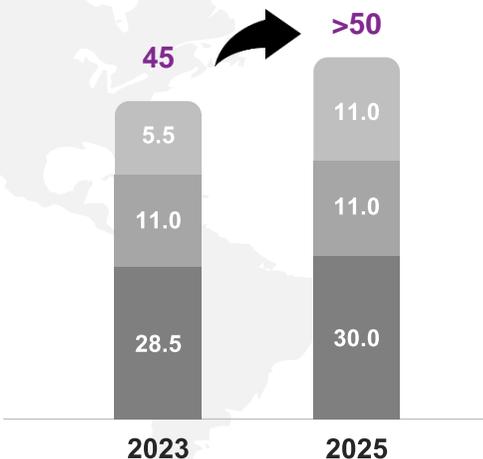
Korea 30M



China 11M



Total Production Capacity



ESG

- Established Sustainability Committee in BOD to accelerate ESG management and manages customer satisfaction indicators in 2023
- In 2024, gold medal rating from 'EcoVadis', ESG evaluation agency, with the top 3% score among 130K companies in 180 countries

Major Performances

Environment	<ul style="list-style-type: none"> 'Green Tire' seal by AutoBild, a German magazine Research of sustainable raw materials <ul style="list-style-type: none"> Securing new tech to apply 52% of sustainable raw materials by utilizing bio-oil and recycled PET code, etc. Implementation of LCA⁽¹⁾ of product <ul style="list-style-type: none"> First Korean tire maker who got International EPD⁽¹⁾
Social	<ul style="list-style-type: none"> No.1 tire manufacturer by the 'Global Customer Satisfaction Index⁽²⁾' for 15 years in-a-row Winning the grand prize of National Service Awards⁽³⁾ for 5 consecutive year Selected as an excellent workplace for win-win cooperation project & health and safety⁽⁴⁾
Governance	<ul style="list-style-type: none"> Establishment of Sustainability Committee in BOD and dedicated organizations for ESG → ESG management system is in operation

Initiatives and Awards

	Gold Top 3% (2024)		Low Risk, 12.9 (2024)
	B+ Environment : A Social : A Governance : B (2023)		BB (2023)
	UN affiliated initiative UNGC⁽⁵⁾ (2023)		AutoBild Magazine Test The Green Tire (2023)
	Global Platform for Sustainable Natural Rubber GPSNR⁽⁶⁾ (2020)		Information Security Certification (2022)

⁽¹⁾ LCA: Life Cycle Assessment, EPD: Environmental Product Declarations

⁽²⁾ Hosted by 'Global Management Association' (Research and evaluation agency under 'Ministry of Trade, Industry and Energy')

⁽³⁾ Hosted by 'The Institute for Industrial Policy Studies' / ⁽⁴⁾ Organized by 'Ministry of Employment and Labor' and 'Korea Occupational Safety and Health Agency'

⁽⁵⁾ UN Global Compact / ⁽⁶⁾ Global Platform for Sustainable Natural Rubber / ⁽⁷⁾ Trusted Information Security Assessment eXchange

Consolidated Balance Sheet

(Unit: bn KRW)

	2020	2021	2022	2023	Q3 2024
Assets	3,541.1	3,823.4	3,944.3	4,232.7	4,562.4
Cash Equivalents ⁽¹⁾	571.5	610.0	452.4	455.4	357.6
Account Receivable	345.6	397.5	382.2	430.1	656.8
Inventories	346.5	497.1	649.2	640.8	737.3
Tangible Assets	2,096.7	2,068.8	2,135.0	2,325.1	2,372.6
Liabilities	1,994.1	2,223.5	2,348.1	2,527.8	2,762.9
Debt	1,376.8	1,355.8	1,639.6	1,749.5	1,825.1
Account Payable	88.4	158.7	166.5	102.2	128.2
Equity	1,547.0	1,599.9	1,596.2	1,704.9	1,799.4
Net Debt	805.3	745.8	1,187.2	1,294.2	1,467.5

⁽¹⁾ Cash Equivalents = Cash Equivalents, Financial Assets Measured at Fair Value Through Other Comprehensive Income, Other Financial Assets

Consolidated Income Statement

(Unit: bn KRW)

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Revenue	692.6	678.1	678.1	763.8	708.5
COGS	488.9	460.1	500.6	539.8	497.6
(%)	70.6%	67.8%	73.8%	70.7%	70.2%
Gross Profit	203.7	218.0	177.4	223.9	210.9
(%)	29.4%	32.2%	26.2%	29.3%	29.8%
SG&A	134.1	153.9	135.9	161.1	158.7
(%)	19.4%	22.7%	20.0%	21.1%	22.4%
Operating Profit	69.7	64.1	41.6	62.9	52.3
(%)	10.1%	9.5%	6.1%	8.2%	7.4%
Non-operating Profit	(3.2)	(28.8)	7.4	3.7	(54.6)
Income Taxes	13.6	24.8	8.0	22.2	4.1
Net Income	52.8	10.6	41.0	44.4	(6.4)
(%)	7.6%	1.6%	6.0%	5.8%	(0.9%)
EBITDA	120.1	111.8	98.0	120.3	111.0
(%)	17.3%	16.5%	14.5%	15.8%	15.7%